

Boulia Shire Council

**Financial Statements
for the year ended 30 June 2021**

Boulia Shire Council

Financial Statements

For the year ended 30 June 2021

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Boulia Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	1,384,593	1,359,973
Fees and charges		217,582	259,728
Rental income		295,709	282,979
Interest received		119,617	186,512
Sales revenue	3(b)	4,087,551	3,742,753
Other income		304,252	210,696
Grants, subsidies, contributions and donations	4(a)	3,194,066	6,744,544
Total recurrent revenue		<u>9,603,371</u>	<u>12,787,185</u>
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	14,195,215	5,291,273
Other Capital Revenue		37,748	
Total Revenue		<u>23,836,333</u>	<u>18,078,458</u>
Total Income		<u>23,836,333</u>	<u>18,078,458</u>
Expenses			
Recurrent Expenses			
Employee benefits	6	(3,424,060)	(3,796,927)
Materials and services	7	(7,742,789)	(7,222,096)
Finance costs		(42,289)	(44,375)
Depreciation	8	(4,562,748)	(4,276,228)
		<u>(15,771,886)</u>	<u>(15,339,626)</u>
Capital Expenses			
	5	(493,836)	(25,769)
Total Expenses		<u>(16,265,722)</u>	<u>(15,365,395)</u>
NET RESULT		<u>7,570,612</u>	<u>2,713,063</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Increase / (decrease) in Asset Revaluation Surplus	16	-	7,255,692
Total Other Comprehensive Income for the Year		<u>-</u>	<u>7,255,692</u>
Total Comprehensive Income for the Year		<u>7,570,612</u>	<u>9,968,755</u>

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

Boulia Shire Council
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	9	18,063,972	21,513,165
Receivables	10	712,352	362,477
Inventories	11	317,746	328,235
Total Current Assets		<u>19,094,070</u>	<u>22,203,876</u>
Non Current Assets			
Property, plant and equipment	12	193,427,628	184,385,741
Total Non-Current Assets		<u>193,427,628</u>	<u>184,385,741</u>
Total Assets		<u>212,521,698</u>	<u>206,589,618</u>
Current Liabilities			
Payables	13	2,368,185	1,590,064
Borrowings	14	56,362	54,280
Provisions	15	241,069	269,151
Contract Liabilities	25	2,221,520	4,618,501
Total Current Liabilities		<u>4,887,136</u>	<u>6,531,997</u>
Non-Current Liabilities			
Borrowings	14	954,533	1,009,222
Provisions	15	263,484	182,464
Total Non-Current Liabilities		<u>1,218,018</u>	<u>1,191,686</u>
Total Liabilities		<u>6,105,154</u>	<u>7,723,683</u>
Net Community Assets		<u>206,416,545</u>	<u>198,865,935</u>
Community Equity			
Asset Revaluations Surplus	16	110,690,858	110,690,859
Retained Surplus		95,745,688	88,175,076
Total Community Equity		<u>206,436,545</u>	<u>198,865,935</u>

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

Boulia Shire Council
Statement of Changes in Equity
For the year ended 30 June 2021

	Note	Asset revaluation surplus 16 \$	Retained Surplus \$	Total \$
Balance as at 1 July 2020		110,690,859	88,175,076	198,865,935
Revaluation surplus			-	-
Net result		-	7,570,612	7,570,612
Total Comprehensive Income for the Year		-	7,570,612	7,570,612
Balance as at 30 June 2021		110,690,859	95,745,688	206,436,547
Balance as at 1 July 2019		103,435,167	86,105,552	189,540,719
Adjustment on initial application of AASB 15 / ASSB 1058		-	(643,539)	(643,539)
Revaluation surplus		7,255,692	-	7,255,692
Net result		-	2,713,063	2,713,063
Total Comprehensive Income for the Year		7,255,692	2,713,063	9,968,755
Balance as at 30 June 2020		110,690,859	88,175,076	198,865,935

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

Boulia Shire Council
Statement of Cash Flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts from customers		3,335,165	5,335,985
Payments to suppliers and employees		(10,434,354)	(9,782,618)
		<u>(7,099,189)</u>	<u>(4,446,633)</u>
Interest received		119,617	186,512
Rental income		295,709	282,979
Non capital grants and contributions		3,194,066	6,744,544
Borrowing costs		(42,289)	(44,375)
Net Cash Inflow (outflow) from Operating Activities	20	<u>(3,532,086)</u>	<u>2,723,026</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(14,130,624)	(7,157,251)
Proceeds from sale of property plant and equipment		70,909	323,057
Grants, subsidies, contributions and donations		14,195,215	9,266,239
Net Cash Inflow (outflow) from Investing Activities		<u>135,500</u>	<u>2,432,045</u>
Cash Flows from Financing Activities			
Repayment of borrowings	14	(52,607)	(50,522)
Net Cash Inflow (outflow) from Financing Activities		<u>(52,607)</u>	<u>(50,522)</u>
Net Change in Cash and Cash Equivalent Held		<u>(3,449,193)</u>	<u>5,104,549</u>
Cash and Cash Equivalents at the Beginning of the Financial Year		21,513,165	16,408,615
Cash and Cash Equivalents at End of the Financial Year	9	<u>18,063,972</u>	<u>21,513,165</u>

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

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

1 Information about these financial statements

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

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

1.B Constitution

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

1.C Currency

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

1.D New and revised Accounting Standards

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

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

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

	Effective for NFP annual report periods beginning on or after:
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non Current and associated standards	01-January-2023
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020	01-January-2022

1.E Estimates and Judgements

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

Valuation and depreciation of property, plant and equipment (Note 12)

Impairment of property, plant and equipment (Note 12)

Provisions (Note 15)

Contingent liabilities (Note 18)

Financial instruments and financial liabilities (note 22)

Revenue recognition (Note 3)

1.F Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1

Comparative information is prepared on the same basis as the prior year.

1.G Taxation

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

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

2. Analysis of Results by Function

2(a) Components of Council Functions

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

Corporate Support

Secure revenue from governments and ratepayers to finance the general activities of Council
Provide support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements including disaster management, civic receptions and regional services
Provide Council and corporate management of the organisation including:-
Financial and administrative services
Encourage and monitor the planning and construction of the building environment
Information technology
Human resources and payroll
Plan and design Council's infrastructure and provide general engineering and operational support
Provision of tourism attractions and museums and assist with the promotion and development of the local tourism industry
Provide leadership and key industry contacts for the diversification and growth of local industry
Procure and service Council's mobile fleet

Environmental and Natural Resources

Ensure a high level of environmental health is maintained for all residents and visitors. Protect the natural environment and undertake projects to enhance economic and environmental return from use of reserves.
Protect and enhance the environmental and natural resources within the Shire. This includes:-
Property pest management
Stock route management
Animal control
Environmental licenses and approvals

Community and Lifestyle Services

Enhance community development and equity through targeted assistance and development activities
Provide activities and services to improve the lifestyle of residents including:-
Providing accessible and quality library materials to residents
Providing entertainment venues for all residents
Community centres and halls
Providing community housing for both staff and non-staff members of the Shire
Community services
Provision of clean and appropriate recreational & sporting facilities and areas and other public spaces for community and tourist use
Parks and gardens
Cemeteries

Health and Welfare

Assist with the provision of facilities and activities to enhance the health and welfare of residents. Lobby government for improved facilities.

Water, Sewerage and Garbage

Water Infrastructure

Supply urban residents and businesses with a clean and reliable water supply
Improve the conservation of water use by the community

Sewerage Infrastructure

Provide sewerage services to the urban community

Garbage Infrastructure

Provide urban residents and businesses with an efficient refuse collection and disposal service

Roads

Provide, maintain and upgrade roads, streets and drainage to the highest standard within limits of resources
Undertake road construction and maintenance works for third parties

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

2 Analysis of Results by Function

(b) Income and Expenses defined between Recurring and Capital are attributed to the following functions:

Year ended 30 June 2021

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2021	2021	2021	2021		2021	2021				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate Support	1,480,344	1,650,629			3,130,973	(3,263,240)		(3,263,240)	(132,267)	(132,267)	32,753,826
Environmental & Natural Resources		26,872			26,872	(125,417)		(125,417)	(98,545)	(98,545)	866,577
Community & Lifestyle Services	97,751	323,356	752,063		1,173,169	(1,674,678)		(1,674,678)	(1,253,573)	(901,510)	26,959,623
Health & Welfare	32,711		49,390		82,101	(489,772)		(489,772)	(457,062)	(407,672)	
Water Sewerage & Garbage		408,772	153,427		562,200	(909,586)		(909,586)	(500,814)	(347,387)	12,048,226
Roads	1,583,261	3,989,676	13,240,334	37,745	18,861,019	(9,309,161)	(493,836)	(9,803,028)	(3,726,253)	9,057,992	139,893,646
Total Council	3,194,066	6,409,305	14,195,214	37,748	23,636,333	(15,771,885)	(493,836)	(16,265,722)	(6,168,514)	7,570,611	212,521,699

Year ended 30 June 2020

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2020	2020	2020	2020		2020	2020				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate Support		1,902,854	-	-	1,902,854	(4,840,691)		(4,840,691)	(2,937,837)	(2,937,837)	36,072,739
Environmental & Natural Resources	2,436,777	24,973	-	-	2,461,750	(233,125)		(233,125)	2,228,625	2,228,625	396,617
Community & Lifestyle Services	586,153	385,667	-	-	971,820	(1,854,234)		(1,854,234)	(713,414)	(713,414)	21,901,721
Health & Welfare	846,865	7,391	-	-	854,256	(98,658)		(98,658)	755,598	755,598	
Water Sewerage & Garbage	34,792	405,107	2,963,672	-	3,403,571	(1,001,890)		(1,001,890)	(561,991)	2,401,681	11,365,202
Roads	2,870,957	3,316,649	2,327,601	-	8,515,207	(7,511,028)	(25,769)	(7,536,797)	(1,323,422)	978,410	136,863,339
Total Council	6,744,544	6,042,641	5,291,273	-	18,078,458	(15,339,626)	(25,769)	(15,365,395)	(2,552,441)	2,713,063	206,589,618

Boulia Shire Council

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

3 Revenue Analysis	Note	2021	2021	2020	2020
		\$	\$	\$	\$
		AASB 15	AASB 1058	AASB 15	AASB 1058
		\$	\$	\$	\$
Revenue recognised at a point in time					
Rates, levies and charges		-	1,384,592	-	1,359,973
Fees and charges		-	-	-	-
Rental income		-	-	-	-
Interest received		-	-	-	-
Sale of goods and services		4,087,551	-	3,742,753	-
Grants, subsidies, donations and contributions		589,988	11,227,153	-	3,476,410
Other income		304,252	-	210,696	-
		4,981,791	12,611,745	3,953,449	4,836,383
Revenue recognised over time					
Fees and charges		217,582	-	259,728	-
Sale of goods and services		295,709	-	262,979	-
Grants, subsidies, donations and contributions		-	5,572,140	-	3,268,134
Interest received		119,817	-	186,512	-
Other income		-	-	-	-
		632,909	5,572,140	729,219	3,268,134
Total revenue		5,614,699	18,183,885	4,882,668	8,104,517

(a) Rates, Levies and Charges

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is 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.

	2021	2020
	\$	\$
General rates	1,081,284	1,039,305
Water	180,015	180,451
Sewerage	117,565	117,950
Garbage charges	105,173	105,741
Total rates and utility charge revenue	1,484,037	1,443,447
Less: discounts	(99,407)	(84,419)
Less: pensioner remissions	(37)	945
	1,384,593	1,359,973

(b) Sales Revenue

The sale of goods is recognised at the point in time that 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 at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Rendering of services

Contract and recoverable works	4,087,551	3,742,753
	4,087,551	3,742,753

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

Grants, Subsidies, Contributions and Donations

Grant income under AASB 15

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

The performance obligations are varied based on individual agreement. 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. Within grant agreements there may be some performance obligations where control transfers at a point in time, and others which have continuous transfer of control over the life of the contract.

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

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the 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.

Operating	2021	2020
General purpose grants	2,273,826	2,436,777
State government and other subsidies and grants	920,240	4,365,322
Contributions		2,445
	<u>3,194,066</u>	<u>6,744,544</u>

Capital

Capital Grants

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 are 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. 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, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and Contributions

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

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.

State government subsidies and grants	13,036,826	4,438,589
Commonwealth government subsidies and grants	1,158,389	852,884
	<u>14,195,215</u>	<u>5,291,473</u>

**Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021**

5 Capital Income / Expense	2021	2020
	\$	\$
Gain / Loss on Disposal of Non-Current Assets		
Proceeds from the sale of property, plant and equipment	37,748	323,057
Less: Carrying value of disposed property, plant and equipment	(531,584)	(348,826)
	<u>(463,836)</u>	<u>(25,769)</u>
Provision for restoration of land		
Initial recognition of landfill provision	20,000	-
	<u>20,000</u>	<u>-</u>
6 Employee Benefits	2021	2020
Employee benefit expenses are recorded when the service has been provided by the employee	\$	\$
Total staff wages and salaries	2,611,482	2,545,658
Councillors' remuneration	271,269	256,518
Annual, sick, long service leave and entitlements	477,022	982,029
Superannuation	418,091	335,731
	19	-
	<u>3,777,863</u>	<u>4,119,943</u>
Other employee related expenses	38,366	28,965
	<u>3,816,249</u>	<u>4,148,908</u>
Less: Capitalised employee expenses	(382,189)	(351,981)
	<u>3,424,060</u>	<u>3,796,927</u>
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.		
Total council employees at the reporting date:	2021	2020
Elected members	5	5
Administration staff	20	12
Depot and outdoors staff	23	22
Total full time equivalent employees	<u>48</u>	<u>39</u>
7 Materials and Services		
Administration supplies and consumables	836,749	933,962
Audit of annual financial statements by the Auditor-General of Queensland	55,000	55,463
Communications and IT	500,615	112,763
Consultants	390,918	214,717
Donations paid	139,137	57,863
Housing	366,596	108,766
Repairs and maintenance	285,440	243,964
Roads	4,166,101	4,672,004
Water & Sewerage	410,280	419,465
Other materials and services	596,951	403,019
	<u>7,742,789</u>	<u>7,222,066</u>
Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$59,000 (2020:\$55,000). Figures exclusive GST.		
8 Depreciation		
Buildings & structures	965,059	1,035,646
Plant & vehicles	266,176	386,971
Furniture & equipment	75,137	81,783
Road infrastructure	2,688,915	2,262,696
Water infrastructure	257,886	225,949
Sewerage infrastructure	1,11,485	103,106
Aerodrome infrastructure	178,051	180,077
Total depreciation	12	<u>4,562,748</u>
		<u>4,278,228</u>

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

9 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, all cash and cheques received but not banked at the year end and deposits held at call with financial institutions.

Cash at bank and on-hand	63,908	228,954
Deposits at call	18,040,063	21,292,171
Balance per Statement of Cash Flows	<u>18,063,972</u>	<u>21,513,125</u>

Cash and deposits at call are held in the Queensland Treasury Corporation and Commonwealth Bank of Australia in normal business accounts.

Cash and deposits at call are held in the Commonwealth Bank of Australia in normal at call and business cheque accounts. The bank currently has a short term credit rating of AA2 and longer term rating of P-1.

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 for security deposits lodged and auspicing projects. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the statements.

Trust Funds

Trust Funds Held for Outside Parties

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

Auspicing	35,551	54,046
Security deposits	7,011	10,470
	<u>46,563</u>	<u>65,116</u>

10 Receivables

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

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

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables.

Current

Rateable revenue and utility charges	340,144	165,262
Other debtors & Accrued Revenue	311,788	257,857
Loss Allowance	(55,313)	(35,313)
GST recoverable	163,065	87,588
Rates received in advance	(67,312)	(42,967)
	<u>712,352</u>	<u>362,477</u>

Interest rate charged on outstanding rates as at 1st July 2020 was 8.53%. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	35,313	141,223
Impairment (released)/provided for during the year	-	(105,910)
Closing Balance at 30 June	<u>35,313</u>	<u>35,313</u>

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11 Inventories

	2021	2020
	\$	\$

Stores and raw materials held for resale are valued at the lower of costs and net realisable value and include where applicable, direct material, direct labour and an appropriate proportion of variable and fixed overheads.

Inventories held for distribution are

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

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

Inventories held for sale

Miscellaneous sales items

	71,355	70,177
	<u>71,355</u>	<u>70,177</u>

Inventories held for distribution

Quarry and road materials

	246,391	258,058
	<u>246,391</u>	<u>258,058</u>

Total Inventories

	<u>317,746</u>	<u>328,235</u>
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**Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021**

12 Property, Plant and Equipment

30-Jun-21

Basis of measurement

Asset Values

Opening Gross Value as at 1 July 2020

Additions

Disposals

Revaluation adjustments to revaluation surplus

Transfers between classes

Closing Gross Value as at 30 June 2021

Accumulated Depreciation

Opening Balance as at 1 July 2020

Depreciation provided in period

Depreciation on disposals

Revaluation adjustments to revaluation surplus

Transfers between classes

Accumulated Depreciation as at 30 June 2021

Total Written Down Value as at 30 June 2021

Residual value

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Note	Land and Improvements	Buildings and Structures	Plant and Vehicles	Furniture & Equipment	Road Infrastructure	Water Infrastructure	Sewerage Infrastructure	Aerodrome Infrastructure	Work in Progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	809,328	28,881,161	6,907,734	1,200,877	160,834,710	9,623,776	3,904,446	7,437,516	7,376,080	226,975,627
5	946,877	1,018,583	78,004	5,152,011	140,869	93,719			6,745,730	14,173,774
16		(376,525)	(99,506)		(189,438)	(65)	(35,000)	(27,045)		(727,579)
	57,249	235,423	32,810		4,590,480	623,309		12,357	(5,551,628)	
	866,577	29,585,936	7,857,600	1,278,881	170,397,763	10,397,889	3,963,165	7,422,828	8,570,182	240,421,821
8		6,975,442	2,814,788	522,869	28,043,644	1,604,408	562,256	2,060,479		42,589,836
5		965,096	286,176	75,137	2,690,375	267,888	111,676	178,805		4,565,153
16		(23,167)	(43,373)		(53,001)		(30,768)	(10,517)		(160,846)
		7,921,374	3,059,591	598,006	30,681,018	1,862,294	643,144	2,228,767		46,994,193
	866,577	21,765,562	4,798,009	680,876	139,708,749	8,525,596	3,320,021	5,194,061	8,570,182	193,427,628
	N/A	20-100	2-20	3-10	10-100	30-80	25-75	20-100		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		386,696	162,027	78,084	1,686,491	224,178	34,365	12,357		2,584,118
	57,249	736,355	887,345		7,825,155	742,809	59,354		1,179,588	11,589,656
	57,249	1,125,051	1,049,372	78,004	9,611,646	956,787	93,719	12,357	1,179,588	14,173,774

**Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021**

12 Property, Plant and Equipment

30-Jun-20

Basis of measurement

Asset Values

Opening Gross Value as at 1 July 2019

Additions

Disposals

Revaluation adjustments to revaluation surplus

Transfers between classes

Closing Gross Value as at 30 June 2020

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Revaluation adjustments to revaluation surplus

Transfers between classes

Accumulated Depreciation as at 30 June 2020

Total Written Down Value as at 30 June 2020

Residual value

Range of estimated useful life in years

Note	Land and Improvements	Buildings and Structures	Plant and Vehicles	Furniture & Equipment	Road Infrastructure	Water Infrastructure	Sewerage Infrastructure	Aerodrome Infrastructure	Work in Progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	789,328	27,414,250	6,680,586	1,484,983	160,834,810	7,988,768	3,583,022	7,402,641	2,291,889	218,488,277
5			1,205,502						5,951,749	7,157,251
16			(804,498)							(804,498)
		1,166,571	(183,856)	(284,106)	(100)	1,369,042	43,453	34,875	(11,286)	2,134,598
	20,000	300,340				267,966	267,966		(856,272)	(0)
	809,328	28,881,161	6,907,734	1,200,877	160,834,710	9,623,776	3,904,446	7,437,516	7,376,080	226,975,627
8		8,750,137	3,889,361	741,162	25,780,938	2,380,162	1,276,888	1,871,773		43,860,421
5		1,035,646	386,971	81,783	2,262,698	225,949	103,106	180,077		4,276,228
16			(455,672)							(455,672)
		(3,310,289)				(1,001,783)	(817,738)	8,629		(5,121,891)
		503,948	(203,872)	(300,076)						
		8,979,442	2,818,788	522,869	28,043,644	1,604,408	562,256	2,060,479		42,589,866
	809,328	21,901,719	4,090,946	878,008	132,781,066	8,018,368	3,342,180	5,377,037	7,376,080	184,385,741
	N/A	20-100	2-20	3-10	10-100	30-80	25-75	20-100		

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Property, Plant and Equipment

(a) Fair Value Measurements

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

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

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

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

(i) Recognised Fair Value Measurements

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

Property, plant and equipment

- Land and improvements
- Buildings and other structures
- Aerodrome infrastructure
- Road infrastructure
- Water infrastructure
- Sewerage infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

(b) Measurements

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

(c) Depreciation

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

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council. Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

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

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

(d) Impairment

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

(e) Valuation

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. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Property, Plant and Equipment (Continued)

(e) Valuation (Continued)

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements and buildings and structures asset classes in the intervening years, management perform a "desktop" valuation. A desktop valuation involves management reviewing additions, deletions and changes in assumptions such as useful life, residual value and condition rating. Suitable indices are sourced which are applied to each of these asset classes. Management, in consultation with consulting engineers, also assess indices on an annual basis for material movements in relevant indices.

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

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

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

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

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of 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 of the significant inputs is not based on observable market data, the asset is included in Level 3. This is the case for Council infrastructure assets, 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 table presents the Council's assets measured and recognised at fair value at 30 June 2021.

Note	Level 2 2021	Level 2 2020	Level 3 2021	Level 3 2020	Total 2021	Total 2020	
	(Observable inputs)		(Unobservable inputs)				
	\$	\$	\$	\$			\$
Recurring Fair Value Measurements							
Land and improvement	12	866,577	809,328	-	-	866,577	809,328
Buildings and structures	12	-	1,230,000	22,446,438	20,671,719	22,446,438	21,901,719
Road infrastructure	12	-	-	139,706,745	132,791,066	139,706,745	132,791,066
Water infrastructure	12	-	-	8,525,596	8,019,368	8,525,596	8,019,368
Sewerage infrastructure	12	-	-	3,320,021	3,342,190	3,320,021	3,342,190
Aerodrome infrastructure	12	-	-	5,194,061	5,377,037	5,194,061	5,377,037
		866,577	2,039,328	179,192,860	170,201,380	180,059,437	172,240,708

There were no transfers between levels during the year.

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

Specific Valuation Techniques Used to Value Council Assets Comprise:

Land (level 2)

Council obtains independent valuations at least every 5 years for all rental properties. The last valuation was undertaken by APV Valuers and Asset Management on 30th April 2020.

Buildings (Level 2 and 3)

The fair value of buildings were also determined by independent valuer APV Valuers and Asset Management effective 30 April 2020. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (Level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (Level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as Level 3.

The indexation was calculated by an independent valuer as at April 2021 for the financial year ending 2021 and was found to be immaterial to the financial statements and therefore not applied as at 30 June 2021.

Bouila Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Property, Plant and Equipment (Continued)

Infrastructure Assets (Level 3)

All Council infrastructure 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.

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.

The unit rates (Labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The written down current replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

1(a) Road Infrastructure - Calculation of Current Replacement Cost

Roads and Aerodrome

Current Replacement Cost

The Road Network has been segmented. Unit rates are applied to the individual road components seal, pavement, formation, footpaths, floodways, culverts and kerb and channel of each road in order to determine the replacement cost.

The unit rates assume an incremental Greenfields approach and exclude Brownfield components. These unit rates are estimated using information collated from cost guides, historical costs, contractor rates, future works, regional information and the Queensland Road Alliance project data. Primary factors used in assumptions on unit rates are:- 1) Raw materials have been sourced locally from gravel pits for unsealed roads, 2) Water is available at low to moderate cost for rural road work (<20 km), 3) Contract crushing utilised for aggregate for sealing and aggregation of sealing projects and renewals to reduce low quantity works and increase economies of scale; 4) Quality of material used in pavement construction and extent of compaction of formation varied based on road type and hierarchy.

The last full independent valuation of road infrastructure was undertaken effective 31 May 2019 and was conducted by Shepherd Services Pty Ltd. The indexation was calculated by an independent valuer for the April 2021 year and was found to be immaterial to the financial statements and therefore not applied as at 30 June 2021.

Accumulated Depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table.

The condition rating inputs can be defined in the following table:

	Description	of Life Remaining
10	New asset	100%
9	Near new asset or refurbished asset	90%
8	Excellent condition, minimal deterioration noted	80%
7	Very good condition with early stages of deterioration	70%
6	Good condition, some signs of deterioration	60%
5	Fair to good condition, clear signs of deterioration evident	50%
4	Poor to fair condition with clear deterioration. Moderate maintenance requirements	40%
3	Poor condition, clear deterioration, high maintenance required. Renewal required.	30%
2	Very poor condition with severe deterioration	20%
1	Extremely poor condition with almost failed	10%
0	Failed asset, inhabitable, inoperable	0%

Remaining lives used in the depreciation calculations are estimated using Three (3) different methods, condition, known age and estimated age.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Property, Plant and Equipment (Continued)

2(a) Water and Sewerage Infrastructure - Calculation of Written Down Current Replacement Cost

Water and Sewerage

Current Replacement Cost

Water and sewerage infrastructure fair values were determined by independent valuers, APV Valuers and Asset Management effective 30th April 2020. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

APV Asset Valuers and Asset Management's Cost Models were derived from the following sources:
• Asset valuation database
• Schedule rates for construction of asset or similar assets
• Cost curves derived by experience
• Price Index tables
• Recent contract and tender data
• Relevant Indices for building and construction, and
• Suppliers' quotations

Factors taken into account in determining replacement costs included:

- **Development factors** - the area in which development takes place (e.g. Rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control)
- **Soil Factors** - The types of soil or other surface material (e.g. Areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation)
- **Depth Factors** - All water assets are in trenches at or above 600mm in depth. Most sewerage assets are in trenches less than 1.5m and Council will reline sewers rather than replace them.

In determining 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 active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

	Description	Remaining
10	Brand new or rehabilitated to new	100%
9	Near new with no visible deterioration	90%
8	Excellent overall condition early stages of deterioration	80%
7	Very good overall condition with obvious deterioration evident	70%
6	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5	Fair overall condition, obvious deterioration, some serviceability loss	50%
4	Fair to poor overall condition, obvious deterioration, serviceability loss	40%
3	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
2	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
1	Extremely poor condition, severe serviceability problems, renewal required immediately	10%
0	Failed asset, No longer serviceable. Should not remain in service	0%

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

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

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

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

- The relining of pipes was valued at reline rates and depreciated over the reline life (70 years). The reline fair value was based on age.

In August 2014, 1.45 kms of the sewerage system was relined after initial visual assessments of the CCTV footage indicated that a number of joint displacements, intruding junctions, fracturing longitudinally and circumferentially as well as root and debris within the invert of the assets. The relining work utilised EX PVC lining. The product is guaranteed for between 20 - 25 years by Abergeldie Complex Infrastructure, the company that undertook the work. However, discussions with our Engineer, Stuart Bourne have indicated 3 studies that have been completed that have stated that PVC pipe has a longevity in excess of 100 years and that it would be further protected by being inside the existing sewerage pipes.

The relining is treated as an addition and depreciated as a separate component to the existing pipe and that the remaining useful life of the existing pipe would then be consistent with the useful life of the relining.

Given the studies that predict that PVC piping has a useful life of in excess of 100 years, we have given the relining a useful life equivalent to the remaining useful life of the existing pipe.

The indexation was calculated by an independent valuer as at April 2021 for the financial year ending 2021 and was found to be immaterial to the financial statements and therefore not applied as at 30 June 2021.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

13 Payables

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date.

Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported as a payable.

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

Sick Leave

Council has an obligation to pay sick leave on termination to employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 19.

	2021 \$	2020 \$
Current		
Creditors and accruals	1,375,026	637,026
Annual leave	422,030	388,411
Sick leave	552,390	545,868
Other entitlements	18,739	18,739
	2,368,185	1,590,064

14 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these Liabilities are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times. All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

Current

Loans - Queensland Treasury Corporation	56,362	54,280
	56,362	54,280

Non-current

Loans - Queensland Treasury Corporation	954,533	1,009,222
	954,533	1,009,222

Loans - Queensland Treasury

Opening balance at beginning of financial year	1,063,502	1,114,024
Loans raised	-	-
Principal repayments	(52,607)	(50,522)
Book value at end of financial year	1,010,895	1,063,502

The QTC loan market value at the reporting date was \$1,167,403.52. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No Assets have been pledged as security by the Council for any liabilities. However, all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. Expected final repayment date is 15th June 2035. There has been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

15 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.

	2021 \$	2020 \$
Current		
Long service leave	241,089	269,151
	<u>241,089</u>	<u>269,151</u>
Non-Current		
Landfill rehabilitation	20,000	-
Long service leave	223,484	182,464
	<u>243,484</u>	<u>182,464</u>
Long Service Leave		
Balance at beginning of financial year	451,616	297,982
Long service leave entitlement arising	51,498	197,624
Long service entitlement paid	(38,569)	(43,991)
Balance at end of financial year	<u>464,554</u>	<u>451,615</u>

16 Asset Revaluation Surplus

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

Increases and decreases on revaluation are offset within a class of assets.

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

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

	2021 \$	2020 \$
Movements in the Asset Revaluation Surplus were as follows:		
Balance at beginning of financial year	110,690,359	103,435,167
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings and other structures	-	3,997,615
Road infrastructure	-	(110)
Aerodrome infrastructure	-	26,246
Sewerage	-	861,196
Water	-	2,370,746
Balance at end of financial year	<u>110,690,359</u>	<u>110,600,859</u>

Asset Revaluation Surplus Analysis

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

	2021 \$	2020 \$
Land and improvements	604,432	604,432
Buildings	16,426,904	18,426,904
Road infrastructure	85,056,638	85,056,638
Sewerage	1,564,115	1,564,115
Water	4,937,425	4,937,425
Aerodrome infrastructure	2,101,344	2,101,344
	<u>110,680,858</u>	<u>110,690,858</u>

17 Contractual Commitments

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

	2021 \$	2020 \$
Plant and Vehicles	550,997	207,350
	<u>550,997</u>	<u>207,350</u>

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

18 Contingent Liabilities

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

Local Government Mutual

The Council is a member of the Local Government Mutual Liability Self-Insurance Pool, LGM Queensland. In the event of the pool being wound up or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

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

Local Government Workcare

The Council is a member of the Queensland Local Government Worker's Compensation Self-Insurance Scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the Self Insurance Licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's Workers Compensation Authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$50,265.26.

19 Superannuation - Regional Defined Benefit Fund

Council contributes to the LGIA Super 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 LGIA super 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 benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

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

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

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

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

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

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

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Boulia Shire Council made less than 1% of the total contributions to the plan in the 2020-21 financial year.

	Note	2021 \$	2020 \$	
Superannuation contributions made to the Regional Defined Benefits Fund		22,159	22,264	
Other superannuation contributions for employees		395,932	313,474	
Total superannuation contributions paid by Council for employees	6	418,091	335,738	
Reconciliation of Net Result for the Year to Net Cash Inflow (outflow) from Operating Activities				
20 Net result		7,570,612	2,713,063	
Non-cash items:				
Depreciation and amortisation		4,582,748	4,276,228	
Investing and development activities:				
Net (Profit)/Loss on disposal of non-current assets		493,835	25,769	
Capital grants and contributions		(14,195,215)	(5,291,273)	
		(13,701,379)	(5,265,504)	
Changes in operating assets and liabilities:				
(increase)/ decrease in receivables		(349,875)	483,501	
(increase)/decrease in inventory		10,489	(53,121)	
increase/(decrease) in payables		778,121	494,827	
increase/(decrease) in other provisions		52,938	153,533	
		481,673	999,241	
Net cash inflow from operating activities		(1,076,348)	2,723,029	
21 Reconciliation of Liabilities Arising From Finance Activities				
		As at 30 June 2020	Cash Flows	As at 30 June 2021
Loans	14	1,063,502	(52,607)	1,010,895
		1,063,502	(52,607)	1,010,895
		As at 30 June 2019	Cash Flows	As at 30 June 2020
Loans	14	1,114,024	(50,522)	1,063,502
		1,114,024	(50,522)	1,063,502

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

22 Financial Instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

Financial Risk Management

Boulia Shire Council is responsible for the establishment and oversight of the Risk Management Framework, together with developing and monitoring Risk Management Policies.

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

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

Boulia Shire Council does not enter into derivatives.

Credit Risk

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

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

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

No Collateral is held as security relating to the financial assets held by Boulia Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	Council	
		2021	2020
		\$	\$
Financial Assets			
Cash and equivalents	9	18,063,972	21,513,165
Receivables - rates	10	340,144	165,292
Receivables - other	10	276,455	222,584
Other Credit Exposures			
Guarantees	18	50,265	41,244
Total Financial Assets		18,730,836	21,942,285

Cash and Cash Equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties.

Deposits with the QTC cash fund are capital guaranteed. Working capital facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Other Financial Assets

Other investments are held with financial institutions, which are rated AA2 and P-1 based on rating agency Standard and Poor ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

Receivables

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

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

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

	Council	
	2021	2020
	\$	\$
Not past due	8,223	188,406
Past due 31-60 days	261,688	59,173
Past due 61-90 days		-
More than 90 days	100,878	137,766
Impaired	(35,313)	(35,313)
Total	335,476	350,032

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.

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

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 9.

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

Council

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2021					
Trade and other payables	1,375,026	-	-	-	-
Loans - QTC	94,897	379,588	854,073	1,328,558	1,010,895
	1,469,923	379,588	854,073	1,328,558	1,010,895
2020					
Trade and other payables	637,026	-	-	637,026	637,026
Loans - QTC	94,897	379,588	948,970	1,423,455	1,063,503
	731,923	379,588	948,970	2,060,481	1,700,529

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

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

Market Risk

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

Interest Rate Risk

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

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

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

	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2021					
QTC Cash Fund	18,000,063	180,001	(180,001)	180,001	(180,001)
Other investments	-	-	-	-	-
Loans - QTC*	(1,010,895)	-	-	-	-
Net Total	16,989,168	180,001	(180,001)	180,001	(180,001)
2020					
QTC Cash Fund	21,292,171	212,922	(212,922)	212,922	(212,922)
Other investments	-	-	-	-	-
Loans - QTC*	(1,063,502)	-	-	-	-
Net Total	20,228,669	212,922	(212,922)	212,922	(212,922)

*QTC Generic Debt Pool - the Generic Debt Pool products approximate a fixed rate loan. There is negligible impact on interest sensitivity from changes in interest rates for Generic Debt Pool borrowings.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 14.

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

23 Events after the reporting period

There were no material adjusting events after the balance date.

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

24 Transactions with Related Parties

(a) Transactions with Associates

Nil

(b) Transactions with Joint Ventures

Nil

(c) Transactions with Key Management Personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some Executive Management. The compensation paid to KMP for 2020/21 comprises:

	2021	2020
	\$	\$
Short-term employee benefits	708,050	583,449
Post-employment benefits	23,896	16,136
Long-term benefits	135,289	106,572
Total	867,235	706,157

Detailed Remuneration disclosures are provided in the annual report.

(d) 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	2021	2020
	\$	\$
Employee expenses for close family members of key management personnel	261,988	186,515
Purchase of materials and services from entities controlled by key management personnel	437,653	388,700

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

The Council employs 45 staff of which only 4 are close family members of key management personnel.

(ii) The purchases of materials and services from entities controlled by key management personnel were on an arm's length basis in accordance with Council's procurement policies. The total disclosed includes the following:

Payments charged by entities controlled by key management personnel	Details of related party	2021	2020
		\$	\$
Purchase of materials and services from entities controlled by key management personnel	Anthony Britton, a contractor employed by Council to undertake various construction works throughout the course of the year, is a related party of Councillor Rebekka Britton. He was engaged on commercial terms and all transactions have occurred in accordance with Council's relevant procurement policy.		182,717
Purchase of materials and services from entities controlled by key management personnel	Tim Edgar, a contractor employed by Council to undertake various electrical works throughout the course of the year, is a related party of Councillor Rebekka Britton. He was engaged on commercial terms and all transactions have occurred in accordance with Council's relevant procurement policy.	273,398	75,011
Purchase of materials and services from entities controlled by key management personnel	Darriseah Stewart, a contractor employed by Council to undertake various cleaning works throughout the course of the year, is a related party of Ron Callope. She was engaged on commercial terms and all transactions have occurred in accordance with Council's relevant procurement policy.	135,355	84,366
Purchase of materials and services from entities controlled by key management personnel	Various other minor and immaterial related party transactions.	28,900	26,320
Total		437,653	368,700

(e) Loans and guarantees to / from Related Parties

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

(f) Transactions with Related Parties that have not been disclosed

Many of the entities and people that are related parties of Council are not disclosed within the Boulia Shire Council. Therefore, no a regular basis ordinary, either transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Gym membership
- Dog registration
- Venue hiring
- Borrowing books from a council library

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

Boulia Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

25 Contract Balances

Contract assets represents the excess of cash 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 is incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	2021	2020
Contract liabilities		
- Under AASB 15	-	-
- Under AASB 1058	2,221,520	4,618,501
Total contract liabilities	2,221,520	4,618,501

(i) Contract liabilities breakdown

Funds received upfront to construct Council controlled assets	1,874,869	4,618,501
Non-capital performance obligations not yet satisfied	346,651	-
	2,221,520	4,618,501

(ii) Revenue recognised that was included in the contract liability balance at the beginning of the year

Funds received upfront to construct Council controlled assets	4,618,501	-
Non-capital performance obligations not yet satisfied	-	-
	4,618,501	-

(iii) There was no significant movements in contract liabilities that have occurred during the year.

26 Impact of COVID outbreak on Council operations and financial position

Council has experienced very little impact on its operations since the outbreak of COVID. Along with all Western Queensland the council area has been and remains free of any COVID cases. Council has not had to consider any rates or charges remissions or deferrals as a result of the economic impact of the COVID virus and has not made any changes to its operations over the months since the outbreak of the COVID virus and furthermore at the date of this report does not see the need to do so.


**Boulia Shire Council
Financial Statements
For the year ended 30 June 2021**

**Management Certificate
For the year ended 30 June 2021**

These general purpose financial statements have been prepared pursuant to Sections 176 and 177 of the *Local Government Regulation 2012* (the 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 3 to 28, 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
Eric Britton

Date: 22, 10, 2021



Chief Executive Officer
Lynn Moore

Date: 22, 10, 21

Boulia Shire Council

Current Year Financial Sustainability Statement
Certificate of Accuracy - for the Current Year Financial Sustainability Statement
Independent Auditor's Report (Current Year Financial Sustainability Statement)

Boullia Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2021

Measures of Financial Sustainability

Council's performance at 30 June 2021 against key financial ratios and targets:

	How the Measure is Calculated	Actual	Target
Operating Surplus Ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-84.23%	0% and 10%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	56.61%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-135.46%	< 90%

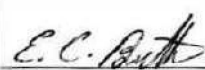
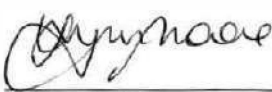
Note 1 - Basis of Preparation

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

Certificate of Accuracy
For the year ended 30 June 2021

This Current-year Financial Sustainability Statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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

 <hr/> Mayor Eric Britton Date: 22/10/2021	 <hr/> Chief Executive Officer Lynn Moore Date: 22/10/21
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Boulia Shire Council

Long Term Financial Sustainability Statement - Unaudited
 Certificate of Accuracy - for the Long Term Financial Sustainability Statement

2021/22

Boulia Shire Council Unaudited Long-Term Financial Sustainability Statement Prepared as at 30 June 2021

Measures of Financial Sustainability Council)	Measure	Target	Actuals at 30 June 2021	Projected for the years ended									
				30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029		
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	-14.23%	-13.56%	-14.48%	-15.16%	-16.87%	-18.10%	-21.88%	-21.72%	-21.69%	-21.98%	
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	> 80%	88.61%	101.67%	111.93%	102.88%	73.42%	72.22%	29.67%	72.12%	18.62%	88.70%	
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 65%	-115.46%	-87.14%	-62.64%	-53.21%	-52.62%	-53.98%	-64.29%	-54.65%	-54.99%	-56.65%	

Council's Financial Management Strategy

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium, and long term. As part of our financial strategy, we have adopted seven (7) key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three (3) sustainability indicators that have been set by the Department of State Development, Infrastructure, Local Government and Planning to help monitor the long-term sustainability of all Councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

Certificate of Accuracy
 For the Long-term Financial Sustainability Statement prepared as at 30 June 2021

This Long-term Financial Sustainability Statement has been prepared pursuant to Section 173.02 of the Local Government Regulation 2012 (the Regulation).

In accordance with Section 2(2)(b) of the Regulation we certify that this Long-term Financial Sustainability Statement has been accurately calculated.

 Mayor Eric Bolton Date: 22/10/21	 Chief Executive Officer Lynn Moore Date: 22/10/21
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2021/22