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**Service Delivery Division**

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## **Local Government Bulletin**

### **Councils affected by natural disasters – Reminder to include subsequent events note in Financial Statements**

#### ***Purpose***

The purpose of this bulletin is to remind local governments that

- have financial statements that have not been finalised; and
- have been affected by a natural disaster after the balance date

to adjust the notes to their financial statements to include relevant disclosure.

#### ***Background***

When an event occurs after balance date that has a material affect on a local government, AASB 110: *Events after the Balance Sheet Date* requires additional disclosure to be included in the financial statements. Examples of such events include floods and fires that cause damage to infrastructure and disrupt operations.

## **Recommendation**

The Department recommends that local governments include appropriate disclosures where affected by a natural disaster and financial statements for a prior period have not yet been finalised.

Disclosure must include the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made. An example of such disclosure follows:

*“In February 2009 the following roads, bridges and infrastructure were damaged by flooding. The flooding also caused severe disruption to council operations. At the time of signing these financial statements the financial effect of the flooding could not be reliably estimated, however all assets are insured and council expects the rectification costs to be covered by that insurance.*

*<list infrastructure damaged>”*

| Where a natural disaster occurs before balance date, local governments are reminded to consider the effect of that event on the impairment of all assets including roads in accordance with AASB 136: *Impairment of Assets*

## **Further information**

Any further enquiries on this matter should be addressed to Samantha Amos, Principal Project Officer, Service Delivery Division, Phone: 07 3225 8647, Fax: 07 3225 1350, [samantha.amos@dlgpsr.qld.gov.au](mailto:samantha.amos@dlgpsr.qld.gov.au). The Department's postal address is PO Box 15031, City East, Queensland 4002.

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