



ANNUAL REPORT 2021-2022



SUMMARY

Croydon Shire Council's Annual Report 2021-22 has been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

The Annual Report incorporates audited financial statements for the reporting period 1 July 2021 to 30 June 2022 and governance and statutory information.

Copies of the Croydon Shire Council Annual Report 2021-22, Council's Corporate Plan 2017-2022 and Council's Financial Statements are available to view on Council's website www.croydon.qld.gov.au or at Council's Administration Centre, 63 Samwell Street Croydon. Copies may also be requested electronically by emailing admin@croydon.qld.gov.au.



Photo: Community Events held by Croydon Shire Council

CROYDON SHIRE COUNCIL

ANNUAL REPORT 2021-22

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1. ASSESSMENT OF PERFORMANCE IN IMPLEMENTING CORPORATE AND OPERATIONAL PLANS

In accordance with section 104(5)(a)(i) of the *Local Government Act 2009*, Council adopted its current Corporate Plan in June 2022. The Croydon Shire Council Corporate Plan 2022-2027 is the key document driving implementation of Council's Community Plan and directs Council's annual budgets and operational plans.

The Corporate Plan is structured under four themes and provides the strategic direction for Council's business focus, corresponding with the key themes in the Community Plan. Each theme contains an outcome statement and includes strategies, implementation actions and indicators of performance.



Key services and projects delivered during the reporting period were established in the 2021-22 Operational Plan. Reviews of Capital and Operational Budgets are reported to Council quarterly to enable Council to review and assess the progress of implementation of the Operational Plan.

The following review assesses Council's performance in implementing its 5-year Corporate Plan and 2021-22 Operational Plan.

STRATEGY	OUTCOMES
Economic Development and Infrastructure	
1.1 Promote Croydon to a wider audience as a quality destination	<p>Croydon Shire Council continues to maintain and improve our website as the primary web based portal to our community. Additionally the visitor information centre monitors and provides input to popular social media sites and advertising mass media relevant to Croydon's tourist clientele.</p> <p>New tourist products have been developed in conjunction with Queensland Rail and local businesses around the Gulflander rail service. Relationships are being developed with tour operators for Croydon historic and cultural tours.</p> <p>The Croydon Caravan Park continues to have constant flow of tourists with many choosing to stay longer.</p> <p>The Council continues to include Croydon in State and National promotions such as Queensland Week and Heritage Week.</p> <p>2021-2025 Tourism Opportunity Plan was developed along with concept plans for Croydon Chinese Temple and Settlement Site Reinvigoration.</p> <p>New and existing attractions are developed and maintained to entice new and returning visitors to the area. The Community Heritage Park has been officially opened and with the Heritage Precinct Historical Buildings have become very popular and attractive for tourists.</p>
1.2 Continue to improve the shire road network and progressively seal the Richmond Road as a major cattle corridor	<p>The Shire continues to lobby for additional roads funding, which will benefit us in future years. Council received \$859,521 in TIDS and Roads to Recovery funding during the 2021-2022 year. With the funding available Council was able to bitumen seal an additional 4.0 km (197.5 – 201.5 km) of the Croydon Richmond road during the 2021-22 financial year.</p> <p>NDRRA Flood damage restoration works amounted to \$14.8m.</p>
1.3 Ensure investment in infrastructure achieves operational efficiency and value for money	Council continues to upgrade its water supply network and mapping of road network assets. In 2021-22 Council continued to upgrade water infrastructure.
1.4 Grow the shire economy, population and rate base through release of additional land for sale	Council will continue to work with Department of Resources for the release of surplus unallocated state land in Croydon to meet demand. The planning scheme identifies priority areas for residential and industrial land release.
1.5 Secure passenger transport links with major centres.	Council continues to work with transport operators to ensure regular bus and rail passenger services are maintained and enhanced. Additional tourist services have been developed utilising rail and bus operations.
1.6 A skilled workforce is available to support local industries.	Council encourages staff to undertake training opportunities to further develop their skills and this is provided when appropriate. This will provide skills and understanding in key areas and will assist in improved management of these areas.
1.7 A safe, reliable and affordable water supply is maintained to the town of Croydon.	In 2020-21 Council carried out major repairs to the Water Treatment Plant which involved replacement of sand filters. These repairs were finalised in the early 2021/22 financial year. Total value of the project in 2021/22 amounted to \$135,000. Council has been able to carry out this project through Works for Qld and Local Roads and Community Infrastructure funding. Council has commenced planning

STRATEGY	OUTCOMES
	for 2021-24 Works for Queensland (W4Q) program for Croydon Irrigation Water Project which will reduce the use of town water supply by providing non-potable alternative water supply irrigation from Butterfly North to Anzac Park, Reece Park, Visitor Information Centre gardens and Council Administration Office lawn and gardens.
1.8 A stormwater drainage system adequately protects properties from the impacts of storm events	During 2021-22, Council continued to implement the recommendations of the Croydon Drainage Study.
1.9 Promote waste management initiatives which support waste minimisation	Council has continued to practice waste minimisation by removing certain materials from the waste stream for future recycling and beneficial use.
1.10 Telecommunication services are fast and reliable and there is equitable access to information and communications technology	Council has continued to lobby through regional forums and Emergency Management Queensland (EMQ) to extend the mobile phone network in the shire.
1.11 Secure access to competitively priced energy and reduce Council's exposure to the impacts of climate change	Council has continued with an audit of Croydon's lighting assets. Solar panels installed at the Council Administration and Visitor Information Centre building have both continued to show positive results.
Environmental Sustainability	
2.1 The impact of weeds and pest animals on the environment and rural production is reduced	Croydon Shire Biosecurity Plan adopted by Council in Feb 2020 is in operation.
2.2 The wild dog baiting program meets the needs of the shire's grazing industry	Council successfully conducted two baiting programs during 2021-22 year. Council supports regional collaborative arrangements for coordinated pest management through membership of the Gulf Catchments Pest Taskforce and working with Biosecurity Queensland.
2.3 New development including mining activity is located and managed to protect the shire's natural, cultural, social and amenity values	Council monitors all development (including potential mining operations) in the Shire.
2.4 Effective disaster management arrangements minimise risk to environment	Continued support for rural fire brigade activities to prevent uncontrolled wildfires impacting town housing and infrastructure. Lobbying through regional forums and EMQ.
Corporate Governance and Leadership	
3.1 Community Engagement Council has meaningful engagement with the shire community and external stakeholders to ensure Council's decisions fully consider the range of community views	Council uses various media to communicate information about council activities to residents including the monthly Croydon Bush Telegraph newsletter, website, email and mail-outs. Council prepares specific stakeholder engagement strategies for significant projects.
3.2 Council Decision Making Council is responsible, accountable, measured and consistent in its decision making	Council continues to demonstrate responsible, accountable, consistent and transparent decision making through monthly Council meetings and in accordance with endorsed policies, procedures and delegations in the interests of good governance.

STRATEGY	OUTCOMES
<p>3.3 Organisational Sustainability</p> <p>Council is committed to the efficient management of community infrastructure, assets and resources through effective long-term planning and responsible operational activity</p>	<p>Council continues to efficiently manage community assets through the implementation of the Shire's Asset Management Plan. This includes the integration of the asset register and facility maintenance program.</p> <p>Council's 2021-22 Operational Plan was implemented to achieve outcomes identified in Council's Corporate Plan.</p> <p>Council adopted Risk Management Policy is operational.</p>
<p>3.4 Service Delivery</p> <p>Council is committed to delivering local government services of a consistently high standard meeting community needs and expectations</p>	<p>The Corporate Plan clearly articulates community needs and expectations and has underpinned Council's Annual Operational Plan. Through aligning resources and programs to meet community needs, Council is focussed on delivering quality local government services to the Croydon Shire community.</p> <p>Council has a Workplace Health and Safety Management System and key performance indicators to assess Council's performance against legislative requirements.</p>
<p>3.5 External Relationships</p> <p>Council leverages enhanced community outcomes through collaborative arrangements with external organisations</p>	<p>Council has worked effectively through 2021-22 to deliver improved on ground community outcomes through collaborative arrangements with external stakeholders. Membership of LGAQ and FNQROC maintained.</p> <p>Membership of the Far North Queensland Regional Organisation of Councils (FNQROC) is proving beneficial in supporting Council's lobbying efforts, providing technical assistance and support on request and participating in regional infrastructure and economic development projects.</p>
<p>A Healthy Resilient Community</p>	
<p>4.1 The community has access to quality health services within a holistic approach to community health and well being</p>	<p>Council has developed strong relationships with the Cairns & Hinterland Hospital and Health Service and the Croydon Clinic staff.</p> <p>Council strongly supports community health and well-being programs delivered by volunteers through community recreational activities.</p> <p>Councillors and staff participated in Tackling Regional Adversity through Integrated Care (TRAIC) Program funding proposal meetings to support communities and tackle mental health issue in rural communities.</p> <p>Council employs a Community Engagement Officer to support a holistic approach to community health and wellbeing.</p> <p>Croydon Swimming Pool opens weekdays and weekends.</p>
<p>4.2 The community's diverse needs are met through a range of social infrastructure services and facilities that are inclusive and equitable</p>	<p>Council has continued to operate social infrastructure services such as the swimming pool to meet community needs.</p> <p>The Croydon Childcare Centre has been operational in 2021-22 with increased numbers of children attending</p>

STRATEGY	OUTCOMES
	<p>including school aged children as part of the After School Care and Vacation Care programs.</p> <p>In larger regions these services would normally be operated by the private sector however Council has a commitment to continue to provide these important services for the community.</p>
4.3 Encourage and support a community culture of education, up skilling and lifelong learning	<p>Council has supported up skilling its workforce through structured training opportunities. Trainees have successfully completed their traineeships in the Water and Civil Construction fields.</p> <p>Library membership is promoted through Croydon's Bush Telegraph. The First 5 Forever family literacy program was delivered by the library service, as well as the Summer Reading initiative and iLearn with iPads project.</p>
4.4 Access to arts development, cultural enrichment and cultural experiences improves community well being	<p>Council's support of Regional Arts Development Fund (RADF) organised activities and workshops enables children and members of the community to be exposed to new concepts and skills, exposure to cultural arts program across music, theatre, writing, fine arts mosaics and pottery. A Community Art space is provided within the heritage buildings. Other projects include calendar photo competition and art initiatives. Local community organisations can apply for funding under the Community Grants Program for projects.</p>
4.5 Croydon's valuable legacy of heritage buildings and places is protected, managed and presented to allow residents and visitors to appreciate the shire's past while ensuring current and future community needs are met through appropriate adaptation and use	<p>Council oversees a heritage program which includes site surveys and recording and advice on maintenance of heritage listed sites and Council assets.</p> <p>The Town Hall is used for film and theatre performances throughout the year. The heritage building is a popular venue for community gatherings such as Heritage Week celebrations.</p>
4.6 Adequate housing is available to meet current and future needs for Croydon residents	<p>Council continues to maintain a significant staff housing asset portfolio comprising 15 detached houses and 4 units. Council has purchased 3 x 2 bedroom dwellings which when completed will add to the existing stock.</p>
4.7 Croydon residents come together to celebrate and share their culture, lifestyle and achievements through a range of community festivals, events and programs	<p>Croydon Shire promotes a community events program with civic and community festivals, events and programs delivered throughout the year.</p> <p>Council promotes larger events through State and regional publications while the Bush Telegraph, Council's website, public notices, emailed and mailed letters and flyers reach local residents.</p> <p>Council provides ongoing support to local community organisations and community events.</p>
4.8 Croydon is a well- planned, safe, liveable community which is appreciated by residents and visitors alike	<p>Council provides a customer focussed development assessment service which delivers decisions within statutory timeframes.</p>

STRATEGY	OUTCOMES
	<p>Despite drought conditions, Council has continued to maintain public parks and facilities while reducing water usage.</p> <p>Bollards were installed to define the Lake Belmore Recreation Area and ensure safety for everyone that enjoys the Lake facilities.</p>
<p>4.9 Effective disaster management arrangements support community safety outcomes</p>	<p>Council provides effective coordination of disaster management operations through regular meetings of the Local Disaster Management Group (LDMG) and practical support for volunteer community emergency services.</p> <p>Croydon Shire's LDMG Chair and Disaster Coordinator regularly attend District Disaster Management Group meetings and maintain situational awareness at all times.</p> <p>Council's Local Disaster Management Plan is current and compliant and our Disaster Coordination Centre and communications network is operational.</p> <p>Council participated in the Get Ready campaign and carried out a storm preparedness town clean-up. First aid training was provided free to the community.</p> <p>A Prevention and Response Plan for COVID-19 was developed and implemented.</p>

2. COUNCILLOR CONDUCT

Local Government Regulation 2012 Section 186... The annual report for a financial year must contain particulars of- ...

Item	Result
Orders made under section 150I(2) of the Act	0
Orders made under section 150AH(1) of the Act	0
Decisions, orders and recommendations made under section 150AR(1) of the Act	0
The name of each councillor for whom a decision, order or recommendation under section 150I(2), 150AH(1) or 150AR(1) of the Act was made.	0
A description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors.	0
A summary of the decision, order or recommendation made for each councillor.	0
Complaints referred to the assessor under section 150P(2)(a) of the Act by the local government, a councillor of the local government or the chief executive officer.	0
Matters mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission.	0
Notices given under section 150R(2) of the Act.	0
Notices given under section 150S(2)(a) of the Act.	0
Decisions made under section 150W(1)(a), (b) and (d) of the Act (1 July 2019 to 31 August 2019).	0
Decisions made under section 150W(1)(a), (b) and (e) of the Act (1 September 2019 to 30 June 2020).	0
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act.	0
Occasions information was given under section 150AF(4)(a) of the Act.	0
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.	0
Applications heard by the conduct tribunal about the alleged misconduct of a councillor (1 July 2019 to 31 August 2019).	0
Applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct (1 September 2019 to 30 June 2020).	0

3. ADMINISTRATIVE ACTION COMPLAINTS

Local Government Regulation 2012 s.187 (1) & (2): The annual report for a financial year must contain particulars of - ...

Item	Result
Section 187 (1)	
(1) (a) a statement about the local government's commitment to dealing fairly with administrative complaints.	Croydon Shire Council is committed to the principles of natural justice and fairness in all administrative complaint dealings. All complaints are processed in accordance with the provisions of Council's adopted Complaints Management Policy.
(1) (b) a statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process.	<p>Council's Complaints Management Policy establishes the process for resolving complaints about the administrative actions of Council in accordance with section 268 of the <i>Local Government Act 2009</i> and section 306 of the <i>Local Government Act 2012</i>.</p> <p>The complaints management process is established to:</p> <ul style="list-style-type: none"> • make it easier for people to make a complaint • make it easier for Council to deal with complaints • help Council improve its services • give the community confidence in Council.
Section 187 (2)	
(2) (a) (i) the number of administrative action complaints made to the local government.	0
(2) (a) (ii) the number of administrative action complaints resolved by the local government under the complaints management process	0
(2) (a) (iii) the number of administrative action complaints not resolved by the local government under the complaints management process	0
(2) (b) the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year.	0

4. PUBLIC SECTOR ETHICS ACT

Item	Result
Public Sector Ethics Act 1994 - Section 23 Annual report includes an implementation statement giving details of actions taken to comply with:	
Section 15 – Preparation of codes of conduct	Council's Code of Conduct is compliant with current legislation and the four ethics principles identified by the Public Sector Ethics Act.
Section 19 – Access to ethics, values and codes of conduct	Council's Code of Conduct is published on Council's website and all staff and contractors receive copies of the Code of Conduct during induction and training which ensures this key document is distributed and is further readily accessible to all public officials.
Section 20 – Publication of codes of conduct	Council's Code of Conduct is available on Council's website and hardcopies are available at Council's Administration Office.
Section 21 – Education and training	Council's Induction Program and workforce training incorporate Code of Conduct training.
Section 22 – Procedures and practices of public sector entities	All Council procedures and practices reflect Council's commitment to the ethical principles and obligations of the Public Sector Ethics Act. Legislated principles, together with Council's corporate values form the basis of the Code of Conduct, apply to all employees and guide our thinking, actions and decision making.

5. PUBLIC INTEREST DISCLOSURE ACT

Item	Result
Public Interest Disclosure Act 2010 - Section 61	
Section 61(3) statistical information for the period 1/7/19 to 30/6/20 about (a) number of disclosures received or referred	0
(b) number of disclosures substantially verified (verified means prosecution or disciplinary action taken or recommended)	0

6. COUNCILLOR REMUNERATION AND FACILITIES PROVIDED

Councillor Remuneration and Superannuation Payments

The following table shows the total Councillor Remuneration and superannuation payments for the 12 month period from 1 July 2021 to 30 June 2022.

Councillor	Total Remuneration Payment	Superannuation Contributions	Total
	\$	\$	\$
Cr TJ Pickering	108,222	0	108,222
Cr KM Gaynor	55,497	0	55,497
Cr W Bing Chew	61,047	0	61,047
Cr J Evans	54,110	0	54,110
Cr PL Garde	54,110	0	54,110
	332,986	0	332,986

Facilities provided to Councillors under the Councillors Reimbursement of Expenses and Provision of Facilities and Support Policy

The table below details the facilities provided to each Councillor during the 12 month period from 1 July 2021 to 30 June 2022.

Councillor	iPad	Uniforms	Business Cards	Mobile Phone	Corporate Credit Card	Secretarial Assistance
Cr TJ Pickering	✓	✓	✓	✓	✓	✓
Cr KM Gaynor	✓	✓	✓			
Cr W Bing Chew	✓	✓	✓			
Cr J Evans	✓	✓	✓			
Cr PL Garde	✓	✓	✓			

Councillor Expenses Reimbursements

Local Government Councillors are entitled to receive reimbursement of all approved expenses incurred in undertaking their role as a Councillor. Council has adopted the Councillors Reimbursement of Expenses and Provision of Facilities and Support Policy as required by section 250 of the *Local Government Regulation 2012*.

Councillors may use a vehicle provided by Council for official business. If a Councillor uses a private vehicle to conduct the business of Council then reimbursement may be claimed based on log book substantiation of the relevance of the travel to Council business and paid in accordance with rates prescribed. If a Councillor uses a Council owned vehicle for private purposes then the Councillor must reimburse Council based on the vehicles log book record of use in accordance with rates prescribed.

Councillors are also provided with expenditure reimbursements for incidental costs such as accommodation, meals and taxi fares associated with council business.

The Mayor is issued with a corporate credit card for purchase of fuel, payment of expenses while on official business and/or hospitality in accordance with the Policy.

The table below shows the total reimbursement costs to Councillors for the 12 month period from 1 July 2021 to 30 June 2022.

Councillor	Vehicle Reimbursements/ Costs	Other Expense Reimbursements
	\$	\$
Cr TJ Pickering	0	0
Cr KM Gaynor	1,950	0
Cr W Bing Chew	5,481	0
Cr J Evans	0	0
Cr PL Garde	259	0
	7,690	0

7. COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

Local Government Regulation 2012 s.186 (c) ... The annual report for a financial year must contain particulars of—

(c) the number of local government meetings that each councillor attended during the financial year

The following table displays the Councillor attendance at Council meetings for the 12 month period from 1 July 2021 to 30 June 2022.

Councillor	Ordinary		Special	
	held	attended	held	attended
Cr TJ Pickering	12	12	1	1
Cr KM Gaynor	12	12	1	1
Cr W Bing Chew	12	12	1	1
Cr J Evans	12	12	1	1
Cr PL Garde	12	12	1	1



L to R – Mayor Cr TJ Pickering, Cr J Evans, Cr KM Gaynor, Cr W Bing Chew, Cr PL Garde

8. REMUNERATION OF EMPLOYEES IN SENIOR MANAGEMENT

Local Government Act 2009 s.201: ...

- (1) The annual report of a local government must state—
- (a) the total of all remuneration packages that are payable (in the year to which the annual report relates) to senior management; and
 - (b) the number of employees in senior management who are being paid each band of remuneration.

Band of Remuneration	Number of Senior Management Employees
Under \$100,000	0
\$100,000 to \$200,000	3
\$200,000 to \$300,000	1

Senior management includes the Chief Executive Officer, Works Manager, Finance Manager and Business Manager. Remuneration package includes salary, superannuation, housing, motor vehicle and other expenses and entitlements.

9. INTERNAL AUDIT

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain—

- (h) the report on the internal audit for the financial year.

Internal Audit provides the Audit Committee, Chief Executive Officer and senior management with the assurance that Council's internal control systems are efficient, effective and economically viable, and also that that risks are appropriately addressed. Council's appointed Internal Auditors are Partners In Business.

During the 2021-22 financial year the internal audit focussed on asset management. The audit highlighted a number of recommendations for improvement. Senior management is committed to implementing the recommendations of the internal audit.

10. COMPETITIVE NEUTRALITY COMPLAINTS AND DECISIONS

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain—

- (i) a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;
- (j) the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).

Council received no complaints under s49 in 2021-22.

11. IDENTIFYING BENEFICIAL ENTERPRISES AND SIGNIFICANT BUSINESS ACTIVITIES

Local Government Act s.41: ...requires a local government's annual report for each financial year to contain a list of all beneficial enterprises that the local government conducted during the financial year.

Local Government Act s.45: ... requires a local government's annual report for each financial year to contain a list of all business activities that the local government conducted during the financial year and also to identify the business activities that are significant.

Council did not engage in any beneficial enterprises during the 2021-22 financial year.

There was no significant business activity in 2021-22 and Council in its June meeting resolved not to apply the code of competitive conduct to Council business activity (Croydon Caravan Park) as applying the code would result in unnecessary administrative costs for Council.

12. COMMUNITY FINANCIAL REPORT

Local Government Act 2009 s. 104: ...

- (1) To ensure it is financially sustainable, a local government must establish a system of financial management that—
 - (a) ensures regard is had to the sound contracting principles when entering into a contract for—
 - (i) the supply of goods or services; or
 - (ii) the disposal of assets; and
 - (b) complies with subsections (5) to (7).
- (2) A local government is **financially sustainable** if the local government is able to maintain its financial capital and infrastructure capital over the long term.

Local Government Regulation 2012 s. 179: ...

- (1) A local government must prepare a community financial report for each financial year.
- (2) The community financial report for a financial year must—
 - (a) contain a summary and an analysis of the local government's financial performance and position for the financial year; and
 - (b) be consistent with the general purpose financial statement for the financial year; and
 - (c) include the relevant measures of financial sustainability for the financial year; and
 - (d) be written in a way that can be easily understood by the community.

This community financial report shows a summary of the Financial Statements with the aim of providing understandable information to the members of our community. The use of graphs allows readers to easily evaluate Council's financial performance and financial position. In addition, this report includes key financial statistics and ratios that can also be useful indicators of Council's performance.

The Financial Statements in this report cover a 12 month period ending 30 June 2022. The Financial Statements contained in this report include:

- Statement of Comprehensive Income – displays Council's revenue and expenses with the resulting profit or loss amount; known as the net result attributable to Council.

- Statement of Financial Position – displays the assets (what we own), liabilities (what we owe) and community equity (total assets minus total liabilities). Community equity can be a reflection of how healthy the position of Council is at a given point in time.
- Statement of Cash Flows – reports how revenue received and expenses paid impact on Council's cash balances.
- Statement of Changes in Equity – presents a summary of transfers to and from equity accounts including retained profits, capital and other reserves.
- Notes to the Financial Statements – provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.

END OF YEAR 2021-22 - AT A GLANCE

Operating Revenue	\$29,457,000
Operating Expenses	(\$26,708,000)
Operating Position	\$2,749,000
Capital Revenue	\$1,109,000
Capital Expenses	(\$62,000)
Net Result	\$3,796,000
Current Assets	\$30,465,000
Non-Current Assets	\$121,581,000
Total Assets	\$152,046,000
Current Liabilities	\$5,104,000
Non-Current Liabilities	\$223,000
Total Liabilities	\$5,327,000
Net Assets	\$146,719,000

Background

Assumption and Principles

Under the requirements of the *Local Government Regulation 2012*, Council is required to prepare general purpose Financial Statements for the period. This report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Croydon Shire Council controls and manages infrastructure assets that are largely unique to the public sector. These assets include road and water infrastructure assets, which generally have very long useful lives and can only be used for providing local government services. The costs associated with the maintenance, depreciation and replacement of these assets form a material part of Council's annual expenditure. Due to the long lives of these assets the associated costs identified will be spread across different generations of ratepayers, hence effective management of these assets will help to ensure there is intergenerational equity among ratepayers with no generation unnecessarily subsidising or being subsidised by another.

Croydon Shire Council continues to implement the Asset Management Development Program in order to facilitate sound strategic asset management decisions including the allocation of depreciation funding.

Council's policy is to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works.

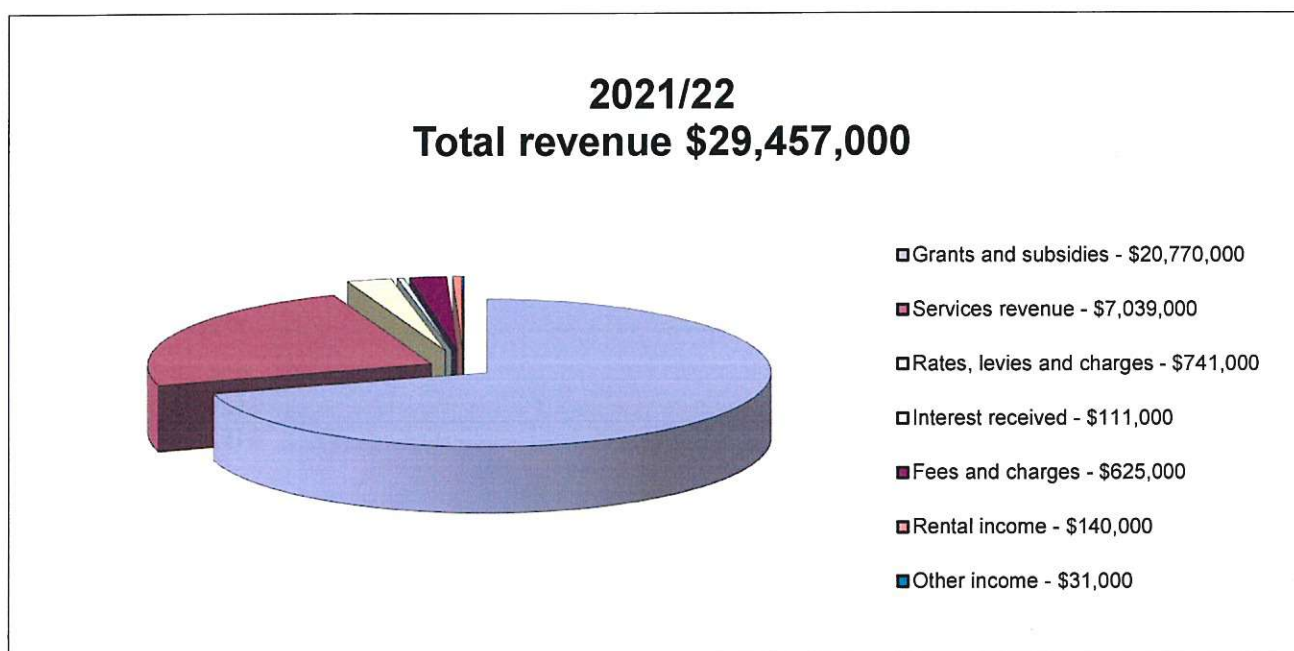
CORPORATE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

REVENUE:

Council received a total of \$29,457,000 in revenue and other income of the 2021-22 financial year.

Total revenue has increased by \$15,473,000 between this financial year and last financial year. This is largely a result of an increase in revenue received for flood damage related restoration works and Department of Transport and Main Road contracts.



Grants and Subsidies

Grants and subsidies attribute to the majority of Council's revenue at 71%. This is sourced from road funding programs which include; Roads to Recovery, Flood Damage (National Disaster Relief and Recovery), Beef Roads funding and Transport and Infrastructure Development Scheme (TIDS). Council also receives funding from the Federal Government by way of Financial Assistance Grants.

Services Revenue

Council's secondary source of income is Services Revenue, which attributes to 24% of total revenue. This includes revenue from the Department of Transport and Main Roads contracts such as the Road Maintenance Performance Contract and the Roadworks Performance Contract as well as recoverable works revenue.

Rates and Charges

Rates, levies and charges only contribute 2.5% of the Shire's total revenue. This revenue is used to fund current and future capital works to ensure the continuous supply of critical infrastructure to the community.

Interest Income

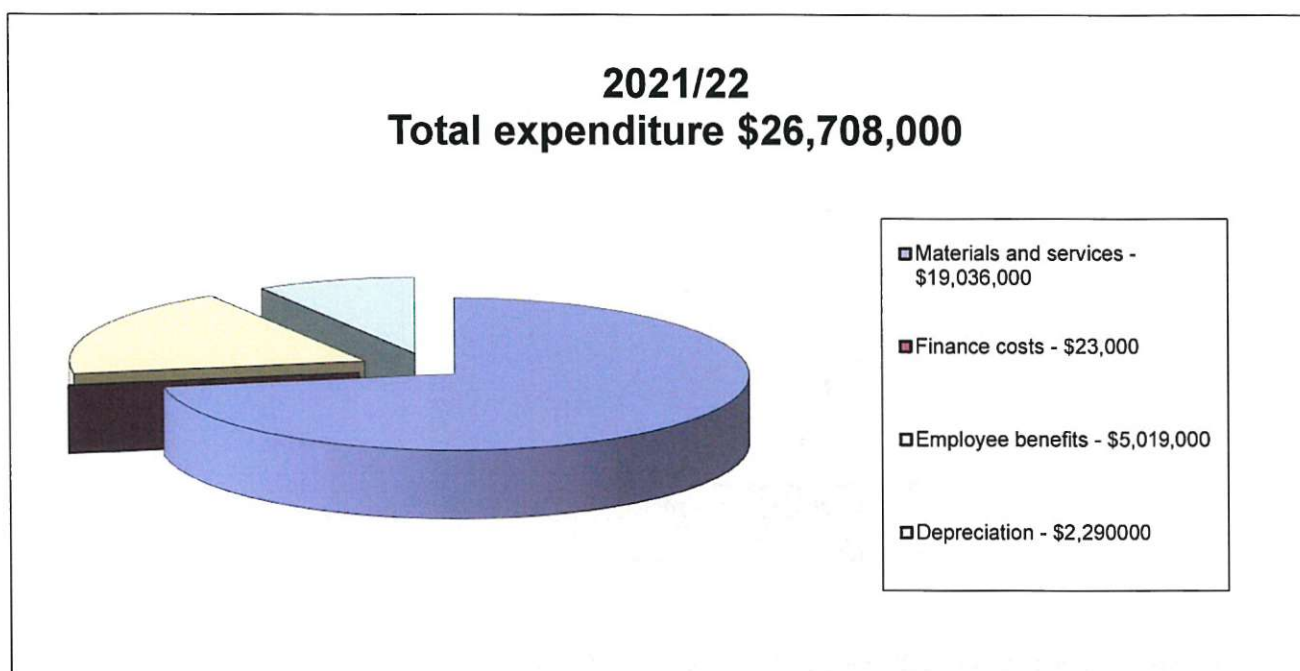
Croydon Shire Council received \$111,000 in interest in the 2021-22 financial year, as compared to \$125,000 in 2020-21.

STATEMENT OF COMPREHENSIVE INCOME

EXPENSES:

Council's total expenditure for the 2021-22 financial year was \$26,708,000.

Total expenditure has increased by \$13,318,000 between the current and prior financial year. This is largely a result of an increase in expenditure for flood damage related restoration works and Department of Transport and Main Road contracts.



Materials and Services

Materials and services for 2021-22 total \$19,036,000 which equates to 71% of Council's total expenditure. This type of expenditure includes items such as Audit Fees \$74,000; Operating Expenses \$2,428,000; Communications and IT \$115,000; Flood Damage – recoverable works \$10,825,000 and Main Roads – recoverable works of \$5,594,000.

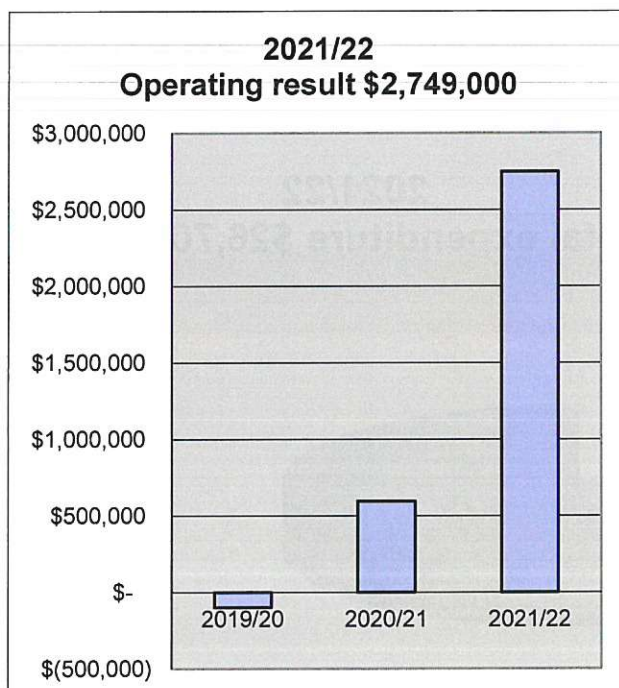
Employee Benefits

Employee benefits also contribute to a large proportion of Council's total expenditure. For the 2021-22 financial year employee costs totalled \$5,019,000 or 19% of total expenditure. This includes such costs as wages and salaries, councillor remuneration, superannuation and leave entitlements. Council maintains a very strong labour workforce which provides community services, such as road building, maintenance, water and waste services, capital infrastructure and general operational and administration services of the Council.

STATEMENT OF COMPREHENSIVE INCOME

OPERATING POSITION:

Council's operating position reflects the organisation's ability to meet its day-to-day running costs from operating revenue.

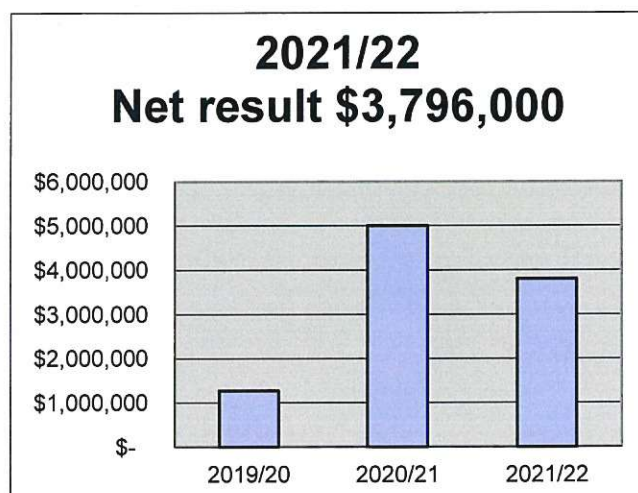


Council's operating position as at 30 June 2022 is a surplus of \$2,749,000, which has increased from a surplus of \$594,000 in 2020-21. Council had a deficit of \$98,000 in 2019-20.

The operating position is calculated by taking Council's total operating expense (\$26,708,000) from total operating revenue (\$29,457,000). It does not include revenue or expenditure amounts for capital projects. The above graph shows the operating position for the past three years.

NET RESULT:

Council's net result reflects total revenue less total expenses, this includes capital revenue however does not include any adjustments for asset revaluations.



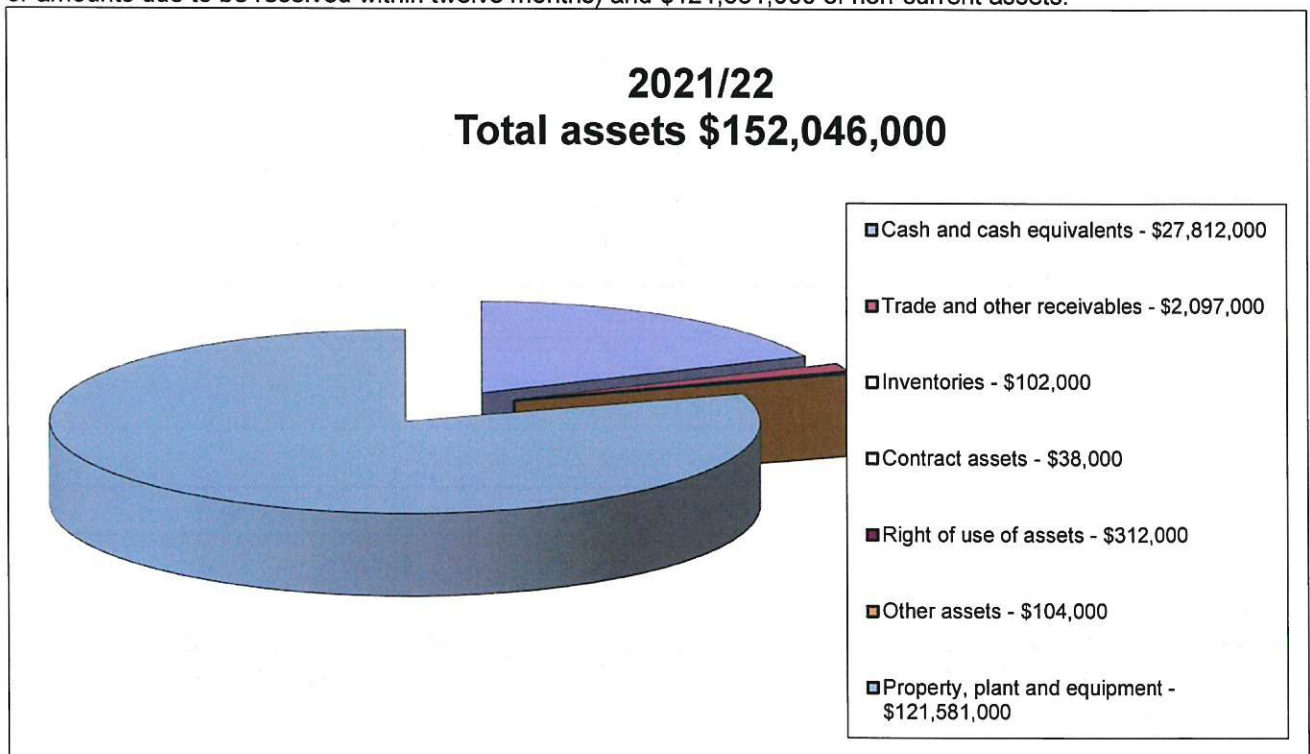
Council's 2021-22 financial year reported a net result of \$3,796,000. In comparison the 2020-21 net result was \$5,000,000.

STATEMENT OF FINANCIAL POSITION

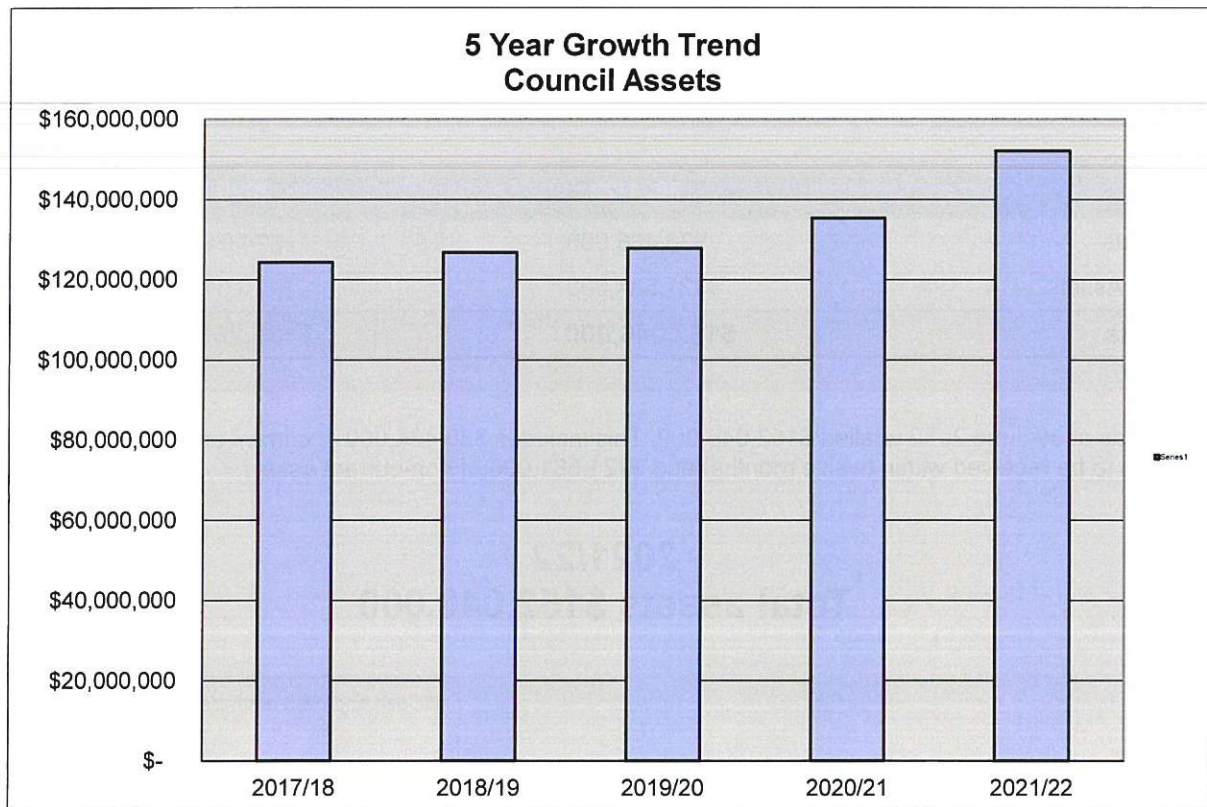
ASSETS

	2021/22	2020/21
Current Assets	\$30,465,000	\$24,946,000
Non-Current Assets	\$121,581,000	\$110,319,000
Total Assets	\$152,046,000	\$135,265,000

Council assets as at 30 June 2022 totalled \$152,046,000. This includes \$30,465,000 of current assets (liquid assets or amounts due to be received within twelve months) and \$121,581,000 of non-current assets.



Property, plant and equipment makes up 80% of non-current assets and consist of long-term assets such as roads, land and buildings, water infrastructure, machinery and vehicles.



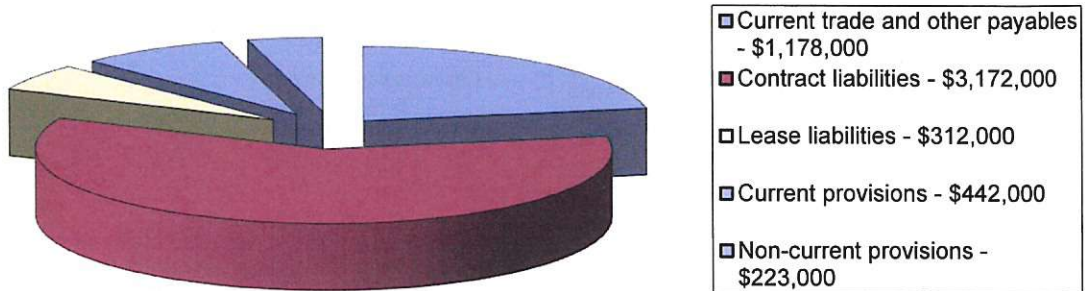
STATEMENT OF FINANCIAL POSITION

LIABILITIES

	2021/22	2020/21
Current Liabilities	\$5,104,000	\$3,913,000
Non-Current Liabilities	\$223,000	\$445,000
Total Liabilities	\$5,327,000	\$4,358,000

Total liabilities as at 30 June 2022 are \$5,327,000. This includes \$5,104,000 of current liabilities (due to be paid out within twelve months) and \$223,000 of non-current liabilities. Liabilities mostly consist of amounts owing to suppliers and amounts owing to employees for leave entitlements.

2021/22 Total liabilities \$5,327,000

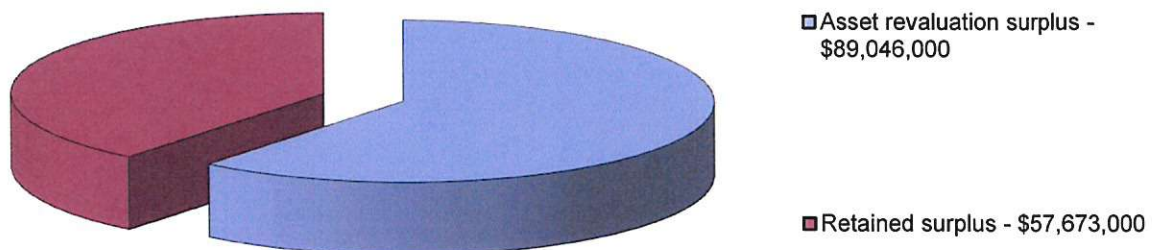


COMMUNITY EQUITY

	2020/21	2020/21
Total Community Equity	\$146,719,000	\$130,907,000

Council's total community equity as at 30 June 2022 is \$146,719,000. Community equity is equal to total assets (what we own) minus total liabilities (what we owe).

2021/22 Community equity \$146,719,000



FINANCIAL RATIOS

The following ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which should be met to ensure the prudent management of financial risks. The benchmarks used are provided by the Department of Local Government guidelines.

RATIO	DESCRIPTION	FORMULA	RESULT 20/21	RESULT 20/21
Asset Sustainability Ratio	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	$\frac{\text{Capital expenditure on renewals}}{\text{Depreciation expense}}$	72.3%	63.5%
	Benchmark: >90% <input checked="" type="checkbox"/>	Comment: the above ratio is calculated based on the capital expenditure on renewals. Council is satisfied this expenditure satisfies asset replacement and renewals for the period.		
Net financial Liabilities Ratio	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue}}$	-147%	-85.3%
	Benchmark: <60% <input checked="" type="checkbox"/>	Comment: the results of this ratio are within guidelines.		
Operating Sustainability Ratio	This ratio is an indicator of the extent to which operating revenues raised cover operating expenses. A ratio greater than 0% indicates additional funds are available for capital funding purposes.	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$	4.2%	9.3%
	Benchmark: 0-10% <input checked="" type="checkbox"/>	Comment: the results of this ratio are within guidelines.		

CONCLUSION

During the 2021-22 financial year, while Council has continued to review business operations to contain and reduce operational costs for long term financial sustainability, Council has maintained service levels, including those services which are outside core local government business. Council remains fully committed to keep thorough financial management plans including the operational plan, the financial plan and ongoing regular budget reviews.

13. CAPITAL WORKS PROJECTS

Capital Works Highlights

Council completed the following works programs during the period 1 July 2021 to 30 June 2022.

Road Infrastructure

Major Items	Amount \$
Croydon – Richmond Road Upgrade (TIDS and Roads to Recovery Funding)	859,521
	859,521

Water infrastructure

Major Items	Amount \$
Water Infrastructure Repairs – Replacement of sand filters	135,000
	135,000

Plant Replacement

Major Items	Amount \$
Plant Replacement – Various Plant Items	1,237,426
	1,237,426

Buildings

Major Items	Amount \$
Fence Replacement – Employee Housing #3	22,715
New Carpenters Shed	92,808
Purchase of 3 x 2 Bedroom Housing Units	636,387
New Caravan Park Accessible Cabin	171,440
New Office & Reception at Caravan Park	81,366
Construction of Admin Carport	25,000
	1,029,716

Other Infrastructure

Major Items	Amount \$
Lake Belmore – Recreational Area Upgrade	24,118
Depot Construction - Sealing	16,389
Upgrade Rec Grounds Multi-Purpose Court Mat & Fencing	162,724
Replacement of Audio-Visual System – Info Centre	28,070
	231,301

Community, Sport and Cultural Services

Major Items	Amount \$
Regional Arts Development Fund (RADF)	20,493
	20,493

14. SPECIAL EXPENDITURE REPORTING CATEGORIES

Local Government Regulation 2012 s.188: ... The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—

- (a) for a councillor—the name of the councillor;
- (b) for a local government employee—the name of, and position held by, the local government employee;
- (c) the destination of the overseas travel;
- (d) the purpose of the overseas travel;
- (e) the cost of the overseas travel.

Overseas Travel

Council did not undertake any overseas travel during the 12 month period from 1 July 2021 to 30 June 2022.

Services Rendered by Consultants

Council defines a consultant as a person or entity who has a contract with Council to deliver a specific result. This is usually a one-off, non-repetitive task or is the provision of advice and recommendations about a new concept, process or other matter Council intends to implement. Consultants usually exercise their own skill and judgement without Council controlling the detail over the work being performed.

A list of services rendered by consultants per category is shown below:

Consultancy Category	Amount (\$)
Engineering	81,101
Environmental	0
Corporate Services	14,834
Total Consultancy	\$95,935

Entertainment and Hospitality Services

Council has adopted an Entertainment and Hospitality Expenditure Policy which prescribes what is considered reasonable entertainment, why it is important to the role of Council and the relevant administrative processes that support such expenditure.

This policy defines entertainment as the provision of meals and beverages as part of Council's official business.

The total entertainment and hospitality charges incurred during the year totalled \$0.

Advertising

Council has adopted an Advertising Policy which defines advertising as "promoting to the public an idea, goods or services by using a medium commonly used for promoting ideas, goods or services and for which a fee is paid".

Advertising costs incurred by Council during the year totalled \$9,621.

15. GRANTS TO COMMUNITY ORGANISATIONS

Local Government Regulation 2012 s.189: ... The annual report for a financial year must contain a summary of—

- (a) the local government's expenditure for the financial year on grants to community organisations; and
- (b) expenditure from each councillor's discretionary fund, including—
 - (i) the name of each community organisation to which an amount was allocated from the fund; and
 - (ii) the amount and purpose of the allocation.

Council has a commitment to supporting a healthy, resilient community. To assist in achieving this outcome, Council provides financial and in kind assistance to community based groups, individuals and organisations that are providing programs, activities, events and projects that enrich the diversity of cultural, social, sport and economic development opportunities available to Croydon residents. The desired outcome is to support a more creative, innovative and self-reliant community, where participation in community life is enabled and encouraged.

In the 2021-22 financial year, Council gave out the following community grants:

- Regional Arts Development Fund (RADF)
- Local Community Festival and Event Grants
- Local Community Organisation Grants

Details on these grants and recipients are set out below.

Regional Arts Development Fund (RADF)

The Regional Arts Development Fund (RADF) is a funding partnership between the Queensland Government (through Arts Queensland) and Croydon Shire Council. The program supports professional artists and arts practitioners living in regional Queensland. The Program focuses on the development of quality innovative and energising art and arts projects for, by and with, regional communities.

The partnership between state and local government is important to ensure RADF grants are used in the best possible way to support professional arts and cultural development in regional Queensland.

Applicant	Amount \$
Heritage Week Celebrations – Dr Elephant Band	6,000
Tanya Veld – Stilts Walking and Show	3,900
Crazy Science Show	2,060
Kath Creations Leather Workshop	1,684
Cosmological Show	1,490
Rust and Roses Workshop	2,859
Charlotte's Web Show	2,500
Total Regional Arts Development Fund (RADF)	20,493

Local Community Festival and Event Grants

To assist and support local organisations and individuals in the provision of traditional festivals or culturally significant events for their local community.

Local community events serve to enrich the lives of residents and celebrate important occasions for the community. These events do not usually attract visitors from outside of town specifically for the event.

Applicant	Amount \$
Croydon Heritage Preservation Association Inc.	4,000
Croydon Rural Fire Brigade	4,000
Croydon Rodeo & Campdraft Association	4,000
Croydon Men's Shed	420
Total Local Community Festival and Event Grants	12,420

Local Community Organisation Grants

The State Government through Qld Health allocated grant funding of \$75,000 to Council to deliver tailored, local mental health measures to support people who may be impacted by the Covid-19 response measures as well as droughts and disasters. A number of programs were organised which were successful in meeting the outcomes intended. It raised awareness about hardships celebrating the strength and resilience of our community as well as addressing mental health.

Applicant	Amount \$
Tom Curtain Show	56,345
Josh Norbido Magic & Funny Mummies Show	16,957
Croydon Community Challenge – March 2022	1,698
Total Local Community Grants	75,000

The Mayor and Councillors of Croydon Shire Council have not been allocated Councillor Discretionary Funds from the budget.

16. SPECIAL RATES AND CHARGES

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain-

- (d) details of any action taken for, and expenditure on, a service, facility or activity-
 - (i) supplied by another local government under an agreement for conducting a joint government activity; and
 - (ii) for which the local government levied special rates or charges for the financial year.

Croydon Shire Council levied a special rate to recoup costs (spread over 8 years) incurred by Council to effect the purchase and installation of the hybrid power system at Woodstock Station.

17. SUMMARY OF RATE REBATES AND CONCESSIONS

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain
 (g) a summary of all concessions for rates and charges granted by the local government.

Croydon Shire Council did not grant any concessions for rates and charges during the period 1 July 2021 to 30 June 2022.

18. INVITATIONS TO TENDERERS TO CHANGE TENDERS

Local Government Regulation 2012 s.190 (1): ...The annual report for a financial year must contain—
 (e) the number of invitations to change tenders under *section 228(7)* during the year.

Local Government Regulation 2012 s.228(7): ...

- (a) an invitation to tender under subsection (4) or (6)(b) states that the local government might later invite all tenderers to change their tenders to take account of a change in the tender specifications; and
- (b) the local government does change the tender specifications;

the local government may invite all the persons who submitted a tender to change their tender to take account of the change, before making a decision on the tenders.

There were nil (0) instances during the 2021-22 financial year where persons who had submitted a tender to Council were invited to change their tenders.

19. REGISTERS

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain—
 (f) a list of the registers kept by the local government.

The following registers are held by Council:

- Register of Interests Councillors
- Register of Interests Councillors' Related Persons
- Conflict of Interest / Material Personal Interest Declarations Register
- Register of Interests Chief Executive Officer
- Register of Interests Chief Executive Officers' Related Persons
- Register of Interests Senior Contract Employees
- Register of Interests Senior Contract Employees Related Persons
- Register of Code of Conduct matters
- Register of Election Gifts and Benefits
- Gift and Benefit Registers
- Register of Delegations (including financial)
- Register of Cost Recovery Fees
- Register of Council Meetings Minutes
- Register of Roads and Road Maps
- Asset Register
- Corporate Risk Register

- Operational Risk Register
- Grants Register
- Policy Register
- Complaints Register
- Registers of Pre-Qualified Suppliers and Preferred Suppliers
- Local Laws Register

20. PARTICULAR RESOLUTIONS

Local Government Regulation 2012 s.185: ... The annual report for a financial year must contain ...

- (a) a copy of the resolutions made during the financial year under section 250(1); and
- (b) a list of any resolutions made during the financial year under section 206 (2).

Council adopted the Councillor Reimbursement of Expenses and Provision of Facilities and Support Policy as required under section 250 of the *Local Government Regulation 2012* on 18 June 2020.

Council did not make any particular resolutions between 1 July 2021 and 30 June 2022 under section 206(2) of the *Local Government Regulation 2012*.

21. OTHER ISSUES RELEVANT TO MAKING AN INFORMED ASSESSMENT

Local Government Regulation 2012 s.190 (1): ... The annual report for a financial year must contain ...

- (b) particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year.

Council is not aware of any other issues relevant to making an informed assessment of its operations and performance in the 2021-22 financial year.



Mayor TJ Pickering, Cr J Evans and Cr PL Garde at the Officially Opening of the Heritage Park

22. FINANCIAL STATEMENTS

2021-22 Financial Statements & Long-Term Financial Sustainability Statement

Croydon Shire Council

Financial Statements

For the Year Ended 30 June 2022

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Management Certificate

Independent Auditor's Report (General Purpose Financial Statements)

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

Unaudited Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

Croydon Shire Council
Statement of Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 \$000	2021 \$000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3(a)	741	689
Fees and Charges	3(b)	625	419
Rental Income		140	153
Interest Received		111	125
Other Income		31	8
Sales Revenue	3(c)	7,039	1,265
Grants, Subsidies, Contributions and Donations	4(a)	20,770	11,325
Total Recurrent Revenue		<u>29,457</u>	<u>13,984</u>
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4(b)	1,107	4,477
Capital Income		<u>1</u>	<u>-</u>
Total Capital Revenue		<u>1,108</u>	<u>4,477</u>
Total Income		<u>30,566</u>	<u>18,462</u>
Expenses			
Recurrent Expenses			
Employee Benefits	5	5,019	4,275
Materials and Services	6	19,036	6,790
Finance Costs		23	4
Depreciation of Property, Plant, and Equipment	9	2,290	2,294
Amortisation of Right-of-Use Assets	18	<u>340</u>	<u>28</u>
		<u>26,708</u>	<u>13,390</u>
Capital Expenses		<u>63</u>	<u>72</u>
Total Expenses		<u>26,771</u>	<u>13,462</u>
NET RESULT		<u>3,796</u>	<u>5,000</u>
<i>Net Operating Result</i>		2,749	594
Other Comprehensive Income			
Items That Will Not be Reclassified to Net Result			
Increase / (Decrease) in Revaluation Surplus	9	<u>12,015</u>	<u>-</u>
Total Other Comprehensive Income for the Year		<u>12,015</u>	<u>-</u>
Total Comprehensive Income for the Year		<u>15,811</u>	<u>5,000</u>

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

Croydon Shire Council
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$000	2021 \$000
Current Assets			
Cash and Equivalents	7	27,812	23,992
Trade and Other Receivables	8	2,097	600
Inventories		102	144
Contract Assets	11(a)	38	122
Right of Use Assets	18	312	-
Other Assets		104	87
Total Current Assets		30,465	24,946
Non-Current Assets			
Property, Plant and Equipment	9	121,581	109,667
Right of Use Assets	18	-	652
Total Non-Current Assets		121,581	110,319
Total Assets		152,046	135,265
Current Liabilities			
Trade and Other Payables	12	1,178	786
Contract Liabilities	11(b)	3,172	2,281
Lease Liabilities	18	312	340
Provisions	13	442	506
Total Current Liabilities		5,104	3,913
Non-Current Liabilities			
Lease Liabilities	18	-	312
Provisions	13	223	133
Total Non-Current Liabilities		223	445
Total Liabilities		5,327	4,358
NET COMMUNITY ASSETS		146,719	130,907
Community Equity			
Revaluation Surplus		89,046	77,031
Retained Surplus		57,673	53,877
TOTAL COMMUNITY EQUITY		146,719	130,907

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

Croydon Shire Council
Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 \$000	2021 \$000
Cash Flows from Operating Activities			
Receipts from Customers		6,152	2,355
Payments to Suppliers and Employees		(23,114)	(11,233)
		(16,962)	(8,878)
Interest Received		111	125
Rental Income		140	153
Operating Grants, Subsidies, Contributions and Donations		21,161	13,405
Net Cash Inflow (Outflow) from Operating Activities	19	4,450	4,805
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(2,298)	(5,975)
Receipts from Loans and Advances		-	13
Proceeds from Sale of Property, Plant and Equipment		111	128
Capital Grants, Subsidies, Contributions and Donations		1,556	4,459
Net Cash Inflow (Outflow) from Investing Activities		(631)	(1,375)
Cash Flows from Financing Activities			
Proceeds from Borrowings		-	-
Repayment of Borrowings		-	-
Net Cash Inflow (Outflow) from Financing Activities		-	-
Net Increase / (Decrease) in Cash and Equivalents Held		3,819	3,430
Cash and Equivalents at the Beginning of the Financial Year		23,992	20,562
Cash and Equivalents at End of the Financial Year	7	27,812	23,992

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

Croydon Shire Council
Statement of Changes in Equity
For the Year Ended 30 June 2022

	Revaluation Surplus \$000	Retained Surplus \$000	TOTAL \$000
Balance as at 1 July 2021	77,031	53,877	130,907
Net Result	-	3,796	3,796
Other Comprehensive Income for the Year			-
Increase / (Decrease) in Revaluation Surplus	12,015	-	12,015
Total Comprehensive Income for the Year	12,015	3,796	15,811
Balance as at 30 June 2022	89,046	57,673	146,719
Balance as at 1 July 2020	77,031	48,877	125,907
Net Result	-	5,000	5,000
Other Comprehensive Income for the Year			-
Increase / (Decrease) in Revaluation Surplus	-	-	-
Total Comprehensive Income for the Year	-	5,000	5,000
Balance as at 30 June 2021	77,031	53,877	130,907

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Information About These Financial Statements

(a) Basis of Preparation

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

These general purpose financial statements (Statements) are for the period 1 July 2021 to 30 June 2022. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. These Statements comply with all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and these Statements comply with the Australian Accounting Standards and Interpretations as applicable to not-for-profit entities. These Statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

(b) New and Revised Accounting Standards Adopted During the Year

Council adopted all Standards which became mandatorily effective for annual reporting periods beginning on or before 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

(c) Standards Issued by the AASB Not Yet Effective

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

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)	1-Jan-23
AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)	1-Jan-23
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1-Jan-22

(d) Estimates and Judgements

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Revenue Recognition	Notes 3 and 4
Valuation and Depreciation of Property, Plant and Equipment	Note 9
Provisions	Note 13
Contingent Liabilities	Note 16
Financial Instruments and Risk Management	Note 24

(e) Rounding and Comparatives

The financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

(f) Taxation

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

2 Analysis of Results by Function

(a) Components of Council Functions

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

Economic Development and Infrastructure

Stimulate growth in Shire operations such as tourism, caravan park and private works along with encouraging investment in the community. It also ensures Council continues to deliver appropriate levels of infrastructure to the community by way of construction and maintenance of roads, plant and engineering, stormwater drainage, footpaths and aerodrome.

Environmental Sustainability

Enhances the sustainability of local environments and ecosystems for future generations and includes environmental controls such as pest and animal management.

Corporate Governance and Leadership

Balances the interests of State and Federal Governments with Council and the local community. The objective of this function is to provide quality leadership through effective and efficient management of Councils corporate operations. This includes areas such as administration, finance, payroll, information technology, risk management, store control and revenue raising.

A Healthy and Resilient Community

Provides a level of stability in the community by providing wellbeing through the provision of a range of services such as, emergency services, housing, parks and recreational facilities, heritage, museums, libraries, cultural facilities, childcare and town planning.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

2(b) Analysis of Results by Function

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

Year Ended 30 June 2022

Functions	Gross Programme Income						Total Income	Gross Programme Expenses	Total Expenses	Net Result Recurrent Operations	Net Result	Assets
	Recurrent		Capital									
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000								
Economic Development and Infrastructure	15,413	7,821	710	1	23,945	(23,586)	(63)	(23,629)	(332)	316	108,202	\$'000
Environmental Sustainability	-	1	-	-	1	(49)	-	(49)	(48)	(48)	-	-
Corporate Governance and Leadership	5,219	634	363	-	6,216	(1,628)	-	(1,628)	4,225	4,588	42,539	
A Healthy and Resilient Community	138	232	34	-	404	(1,465)	-	(1,465)	(1,095)	(1,061)	1,304	
TOTAL	20,770	8,688	1,107	1	30,566	(26,708)	(63)	(26,771)	2,749	3,796	152,046	

Year Ended 30 June 2021

Functions	Gross Programme Income						Total Income	Gross Programme Expenses		Total Expenses	Net Result Recurrent Operations	Net Result	Assets
	Recurring		Capital										
	Grants	Other	Grants	Other	Capital								
	\$'000	\$'000	\$'000	\$'000	\$'000								
Economic Development and Infrastructure	6,935	1,815	3,050	-	\$'000	11,800	\$'000	(10,582)	(1,832)	\$'000	95,745	\$'000	
Environmental Sustainability	-	1	-	-	1	1	(102)	-	(102)	(101)	-	(101)	
Corporate Governance and Leadership	4,300	612	1,428	-	6,340	6,340	(1,358)	(72)	(1,430)	3,554	4,910	39,314	
A Healthy and Resilient Community	90	231	-	-	321	321	(1,348)	-	(1,348)	(1,027)	(1,027)	206	
TOTAL	11,325	2,659	4,477	-	18,462	18,462	(13,390)	(72)	(13,462)	594	5,000	135,265	

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

3 Revenue

	2022	2021
	\$'000	\$'000
(a) Rates, Levies and Charges		
Rates, levies and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts which is generally the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General Rates	477	445
Mining Rates	2	2
Water	198	180
Waste Management	73	72
Total Rates and Utility Charge Revenue	750	699
less: Discounts and Pensioner Remissions	(9)	(9)
	<u>741</u>	<u>689</u>

(b) Fees and Charges

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

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

Caravan Park Fees	524	325
Other Fees and Charges	101	94
	<u>625</u>	<u>419</u>

(c) Sales Revenue

Sale of goods revenue is recognised at the point in time when the customer obtains control of the goods, generally at delivery. 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 based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.

Rendering of Services

Road Maintenance Performance Contract (RMPC) Works	7,006	674
Main Roads Flood Damage Works	-	548
Other Contract and Recoverable Works	33	43
	<u>7,039</u>	<u>1,265</u>

4 Grants, Subsidies and Contributions

Grant Income Under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. The performance obligations are varied based on the agreements. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant Income Under AASB 1058

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

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

4 Grants, Subsidies and Contributions (continued)

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control, and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

	2022 \$'000	2021 \$'000
(a) Recurrent		
General Purpose Grants	5,778	4,903
Specific Purpose Government Subsidies and Grants	14,979	6,414
Contributions and Donations	13	8
	<u>20,770</u>	<u>11,325</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.

Specific Purpose Government Subsidies and Grants	1,107	4,477
	<u>1,107</u>	<u>4,477</u>

	2022 Financial Year AASB 15 \$'000	AASB 1058 \$'000
Grants, Subsidies, Donations and Contributions - Operating (Point in Time)	-	6,090
Grants, Subsidies, Donations and Contributions - Operating (Over Time)	14,680	-
Grants, Subsidies, Donations and Contributions - Capital (Over Time)	-	1,107
	<u>14,680</u>	<u>7,197</u>

	2021 Financial Year AASB 15 \$'000	AASB 1058 \$'000
Grants, Subsidies, Donations and Contributions - Operating (Point in Time)	43	5,014
Grants, Subsidies, Donations and Contributions - Operating (Over Time)	6,268	-
Grants, Subsidies, Donations and Contributions - Capital (Over Time)	-	4,477
	<u>6,311</u>	<u>9,491</u>

	2022 \$'000	2021 \$'000
5 Employee Benefits		
Total Staff Wages and Salaries	3,602	3,041
Councillors' Remuneration	334	333
Annual, Sick and Long Service Leave Entitlements	724	726
Superannuation	336	323
	<u>4,996</u>	<u>4,423</u>
Other Employee Related Expenses	138	107
	<u>5,134</u>	<u>4,530</u>
Less: Capitalised Employee Expenses	(115)	(255)
	<u>5,019</u>	<u>4,275</u>

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

	2022 #	2021 #
Total Council Employees at Reporting Date:		
Elected Members	5	5
Administration Staff	13	13
Depot and Outdoors Staff	37	33
Total Full-Time Equivalent Employees	<u>55</u>	<u>51</u>

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
6 Materials and Services			
Audit Fees and Services *		74	66
Operating and Maintenance Expenses		2,428	452
Communications and IT		115	74
Flood Damage - Recoverable Works		10,825	5,536
Department of Main Roads - Recoverable Works		5,594	660
		<u>19,036</u>	<u>6,790</u>

* Audit fees quoted by the Queensland Audit Office relating to the 2021/22 financial statements are \$62,750 (2021: \$60,000)

7 Cash and Equivalents

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

Cash at Bank and On-Hand	1,003	1,690
Deposits at Call	26,809	22,302
	<u>27,812</u>	<u>23,992</u>

Restricted Cash and Cash Equivalents

Council's cash and equivalents are subject to a number of restrictions that limit amounts available for discretionary or future use. These include:

Unspent Government Grants and Subsidies	11	3,172	2,281
Total External Restrictions		<u>3,172</u>	<u>2,281</u>

Cash, cash deposits and investments held with Queensland Treasury Corporation (AAA) are held in normal term deposits, deposits at call and business cheque accounts.

Council is exposed to credit risk through its investments in the QTC Cash Fund and Working Capital Facility. The Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", the likelihood of the counterparty not having capacity to meet its financial commitments is low.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). Council performs only a custodial 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.

Trust Funds Held for External Parties

Monies Collected or Held on Behalf of Other Entities Not Yet Paid

	12	11
	<u>12</u>	<u>11</u>

8 Trade and Other Receivables

Rateable Revenue and Utility Charges	65	46
State Government Works	1,887	551
Trade Debtors	133	(8)
Loans and Advances (Solar Power Installations)	13	13
less: Loss Allowance	(1)	(1)
	<u>2,097</u>	<u>600</u>

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

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue. Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Interest is charged on outstanding rates at a rate of 8% per annum. Solar loan interest is charged between 5.3% - 5.5%. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022
9 Property, Plant and Equipment

30 June 2022

Basis of Measurement

Asset Values

Opening Gross Value as at 1 July 2021
 Work in Progress Transfers
 Work in Progress Additions
 Disposals
 Adjustments and Write-Offs
 Revaluation Adjustment to Revaluation Surplus
 Transfers Between Classes
 Closing Gross Value as at 30 June 2022

Land	Land Improvements	Buildings	Plant and Equipment	Road and Bridge Network	Water	Other Infrastructure Assets	Work in Progress	TOTAL
Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
453	928	25,202	6,015	84,222	19,600	9,861	2,287	148,568
-	-	91	-	2,253	13	421	(2,776)	-
-	-	-	361	-	-	-	1,937	2,298
(71)	-	-	(79)	-	-	-	-	(150)
-	-	-	(12)	-	-	-	-	(12)
7	1	565	-	12,245	1,538	(105)	-	14,251
-	-	-	-	-	-	-	-	-
389	929	25,868	6,285	98,720	21,151	10,177	1,446	164,955

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2021
 Depreciation Expense Provided in Period
 Depreciation on Disposals
 Adjustments and Write-Offs
 Revaluation Adjustment to Revaluation Surplus
 Transfers Between Classes
 Accumulated Depreciation as at 30 June 2022
 Total Written Down Value as at 30 June 2022

-	547	12,079	2,253	18,796	2,838	2,388	-	38,301
-	33	464	469	1,034	178	112	-	2,290
-	-	-	(40)	-	-	-	-	(40)
-	-	-	(12)	-	-	-	-	(12)
-	(53)	82	-	1,225	436	546	-	2,236
-	-	-	-	-	-	-	-	-
-	527	12,625	2,670	21,055	3,452	3,046	-	43,375
389	402	13,233	3,615	77,665	17,699	7,131	1,446	121,581
Land: Not Depreciated.	20 - 40	15 - 180	5 - 60	10 - Unlimited	10 - 80	10 - 100	N / A	-

Range of Estimated Useful Life in Years

Additions Comprise:

Renewals
 Other Additions
 Total Additions

\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	165	361	709	13	269	-	1,517
-	-	480	-	117	-	184	-	781
-	-	645	361	826	13	453	-	2,298

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022
9 Property, Plant and Equipment

30 June 2021

Basis of Measurement

Asset Values

Opening Gross Value as at 1 July 2020
Work in Progress Transfers
Work in Progress Additions
Disposals

Closing Gross Value as at 30 June 2021

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2020
Depreciation Expense Provided in Period
Depreciation on Disposals
Accumulated Depreciation as at 30 June 2021

Total Written Down Value as at 30 June 2021

Range of Estimated Useful Life in Years

Additions Comprise:

Renewals
Other Additions

Total Additions

Land	Land Improvements	Buildings	Plant and Equipment	Road and Bridge Network	Water	Other Infrastructure Assets	Work in Progress	TOTAL
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
471	928	24,828	5,485	83,263	18,833	8,402	729	142,939
-	-	374	860	959	766	1,459	(4,418)	-
-	-	-	-	-	-	-	5,975	5,975
(18)	-	-	(331)	-	-	-	-	(349)
453	928	25,202	6,015	84,222	19,600	9,861	2,287	148,568

-	514	11,621	1,902	17,772	2,672	2,278	-	36,759
-	33	458	501	1,024	167	110	-	2,294
-	-	-	(149)	-	-	-	-	(149)
-	547	12,079	2,253	18,796	2,838	2,388	-	38,901
453	381	13,123	3,762	65,426	16,762	7,472	2,287	109,667

Land: Not Depreciated.	20 - 40	15 - 180	5 - 60	10 - 100	10 - 80	10 - 100	N / A	-
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\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	325	841	-	631	334	-	2,131
-	-	56	19	3,040	-	729	-	3,844
-	-	381	860	3,040	631	1,063	-	5,975

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

9 Property, Plant and Equipment (continued)

(a) Recognition

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$10,000, 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.

Land under roads and reserve land under the *Land Act 1994* or *Land Title Act 1994* is controlled by the Queensland State Government and not recognised in Council's financial statements.

(b) Measurement

Acquisition of Assets

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

Capital and Operating Expenditure

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

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council works staff 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.

(c) Valuation

Land, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB 116 Property, Plant & Equipment* and *AASB 13 Fair Value Measurement*. Plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years or where required. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making independent assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses valuation consultants (Australis Advisory Group), along with 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 and buildings asset classes in the intervening years, management engage independent, professionally qualified valuers (Australis Advisory Group) 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 where material.

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed below.

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

(d) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use or, alternatively from 30th June each year if the difference would not be material.

Where assets have separately significant 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 materially 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.

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 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. 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.

(e) Impairment of Non-Current Assets

Each non-current physical asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, 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 Fair Value Measurements

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

Land	Buildings	Road and Bridge Network
Land Improvements	Water	Other Infrastructure Assets

Council does not measure any liabilities at fair value on a recurring basis. Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

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

In accordance with *AASB 13 Fair Value Measurements*, assets and liabilities 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)

Fair values of assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more significant inputs are not based on observable market data, the asset is included in level 3. This is the case for infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The following table categorises fair value measurements as level 2 and level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June.

	Note	Level 2		Level 3		TOTAL	
		Significant Other Observable Inputs		Significant Unobservable Inputs			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		2022	2021	2022	2021	2022	2021
Recurring Fair Value Measurements							
Land	9	389	453	-	-	389	453
Land Improvements	9	-	-	402	381	402	381
Buildings	9	-	-	13,233	13,123	13,233	13,123
Road and Bridge Network	9	-	-	77,665	65,426	77,665	65,426
Water	9	-	-	17,699	16,762	17,699	16,762
Other Infrastructure Assets	9	-	-	7,131	7,472	7,131	7,472
		389	453	116,130	103,164	116,519	103,617

There were no transfers between levels. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

Land (Level 2)

Council obtains independent valuation at least every five years for all Council properties. Australis Advisory Group undertook a comprehensive revaluation of land effective 30 June 2022.

Valuation / Revaluation Methodologies - Market Approach (Level 2)

Utilises prices gathered by way of market transaction evidence involving similarly comparable assets. Approaches under this methodology may include Direct Comparison, Summation or Income Capitalisation, all of which are accepted under the Australian Accounting Standards and Australian Property Institute guidelines.

Direct Comparison Approach utilises sales evidence of similar properties as a basis of comparison in order to arrive at a value. The Valuer analyses these sales and characteristics against that of the subject property, applying adjustments for differences in attributes where necessary. The Summation Approach measures value by adding together the land value and the depreciated value of the improvements. Typically improved sales are analysed to a separate land and buildings apportioned value and/or vacant land sales are utilised to arrive at the land component of the sale providing a residual improvements value. This method draws on elements of Direct Comparison.

The reliance that can be applied to comparable market data in the valuation process is determined by comparing various characteristics of the property being utilised as evidence, and the subject asset.

Buildings and Other Infrastructure Assets (Level 3)

Council obtains independent valuation at least every 5 years for all Council properties. Australis Advisory Group undertook a comprehensive revaluation of buildings (including condition assessments) and other infrastructure assets effective 30 June 2022.

Valuation / Revaluation Methodologies - Current Replacement Cost Approach (Level 3):

For many assets such as specialised / government assets, there may not be readily available market evidence of similar assets that satisfy the definition of market value. In this instance the cost approach is considered the most reliable way to measure Fair Value.

The Current Replacement Cost Approach determines the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility/service potential, adjusted (depreciated) for obsolescence. Depreciation adjustments to measure the Fair Value of an asset typically take into account Physical Deterioration, Functional and Economic Obsolescence.

The Current Replacement Cost can be determined as the cost per unit of service potential of the most appropriate modern replacement asset (adjusted for any difference in future service potential), or as the cost of reproducing or replicating the future service potential of the asset.

Infrastructure Assets (Level 3)

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

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.

1 (a) Road and Bridge Network (Level 3) - Calculation of Current Replacement Cost

Current Replacement Cost

A full valuation of Council's road, bridge and drainage network was undertaken by independent valuers, Australis Advisory Group, effective 30 June 2022. Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 input. Under this approach, the following process was adopted.

Significant Inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement Cost (ORC) Analysis

Economic Useful Life (EUL) Assessment

The economic useful life has been assessed based on the aforementioned asset hierarchy, road type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

Hierarchy	Component	Useful Life (Years)
Sealed	Top Seal	20
Sealed	Base Seal	80
Sealed	Pavement	80
Sealed	Formation	Unlimited
Gravel	Pavement	50
Gravel	Gravel (Surface)	20
Gravel	Formation	Unlimited
Formed	Formation	Unlimited

Remaining Service Potential (RSP) Assessment

A condition assessment was applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Accumulated Depreciation

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

Optimised Replacement Cost (ORC) Analysis

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates calculated in consultation with Croydon Shire Council (CSC). These rates assume an incremental Greenfields approach and exclude Brownfield cost components. Engineering staff of Council have been involved as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works, regional information and the QLD Road Alliance project data. The primary factors used in assumptions on unit rates are below:

- Source of raw material, most has been sourced locally from gravel pits for unsealed roads.
- Source of water available at low to moderate cost for rural road works (<15km).
- Contract crushing utilised for road sealing aggregate and aggregation of sealing projects and renewals to reduce low quantity works and increase economies of scale.
- Quality of material utilised in pavement construction and extent of compaction of formation varied based on road type and hierarchy.

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

1(b) Road, Bridge and Drainage Network - Unobservable Inputs

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation.

2(a) Water - Calculation of Current Replacement Cost

Current Replacement Cost

A full valuation of Council's Water assets was undertaken by independent valuers, Australis Advisory Group, effective 30 June 2022. Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 input. Under this approach, the following process was adopted:

Significant Inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement Cost (ORC) Analysis

Economic Useful Life (EUL) Assessment

The economic useful life has been assessed based on the aforementioned asset hierarchy, water and sewerage type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

Hierarchy	Component	EUL (Years)
Reticulation	Main	80
Reticulation	Water Meters	25
Reticulation	Point Assets (Valves, Manholes)	20-80
Active Water Assets	Structures, Pumps, Electrical	5-80
Active Sewer Assets	Structures, Pumps, Electrical	10-80

Remaining Service Potential (RSP) Assessment

A condition assessment was applied, based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Accumulated Depreciation

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

Optimised Replacement Cost (ORC) Analysis

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates for network assets calculated in consultation with CSC, and lump sum figures for complex assets. The rates assume an incremental Greenfields approach and exclude Brownfield cost components. The valuer have involved the Council's engineering team as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works and regional information.

2(b) Water - Unobservable Inputs

The method used to value Council's water assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
11 Contract Balances		
Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.		
(a) Contract Assets		
Contract Assets	38	122
	<u>38</u>	<u>122</u>
(b) Contract Liabilities		
Funds received upfront to construct or restore Council controlled assets.	666	104
Non-capital performance obligations not yet satisfied	2,506	2,177
	<u>3,172</u>	<u>2,281</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year.		
Funds received upfront to construct or restore Council controlled assets.	170	-
Non-capital performance obligations not yet satisfied	84	37
	<u>254</u>	<u>37</u>
(c) Significant Changes in Contract Balances		
There was a significant advance payment of flood restoration funds paid to Council to facilitate the swift conduct of repairs to the road network, as well as some other minor grants paid in advance of the services and constructions being complete.		
12 Trade and Other Payables		
Creditors and Accruals	1,163	779
Prepaid Rates	6	7
Other Creditors	9	-
	<u>1,178</u>	<u>786</u>
Creditors are recognised upon receipt of goods or services ordered and are measured at the agreed purchase / contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.		
13 Provisions		
Long Service Leave		
The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.		
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.		
Refuse Dump Restoration		
Provision is made for the cost of restoration of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of restoration. The refuse restoration closing balance of \$135,302 is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life.		
The provision represents the present value of the 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 the site will close in 2034 and that the restoration will occur progressively over the subsequent four years.		

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

13 Provisions (continued)

As refuse dumps are on State reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

	2022 \$'000	2021 \$'000
Current		
Long Service Leave	173	247
Annual Leave	260	255
Other Employee Entitlements	9	4
	<u>442</u>	<u>506</u>
Non-Current		
Long Service Leave	88	60
Refuse Restoration	135	73
	<u>223</u>	<u>133</u>
Details of Movements in Provisions:		
Long Service Leave		
Balance at Beginning of Financial Year	307	264
Long Service Entitlement Arising	31	31
Long Service Entitlement Extinguished	23	1
Long Service Payments	(100)	11
Balance at End of Financial Year	<u>261</u>	<u>307</u>
Refuse Restoration		
Balance at Beginning of Financial Year	73	77
Increase / (Decrease) in Provision	62	(4)
Balance at End of Financial Year	<u>135</u>	<u>73</u>

14 Revaluation Surplus

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

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

Land	334	327
Land Improvements	271	217
Buildings	5,762	5,279
Road, Drainage and Bridge Network	66,526	55,506
Water	11,952	10,850
Other Infrastructure Assets	4,201	4,852
	<u>89,046</u>	<u>77,031</u>

15 Commitments for Expenditure

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

	2022 \$'000	2021 \$'000
Project Management Services	-	80
Significant Plant and Equipment (Ordered but not yet delivered)	1,021	-
Demountable Building Construction and Delivery Order	173	-
Significant Roadworks and Resealing Purchase Orders	238	-
	<u>1,432</u>	<u>80</u>

16 Contingent Liabilities

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

Local Government Mutual

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

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

16 Contingent Liabilities (continued)

Local Government Workcare

Council is a member of the Queensland local government workers' compensation self-insurance scheme, Local Government Workcare. Under this scheme 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 arise. Council's maximum exposure to the bank guarantee is \$58,828.

17 Superannuation

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

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

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

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date. No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2024.

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

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

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

	Note	2022 \$'000	2021 \$'000
Other superannuation contributions for employees		336	323
Total superannuation contributions paid by Council	5	336	323

18 Leases

Council has a significant lease in place for the hire of eight new rollers over a period of two years. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and a lease liability are recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used. Where the difference is immaterial, the face value of lease payments may be used.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

18 Leases (continued)

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whenever there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

	Note	2022 \$'000	2021 \$'000
Right of Use Assets			
Opening Balance		652	-
New Leases Entered Into		-	680
Amortisation / Depreciation Charge		(340)	(28)
Closing Balance		<u>312</u>	<u>652</u>

Lease Liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts may not be the same as the recognised lease liability in the Statement of Financial Position.

	< 1 Year	1 to 5 Years	> 5 Years	Total	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2022	312	-	-	312	312
2021	340	312	-	652	652

19 Reconciliation of Net Result for the Year to Net Cash Flows from Operating Activities

Net Result		3,796	5,000
Non-Cash Items:			
Amortisation	18	340	28
Depreciation	9	2,290	2,294
		<u>2,630</u>	<u>2,322</u>
Investing and Development Activities:			
Loss on Disposal of Assets		(1)	72
Capital Grants and Contributions	4	(1,107)	(4,477)
		<u>(1,108)</u>	<u>(4,405)</u>
Changes in Operating Assets and Liabilities:			
(Increase) / Decrease in Receivables	8	(1,497)	196
(Increase) / Decrease in Inventory		42	(7)
(Increase) / Decrease in Other Assets and Right of Use		(358)	(12)
(Increase) / Decrease in Contract Assets	11	85	(122)
Increase / (Decrease) in Payables	12	392	(340)
Increase / (Decrease) in Contract Liabilities (excl Capital)	11	442	2,185
Increase / (Decrease) in Provisions	13	26	(13)
		<u>(868)</u>	<u>1,887</u>
Net Cash Inflow from Operating Activities		<u>4,450</u>	<u>4,805</u>

20 Changes in Accounting Policy

There were no changes in accounting policy in the 2021/22 financial year that had a material impact on Council's financial statements.

21 Events After the Reporting Period

There are no material adjusting events after the balance date.

22 Correction of Error

During the 2021/22 financial year it was identified that Council has not been recognising and paying the State Government's QLeave liabilities for major projects. A review was conducted to determine the balance payable from July 2015 to the current year. An amount of approximately \$130k was calculated as relating to prior financial years however, as it was determined to be collectively immaterial and would predominantly only affect the 2021 opening retained surplus, no opening balance adjustments have been made.

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

23 Transactions With Related Parties

(a) Transactions with Key Management Personnel (KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Finance Manager, Works Manager, and Business Manager. The compensation paid to KMP for 2021/22 comprises

Details of Transaction	2022	2021
	\$'000	\$'000
Short-Term Employee Benefits	1,002	954
Post-Employment Benefits	84	71
Long-Term Benefits	31	28
Total	1,117	1,053

* Detailed remuneration disclosures are provided in the Annual Report

(b) 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 spouse, child and dependent of a KMP or their spouse. Details of transactions between Council and other related parties are disclosed below:

Details of Transaction	Additional Information	2022	2021
		\$'000	\$'000
Purchase of materials and services from entities controlled by KMP	20 (b) (i)	6,379	3,614
Employee expenses for close family members of KMP (9 employees)	20 (b) (ii)	378	525
Fees and charges charged to KMP and entities controlled by KMP	20 (b) (iii)	3	11
Total		6,760	4,150

(i) Council purchased the following material and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations:

Contracting Services (machinery hire and trade services)	6,320	3,470
Goods / Supplies	60	57
Community Grants	-	-
General Services	-	87
Total	6,379	3,614

The 2021/22 values are presented on an accrual basis.

(ii) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. Council employs 63 staff of which only 9 are close family members of key management personnel.

(iii) The fees and charges charged to entities controlled by key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes the following:

- Private Works Fees	2	1
- Building Fees	-	1
- Agistment Fees (Prepaid by Services)	1	9
	3	11

(c) Outstanding Balances

Debtor amounts outstanding are all less than \$500 in total and relate to private works conducted in accordance with Council's Private Works Policies with the exception of a \$7,460 credit for Town Common works provided by one councillor. There was also a total of \$128,651 outstanding creditor balances for accrued invoices as at balance date. These have all been subsequently paid during July and August 2022.

(d) Loans and Guarantees to / from Related Parties

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

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

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

- Payment of rates
- Normal fees and charges
- Normal use of Council's sport and recreational facilities
- Private works conducted on commercial terms

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

Croydon Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

24 Financial Instruments and Financial Risk Management

(a) Financial Assets and Financial Liabilities

Council has exposure to three types of risk from financial instruments; interest rate risk, credit risk, and liquidity risk.

Risk Management Framework

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 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. Council aims to manage volatility to minimise potential adverse effects on financial performance.

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

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. Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) 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 Croydon Shire Council. The carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk.

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. 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 Council's reputation.

Market Risk

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

Interest Rate Risk - Council is exposed to interest rate risk through investments with QTC and other financial institutions. 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 - Movements in interest rates are unlikely to have a significant effect on Council's equity or net result as they only impact interest on investments.

**Croydon Shire Council
Financial Statements
For the Year Ended 30 June 2022**

**Management Certificate
For the year ended 30 June 2022**

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

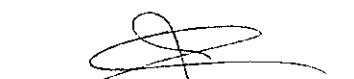
In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 23, 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.



Mayor
Trevor J Pickering

Date: 10 / 11 / 2022



Chief Executive Officer
Jacqui Cresswell

Date: 10 / 11 / 2022

INDEPENDENT AUDITOR'S REPORT

To the councillors of Croydon Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Croydon Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Croydon Shire Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

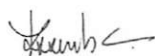
Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

Prescribed requirements scope

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



Sri Narasimhan
as delegate of the Auditor-General

17 November 2022

Queensland Audit Office
Brisbane

**Croydon Shire Council
Current-Year Financial Sustainability Statement
For the Year Ended 30 June 2022**

Measures of Financial Sustainability

Council's performance at 30 June 2022 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating Surplus Ratio	<i>Net operating result divided by total operating revenue</i>	9.3%	Between 0% and 15%
Asset Sustainability Ratio	<i>Capital expenditure on replacement of assets (renewals) divided by depreciation expense.</i>	63.5%	greater than 90%
Net Financial Liabilities Ratio	<i>Total liabilities less current assets divided by total operating revenue (excluding capital items)</i>	-85.3%	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 2022.

**Croydon Shire Council
Financial Statements
For the Year Ended 30 June 2022**

**Certificate of Accuracy
For the year ended 30 June 2022**

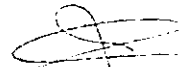
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation)

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



**Mayor
Trevor J Pickering**

Date: 10 / 11 / 2022



**Chief Executive Officer
Jacqui Cresswell**

Date: 10 / 11 / 2022

INDEPENDENT AUDITOR'S REPORT

To the councillors of Croydon Shire Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Croydon Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Croydon Shire Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Croydon Shire Council's annual report for the year ended 30 June 2022 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

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

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

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

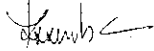
My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

17 November 2022

Queensland Audit Office
Brisbane

Croydon Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2022

Measures of Financial
Sustainability

Measure	Target	Actuals at 30 June	Projected for the Years Ended									
			30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32
Operating Surplus Ratio	Between 0% and 15%	9.3%	0.06%	0.16%	0.23%	0.33%	0.20%	0.29%	0.37%	0.43%	0.26%	0.30%
Asset Sustainability Ratio	greater than 90%	63.5%	112.56%	116.98%	132.58%	141.37%	145.22%	152.12%	158.18%	163.44%	163.80%	167.66%
Net Financial Liabilities Ratio	not greater than 60%	-85.3%	-100.64%	-110.85%	-112.27%	-113.45%	-114.45%	-115.28%	-115.97%	-116.54%	-117.00%	-117.37%

Croydon Shire Council's Financial Management Strategy

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

**Croydon Shire Council
Financial Statements
For the Year Ended 30 June 2022**

**Certificate of Accuracy
For the Long-Term Financial Sustainability Statement prepared as at 30 June 2022**

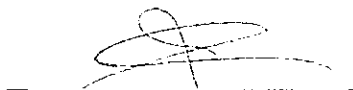
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation)

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



**Mayor
Trevor J Pickering**

Date: 10 / 11 / 2022



**Chief Executive Officer
Jacqui Cresswell**

Date: 10 / 11 / 2022