

**Boulia Shire Council**  
**Financial Statements**  
For the year ended 30 June 2023



# **Boulia Shire Council**

## **Financial Statements**

### **For the year ended 30 June 2023**

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**Boulia Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Income</b>			<b>Restated*</b>
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	1,828,330	1,382,180
Fees and charges	3(c)	425,201	237,421
Rental income	3(c)	244,724	273,404
Interest received	3(c)	503,523	79,797
Sales revenue	3(b)	7,046,073	7,647,928
Other income	3(c)	311,159	211,981
Grants, subsidies, contributions and donations	4(i)	9,366,900	5,760,666
<b>Total recurrent revenue</b>		<b>19,725,910</b>	<b>15,593,377</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(ii)	7,856,952	8,760,726
<b>Total capital revenue</b>		<b>7,856,952</b>	<b>8,760,726</b>
<b>Total income</b>		<b>27,582,862</b>	<b>24,354,103</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(4,183,715)	(3,946,367)
Materials and services	7	(8,996,109)	(8,682,967)
Finance costs		(36,785)	(40,118)
Depreciation	11	(5,113,328)	(4,665,038)
		<b>(18,329,938)</b>	<b>(17,334,490)</b>
<b>Capital expenses</b>			
Loss on disposal of non-current assets	5	(370,600)	(308,143)
<b>Total expenses</b>		<b>(18,700,538)</b>	<b>(17,642,633)</b>
<b>Net result</b>		<b>8,882,324</b>	<b>6,711,470</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	16	(21,133,956)	9,725,440
<b>Total other comprehensive income for the year</b>		<b>(21,133,956)</b>	<b>9,725,440</b>
<b>Total comprehensive income for the year</b>		<b>(12,251,632)</b>	<b>16,436,910</b>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

\*Council has made retrospective adjustments as a consequence of correction of errors in accordance with AASB 108 and therefore in accordance with AASB 101 has restated the comparative figures as set out in Note 24.

**Boulia Shire Council**  
**Statement of Financial Position**  
As at 30 June 2023

	Note	2023 \$	2022 \$ Restated*
<b>Current assets</b>			
Cash and cash equivalents	8	20,575,678	19,080,378
Receivables	9	536,472	1,466,555
Inventories	10	384,144	438,378
<b>Total current assets</b>		<u>21,496,295</u>	<u>20,985,311</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	194,880,417	209,392,896
<b>Total non-current assets</b>		<u>194,880,417</u>	<u>209,392,896</u>
<b>Total assets</b>		<u>216,376,711</u>	<u>230,378,207</u>
<b>Current liabilities</b>			
Payables	12	1,460,714	2,042,645
Borrowings	13	92,785	90,529
Provisions	14	490,437	274,947
Contract liabilities	15	662,148	1,806,596
<b>Total current liabilities</b>		<u>2,706,084</u>	<u>4,214,717</u>
<b>Non-current liabilities</b>			
Borrowings	13	1,196,587	1,287,884
Provisions	14	55,690	205,624
<b>Total non-current liabilities</b>		<u>1,252,277</u>	<u>1,493,508</u>
<b>Total liabilities</b>		<u>3,958,361</u>	<u>5,708,225</u>
<b>Net community assets</b>		<u>212,418,350</u>	<u>224,669,982</u>
<b>Community equity</b>			
Asset revaluation surplus	16	99,282,343	120,416,299
Retained surplus		113,136,008	104,253,684
<b>Total community equity</b>		<u>212,418,350</u>	<u>224,669,982</u>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

*\*Council has made retrospective adjustments as a consequence of correction of errors in accordance with AASB 108 and therefore in accordance with AASB 101 has restated the comparative figures as set out in Note 24.*

**Boulia Shire Council**

**Statement of Cash Flows**

For the year ended 30 June 2023

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		10,540,846	8,907,748
Payments to suppliers and employees		<u>(13,641,965)</u>	<u>(12,959,795)</u>
		<u>(3,101,120)</u>	<u>(4,052,047)</u>
Borrowing costs		(36,785)	(40,118)
Interest received	3(c)	503,523	79,797
Rental income	3(c)	244,724	273,404
Non capital grants and contributions	4	<u>9,400,728</u>	<u>4,441,364</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>20</b>	<u><u>7,011,070</u></u>	<u><u>702,400</u></u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(12,341,624)	(11,292,620)
Proceeds from sale of property plant and equipment	5	236,217	50,909
Capital grants, subsidies, contributions and donations	4(ii)	<u>6,678,676</u>	<u>11,188,199</u>
<b>Net cash inflow / (outflow) from investing activities</b>		<u><u>(5,426,731)</u></u>	<u><u>(53,512)</u></u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13	-	454,298
Repayment of borrowings	13	<u>(89,040)</u>	<u>(86,780)</u>
<b>Net cash inflow / (outflow) from financing activities</b>		<u><u>(89,040)</u></u>	<u><u>367,518</u></u>
<b>Net increase / (decrease) in cash and cash equivalent held</b>		<u><u>1,495,299</u></u>	<u><u>1,016,406</u></u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		19,080,378	18,063,972
<b>Cash and cash equivalents at end of the financial year</b>	<b>8</b>	<u><u>20,575,678</u></u>	<u><u>19,080,378</u></u>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

**Boulia Shire Council**  
**Statement of Changes in Equity**  
For the year ended 30 June 2023

	Asset revaluation surplus	Retained Surplus	Total
Note	16 \$	\$	\$
<b>Balance as at 1 July 2022</b>	120,416,299	104,253,684	224,669,983
Net result	-	8,882,324	8,882,324
Other comprehensive income for the year			
Decrease in asset revaluation surplus	16 (21,133,956)	-	(21,133,956)
<b>Total comprehensive income for the year</b>	<b>(21,133,956)</b>	<b>8,882,324</b>	<b>(12,251,632)</b>
<b>Balance as at 30 June 2023</b>	<b>99,282,343</b>	<b>113,136,008</b>	<b>212,418,350</b>
<b>Balance as at 1 July 2021</b>	110,690,859	95,745,688	206,436,547
Prior period adjustment	24 -	1,796,526	1,796,526
<b>Restated* balance as at 1 July 2021</b>	<b>110,690,859</b>	<b>97,542,214</b>	<b>208,233,072</b>
Net result	-	6,711,470	6,711,470
Other comprehensive income for the year			
Increase in asset revaluation surplus	16 9,725,440	-	9,725,440
<b>Total comprehensive income for the year</b>	<b>9,725,440</b>	<b>6,711,470</b>	<b>16,436,910</b>
<b>Balance as at 30 June 2022</b>	<b>120,416,299</b>	<b>104,253,684</b>	<b>224,669,982</b>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

*\*Council has made retrospective adjustments as a consequence of correction of errors in accordance with AASB 108 and therefore in accordance with AASB 101 has restated the comparative figures as set out in Note 24.*

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**1 Information about these financial statements**

**1.a Basis of preparation**

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

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023 and have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

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

**1.b New and revised Accounting Standards adopted during the year**

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2022. None of the standards had a material impact on reported position, performance and cash flows.

**1.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 2023. 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 material impact for council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at 30 June 2023 at the time of preparing these financial statements that could be applicable to Council.

	Effective for reporting periods beginning on or after:
AASB 17 Insurance Contracts (amended by AASB 2020-5, AASB 2022-1, AASB 2022-8 and AASB 2022-9 Insurance Contracts in the Public Sector)	1 July 2026 for public sector
AASB 2021-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2021-6 and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants )	1 January 2023
AASB 2021-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2021 and Other Amendments	1 January 2023
AASB 2022-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2022-6	1 January 2023
AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback	1 January 2024
AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards	1 January 2023
AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024
AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2022-7)	1 January 2025

**1.d Estimates and judgements**

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

- Revenue recognition (Note 3)
- Valuation and depreciation of property, plant and equipment (Note 11)
- Impairment of property, plant and equipment (Note 11)
- Provisions (Note 14)
- Contingent liabilities (Note 18)
- Financial instruments and financial liabilities (note 22)

**1.e Rounding and comparatives**

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

**1.f Taxation**

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

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**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



**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**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 2023

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 2023**

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Corporate Support	8,740,027	2,575,147	-	-	11,315,174	(5,319,434)	(370,600)	(5,690,035)	5,995,739	5,625,139	34,073,670
Environmental & Natural Resources	-	10,389	-	-	10,389	(33,686)	-	(33,686)	(23,297)	(23,297)	866,577
Community & Lifestyle Services	-	334,361	-	-	334,361	(1,512,807)	-	(1,512,807)	(1,178,446)	(1,178,446)	26,717,858
Health & Welfare	15,508	-	-	-	15,508	(63,901)	-	(63,901)	(48,392)	(48,392)	201
Water Sewerage & Garbage	-	297,446	-	-	297,446	(840,552)	-	(840,552)	(543,106)	(543,106)	10,914,360
Roads	611,366	7,141,668	7,856,952	-	15,609,985	(10,559,557)	-	(10,559,557)	(2,806,524)	5,050,428	143,804,045
<b>Total</b>	<b>9,366,900</b>	<b>10,359,010</b>	<b>7,856,952</b>	<b>-</b>	<b>27,582,862</b>	<b>(18,329,937)</b>	<b>(370,600)</b>	<b>(18,700,538)</b>	<b>1,395,972</b>	<b>8,882,324</b>	<b>216,376,711</b>

**Year ended 30 June 2022**

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Corporate Support	4,144,710	960,915	-	-	5,105,625	(3,321,517)	-	(3,321,517)	1,784,107	1,784,108	44,619,070
Environmental & Natural Resources	-	13,939	-	-	13,939	(295,617)	-	(295,617)	(281,678)	(281,678)	866,577
Community & Lifestyle Services	-	436,844	629,985	-	1,066,829	(1,209,744)	(279,064)	(1,488,808)	(772,900)	(421,979)	27,825,504
Health & Welfare	-	25,376	-	-	25,376	(1,071,347)	-	(1,071,347)	(1,045,971)	(1,045,971)	-
Water Sewerage & Garbage	-	298,379	-	-	298,379	(821,351)	-	(821,351)	(522,972)	(522,972)	12,048,226
Roads	1,615,956	8,097,258	8,130,741	-	17,843,955	(10,614,913)	(29,079)	(10,643,993)	(901,699)	7,199,962	145,018,829
<b>Total</b>	<b>5,760,666</b>	<b>9,832,711</b>	<b>8,760,726</b>	<b>-</b>	<b>24,354,103</b>	<b>(17,334,490)</b>	<b>(308,143)</b>	<b>(17,642,633)</b>	<b>(1,741,113)</b>	<b>6,711,470</b>	<b>230,378,207</b>

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**3 Revenue**

**(a) Rates, Levies and Charges**

Rates, levies 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.

	Note	2023 \$	2022 \$
General rates		1,505,402	1,082,741
Water		177,036	180,438
Sewerage		120,410	117,941
Garbage charges		104,890	105,355
Waste Management levies		27,735	-
Total rates and utility charge revenue		<u>1,935,473</u>	<u>1,486,475</u>
Less: discounts		(106,783)	(103,755)
Less: pensioner remissions		(360)	(540)
		<u>1,828,330</u>	<u>1,382,180</u>

**(b) Sales revenue**

Sale of goods revenue 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 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**

Contract and recoverable works	7,046,073	7,647,928
	<u>7,046,073</u>	<u>7,647,928</u>

**(c) Interest and other income**

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

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

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

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

	Note	2023 \$	2022 \$
Interest received		503,523	79,797
Fees and Charges		425,201	237,421
Rental Income		244,724	273,404
Other income		311,159	211,981
		<u>1,484,607</u>	<u>802,603</u>

**4 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.

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**4 Grants, subsidies, contributions and donations (continued)**

Performance obligations vary in each 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 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 benefits.

**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 standards. 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.

**Capital Grants**

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred.

**Donations and contributions**

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

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

		2023	2022
	Note	\$	\$
(i) <b>Operating</b>			
General purpose grants		8,598,597	3,417,970
State government and other subsidies and grants		768,303	2,342,696
		<u>9,366,900</u>	<u>5,760,666</u>
(ii) <b>Capital</b>			
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		7,299,944	8,314,711
Commonwealth government subsidies and grants		557,008	446,015
		<u>7,856,952</u>	<u>8,760,726</u>
		<u>17,223,852</u>	<u>14,521,392</u>
(iii) <b>Timing of revenue recognition for grants, subsidies, contributions and donations</b>			
		2023	2022
		Revenue recognised at a point in time	Revenue recognised at a point in time
		Revenue recognised over time	Revenue recognised over time
		\$	\$
	Note	\$	\$
Grants, subsidies, donations and contributions	4	<u>9,352,974</u>	<u>7,870,878</u>
		<u>9,352,974</u>	<u>5,620,466</u>
		<u>9,352,974</u>	<u>8,900,926</u>

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

5 Capital expenses / (income)	Note	2023 \$	2022 \$
<b>Gain / (loss) on disposal of non-current assets</b>			
Proceeds from sale of property, plant and equipment		236,217	50,909
Less: Carrying value of disposed property, plant and equipment		(606,817)	(359,052)
		<u>(370,600)</u>	<u>(308,143)</u>

6 Employee benefits	Note	2023 \$	2022 \$
Employee benefit expenses are recorded when the service has been provided by the employee.			
Staff wages and salaries		2,932,031	3,312,935
Councillors' remuneration		269,157	271,230
Termination benefits		-	-
Annual, sick, long service leave and entitlements		656,111	484,715
Superannuation	19	391,367	473,064
		<u>4,248,667</u>	<u>4,541,944</u>
Other employee related expenses		34,036	50,590
		<u>4,282,703</u>	<u>4,592,534</u>
Less: Capitalised employee expenses:		(98,988)	(646,167)
		<u>4,183,715</u>	<u>3,946,367</u>

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

Total council employees at the reporting date:

	2023 Number	2022 Number
Elected members	5	5
Administration staff	21	27
Depot and outdoors staff	23	32
Total full time equivalent employees	<u>49</u>	<u>64</u>

7 Materials and services	Note	2023 \$	2022 \$
Expenses are recorded on an accruals basis as Council receives the goods or services.			
Administration supplies and consumables		2,212,741	2,312,977
Audit of annual financial statements by the Auditor-General of Queensland		93,883	46,844
Communications and IT		634,441	365,416
Consultants		338,118	447,961
Donations paid		84,546	83,640
Housing		224,456	257,231
Repairs and maintenance		2,219,971	586,239
Roads		2,492,492	3,954,004
Water & Sewerage		411,360	323,217
Other materials and services		284,101	305,438
		<u>8,996,109</u>	<u>8,682,967</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$64,500 (2022- \$60,750). Figures exclusive GST.

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**8 Cash and cash equivalents**

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

	Note	2023 \$	2022 \$
Cash at bank and on-hand		128,066	1,451,972
Deposits at-call		20,447,612	17,628,406
Balance per Statement of Financial Position		<u>20,575,678</u>	<u>19,080,378</u>

Council is exposed to credit risk through its 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 P-1 and long term rating of AA3.

Cash and cash equivalents		20,575,678	19,080,378
Less: externally imposed restrictions on cash	(i)	(662,148)	(1,806,208)
Unrestricted cash		<u>19,913,530</u>	<u>17,274,170</u>

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

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

Unspent government grants and subsidies	662,148	1,806,208
<b>Total externally imposed restrictions on cash</b>	<u>662,148</u>	<u>1,806,208</u>

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

Future capital works	1,881,354	3,075,488
Future asset replacement	3,023,249	2,783,929
Future recurrent expenditure	13,734,000	7,908,518
<b>Total internally allocated cash</b>	<u>18,638,603</u>	<u>13,767,935</u>

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

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 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	14,006	49,676
Security deposits	3,576	26,678
	<u>17,581</u>	<u>76,354</u>

**9 Receivables**

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

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**9 Receivables (continued)**

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

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, the expected credit loss is immaterial.

<b>Current</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
Rateable revenue and utility charges		170,839	154,121
Other debtors & Accrued Revenue		66,092	1,096,746
Less: Loss Allowance		(59,759)	(41,854)
GST recoverable		405,592	304,688
Rates received in advance		(46,292)	(47,146)
		<u>536,472</u>	<u>1,466,555</u>

Interest rate charged on outstanding rates as at 1st July 2023 was 11.64%. 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	41,854	35,313
Additional impairments recognised	17,905	6,541
Closing balance at 30 June	<u>59,759</u>	<u>41,854</u>

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

Not past due	51,544	1,091,408
Past due 31-60 days	2,135	1,149
Past due 61-90 days	915	-
More than 90 days	136,045	111,164
Impaired	(59,758)	(41,854)
Total	<u>130,881</u>	<u>1,161,867</u>

**10 Inventories**

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 nil or nominal charge and goods to be used for the provision of services at nil or nominal charge. These goods are valued at cost, adjusted when applicable, for any loss of service potential.

<b>Inventories held for sale</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
Miscellaneous sales items		101,116	77,212
		<u>101,116</u>	<u>77,212</u>
<b>Inventories held for distribution</b>			
Quarry and road materials		283,028	361,166
		<u>283,028</u>	<u>361,166</u>
Total Inventories		<u>384,144</u>	<u>438,378</u>

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment**

**30 June 2023**

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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	866,577	31,253,936	8,006,389	1,913,919	182,838,938	10,387,889	3,963,165	7,745,976	13,614,389	260,591,178
	-	-	-	9,911	-	-	-	-	12,331,713	12,341,624
5	-	-	(712,267)	(5,100)	(105,735)	(401,400)	-	-	-	(1,224,502)
16	-	-	-	-	(13,380,423)	-	-	(18,624)	-	(13,399,047)
					(3,828,520)					(3,828,520)
	-	685,311	1,209,942	47,326	18,522,664	-	57,422	140,438	(20,663,104)	-
	866,577	31,939,246	8,504,065	1,966,056	184,046,925	9,986,489	4,020,587	7,867,790	5,282,998	254,480,733

**Accumulated depreciation and impairment**

	-	8,581,744	3,205,591	685,245	33,454,450	2,115,263	749,717	2,406,275	-	51,198,285
	-	1,050,246	422,804	110,845	3,000,761	241,863	104,238	182,571	-	5,113,328
5	-	-	(446,479)	(5,100)	(58,042)	(108,064)	-	-	-	(617,685)
	-	1,913	-	-	1,778,905	-	-	82,551	-	1,863,369
16	-	-	-	-	2,231,647	-	-	(188,627)	-	2,043,020
	-	-	-	-	-	-	-	-	-	-
	-	9,633,903	3,181,916	790,990	40,407,721	2,249,062	853,955	2,482,770	-	59,600,316

**Carrying amount as at 30 June 2023**

	866,577	22,305,343	5,322,149	1,175,066	143,639,204	7,737,427	3,166,632	5,385,020	5,282,998	194,880,417
Range of estimated useful life in years	Not depreciated	20-100	2-20	3-10	10-100	30-80	25-75	20-100	-	-

**Additions comprise:**

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	685,310	1,169,693	47,326	6,335,706	-	57,422	140,439	-	8,435,896
Other additions	-	-	40,250	9,911	12,186,958	-	-	-	-	12,237,119
<b>Total additions</b>	-	685,310	1,209,943	57,237	18,522,664	-	57,422	140,439	-	20,673,015



**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment**

**30 June 2022**

	Note	Land and Improvements	Buildings and Structures	Plant and Vehicles	Furniture & Equipment	Road Infrastructure	Water Infrastructure	Sewerage Infrastructure	Aerodrome Infrastructure	Work in Progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
<b>Asset values</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2021		866,577	29,686,936	7,857,600	1,278,881	170,387,763	10,387,889	3,963,165	7,422,828	8,570,182	240,421,821
Additions		-	2,259,850	304,642	437,419	3,246,502	-	-	-	5,044,207	11,292,620
Disposals	5	-	(657,232)	(155,852)	-	-	-	-	-	-	(813,085)
Prior year adjustments		-	(35,617)	-	-	-	-	-	-	-	(35,617)
Revaluation adjustment to asset revaluation surplus	16	-	-	-	-	9,339,929	-	-	385,511	-	9,725,440
Transfers between classes		-	-	-	197,619	(135,256)	-	-	(62,363)	-	-
<b>Closing gross value as at 30 June 2022</b>		<b>866,577</b>	<b>31,253,936</b>	<b>8,006,389</b>	<b>1,913,919</b>	<b>182,838,938</b>	<b>10,387,889</b>	<b>3,963,165</b>	<b>7,745,976</b>	<b>13,614,389</b>	<b>260,591,179</b>
<b>Accumulated depreciation and impairment</b>											
Opening balance as at 1 July 2021		-	7,921,374	3,059,591	598,006	30,681,018	1,862,294	643,144	2,228,767	-	46,994,193
Depreciation expense		-	1,004,691	255,865	91,466	2,775,966	252,969	106,573	177,508	-	4,665,038
Depreciation on disposals	5	-	(344,180)	(109,852)	-	-	-	-	-	-	(454,032)
Prior year Adjustments		-	(141)	(13)	(4,227)	(2,534)	-	-	-	-	(6,915)
Revaluation adjustment to asset revaluation surplus	16	-	-	-	-	-	-	-	-	-	-
Transfers between classes		-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2022</b>		<b>-</b>	<b>8,581,744</b>	<b>3,205,591</b>	<b>685,245</b>	<b>33,454,450</b>	<b>2,115,263</b>	<b>749,717</b>	<b>2,406,275</b>	<b>-</b>	<b>51,198,283</b>
<b>Carrying amount as at 30 June 2022</b>		<b>866,577</b>	<b>22,672,193</b>	<b>4,800,799</b>	<b>1,228,674</b>	<b>149,384,488</b>	<b>8,272,626</b>	<b>3,213,448</b>	<b>5,339,701</b>	<b>13,614,389</b>	<b>209,392,896</b>
Range of estimated useful life in years		Not depreciated	20-100	2-20	3-10	10-100	30-80	25-75	20-100	-	-
Additions comprise:		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals		-	1,196,684	-	-	197,619	-	-	-	-	1,394,303
Other additions		-	1,063,165	304,642	437,419	3,048,883	-	-	-	-	4,854,110
<b>Total additions</b>		<b>-</b>	<b>2,259,850</b>	<b>304,642</b>	<b>437,419</b>	<b>3,246,502</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,248,413</b>

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment (continued)**

**(a) Recognition**

Purchases of property plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network; for example components of water and sewerage assets.

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.

**(b) Measurement**

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, 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.

Items of 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.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

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 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.

**(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.

**Boulia Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment (continued)**

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.

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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment (continued)**

**Fair values are classified into three levels as follows:**

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

Land and Improvements, Buildings and Structures, Road Infrastructure, Water, Sewerage and Aerodrome Infrastructures are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment. Plant and Vehicles, Furniture & Equipment and work in progress are measured at cost.

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

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 and liabilities measured and recognised at fair value at 30 June 2023.

	Note	Level 2 (Observable inputs)		Level 3 (Unobservable inputs)		Total	
		\$		\$		\$	
		2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
Land and improvement	11	866,577	866,577	-	-	866,577	866,577
Buildings and structures	11	-	-	22,305,343	22,672,193	22,305,343	22,672,193
Road infrastructure	11	-	-	143,639,204	149,384,488	143,639,204	149,384,488
Water infrastructure	11	-	-	7,737,427	8,272,626	7,737,427	8,272,626
Sewerage infrastructure	11	-	-	3,166,632	3,213,448	3,166,632	3,213,448
Aerodrome infrastructure	11	-	-	5,385,020	5,339,701	5,385,020	5,339,701
		<u>866,577</u>	<u>866,577</u>	<u>182,233,626</u>	<u>188,882,456</u>	<u>183,100,203</u>	<u>189,749,033</u>

There were no transfers between categories 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**

**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.

The indexation was calculated by an independent valuer as at April 2023 for the financial year ended 2023 and was found to be immaterial to the financial statements and therefore not applied as at 30 June 2023.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**11 Property, plant and equipment (continued)**

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 different 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.

**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.

**Roads and Aerodrome**

A comprehensive valuation was conducted by Shepherd Services Pty Ltd effective 30 June 2023. The valuation was performed using using the most recent data on unit rate data available at the time of the valuation exercise.

**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 cost 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.

**Accumulated Depreciation**

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments. 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 2023

**11 Property, plant and equipment (continued)**

***Water and Sewerage***

The indexation was calculated by an independent valuer for the 2023 year and was found to be immaterial to the financial statements and therefore not applied as at 30 June 2023.

***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.

***Accumulated Depreciation***

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.

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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**12 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. This liability represents an accrued expense and is reported as a payable.

*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.

	Note	2023 \$	2022 \$
<b>Current</b>			
Creditors and accruals		660,370	1,362,385
Annual leave		471,727	366,773
Sick leave		309,878	294,748
Other entitlements		18,739	18,739
		1,460,714	2,042,645

**13 Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, 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.

	Note	2023 \$	2022 \$
<b>Current</b>			
Loans - Queensland Treasury Corporation		60,785	58,529
Loan - Economic Development		32,000	32,000
		92,785	90,529

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023  
**13 Borrowings (continued)**

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
<b>Non-current</b>			
Loans - Queensland Treasury Corporation		838,289	897,587
Loan - Economic Development		358,298	390,298
		<u>1,196,587</u>	<u>1,287,885</u>

The QTC loan market value at the reporting date was \$899,074. 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. The Economic Development Queensland Loan is an interest-free loan. A single annual repayment of \$32,000 is required each year. The term of the loan expires in the year ended 30 June 2036.

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.

**14 Provisions**

Liabilities are recognised for employee benefits such as long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

*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.

*Landfill Rehabilitation*

A provision is made for the cost of restoring landfill where it is probable the council will have an obligation to rehabilitate the site when the use of the facilities is complete.

The calculation of the provisions use assumptions including 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. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Landfill provision represents the present value of anticipated future costs associated with the closure of the landfill sites, refilling the basin, reclamation and rehabilitation, decontamination and monitoring of historical residues and leaching on these sites. As landfills 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.

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
<b>Current</b>			
Long service leave		490,437	274,947
		<u>490,437</u>	<u>274,947</u>
<b>Non-current</b>			
Long service leave - non-current		35,690	185,624
Landfill Rehabilitation		20,000	20,000
		<u>55,690</u>	<u>205,624</u>



**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**14 Provisions (continued)**

Movements in non-employee benefit provisions:

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Landfill Rehabilitation</b>			
Balance at beginning of financial year		20,000	20,000
Movement in the year		-	-
Balance at end of financial year		<u>20,000</u>	<u>20,000</u>

This is the present value of the estimated cost of restoring the landfill site to a useable state at the end of its useful life which is expected to be 2029.

**15 Contract balances**

Contract assets represent 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.

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>(a) Contract liabilities</b>			
Funds received upfront to construct Council controlled assets		614,393	1,792,669
Deposits received in advance of services provided (e.g. retirement home fees, performance obligations in grants)		47,755	13,927
		<u>662,148</u>	<u>1,806,596</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year			
Funds to construct Council controlled assets		1,792,280	2,177,401
Deposits received in advance of services provided		13,926	-
		<u>1,806,206</u>	<u>2,177,401</u>

*Satisfaction of contract liabilities*

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next financial year.

**(b) Significant changes in contract balances**

Significant movements in contract assets and contract liabilities that have occurred were due to the change in the timing of the work and significant monies received in advance.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**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.

**17 Commitments for expenditure**

	2023	2022
<b>Contractual commitments</b>	<b>Note</b>	<b>\$</b>
Contractual commitments at the end of the financial year that have not been recognised in the financial statements.		<b>\$</b>
Plant and Vehicles		451,381
Industrial Estate		598,880
Town Infrastructure		334,239
Housing		2,359,254
Roads		155,234
Water infrastructure		248,369
Sewerage infrastructure		199,000
		<u>4,346,357</u>
		<u>520,888</u>

**18 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 being 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 2023 the financial statements LGM Queensland 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 License 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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**19 Superannuation - Regional Defined Benefit Fund**

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

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.

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 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 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.

	<u>Note</u>	<u>2023</u> <u>\$</u>	<u>2022</u> <u>\$</u>
Superannuation contributions made to the Regional Defined Benefits Fund		8,760	8,977
Other superannuation contributions for employees		<u>382,607</u>	<u>464,087</u>
Total superannuation contributions paid by Council for employees:	6	<u><u>391,367</u></u>	<u><u>473,064</u></u>

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 2024.

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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities**

	Note	2023 \$	2022 \$
Net result		8,882,324	5,482,931
Non-cash items:			
Depreciation		5,113,328	4,665,038
		<u>5,113,328</u>	<u>4,665,038</u>
Investing and development activities (non-cash):			
Net (profit)/loss on disposal of non-current assets	5	370,600	308,143
Capital grants and contributions	4(ii)	(7,856,952)	(8,760,726)
		<u>(7,486,352)</u>	<u>(8,452,583)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables	11	930,083	(754,203)
(Increase)/decrease in inventory	10	54,234	(120,632)
Increase/(decrease) in payables	12	(581,931)	(114,169)
Increase/(decrease) in contract liabilities		33,828	-
Increase/(decrease) in provisions	14	65,556	(3,983)
		<u>501,769</u>	<u>(992,986)</u>
Net cash inflow (outflow) from operating activities		<u>7,011,070</u>	<u>702,400</u>

**21 Reconciliation of liabilities arising from financing activities**

2023	Note	As at 1 July 2022 \$	Cash flows \$	Non-cash changes \$	As at 30 June 2023 \$
Loans	13	<u>1,378,413</u>	<u>(89,040)</u>	<u>-</u>	<u>1,289,373</u>
2022	Note	As at 1 July 2021 \$	Cash flows \$	Non-cash changes \$	As at 30 June 2022 \$
Loans	13	<u>1,010,895</u>	<u>367,518</u>	<u>-</u>	<u>1,378,413</u>

**22 Financial instruments and financial risk management**

**(a) Financial assets and financial liabilities**

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

- Credit risk
- Liquidity risk
- Market risk

**Risk management framework**

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.

**Boulia Shire Council**

**Notes to the financial statements**

For the year ended 30 June 2023

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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**22 Financial instruments and financial risk management (continued)**

**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.

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 carrying amount of financial assets represents the maximum credit exposure.

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:

<b>Financial Assets</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
Cash and equivalents	8	20,575,678	19,080,378
Receivables - rates	9	112,040	113,227
Receivables - other	9	65,132	1,095,786
<b>Other Credit Exposures</b>			
Guarantees	17	-	25,474
<b>Total Financial Assets</b>		<u>20,752,850</u>	<u>20,314,865</u>

*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 A-1+ and AA- based on rating agency Standard and Poor ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

*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 partially 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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**22 Financial instruments and financial risk management (continued)**

**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.

*Exposure to liquidity risk*

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 8.

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. Trade payables are expected to be paid within 1 year.

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>2023</b>					
Loans - others	32,000	128,000	230,298	390,298	390,298
Loans - QTC	94,897	379,588	664,279	1,138,764	899,074
	<u>126,897</u>	<u>507,588</u>	<u>894,577</u>	<u>1,529,062</u>	<u>1,289,373</u>
<b>2022</b>					
Loans - others	32,000	128,000	262,298	422,298	422,298
Loans - QTC	94,897	379,588	759,176	1,233,661	956,115
	<u>126,897</u>	<u>507,588</u>	<u>1,021,474</u>	<u>1,655,959</u>	<u>1,378,413</u>

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

Trade payables are expected to be paid within one year.

**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.

**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**22 Financial instruments and financial risk management (continued)**

	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2023</b>					
QTC Cash Fund	20,447,612	204,476	(204,476)	204,476	(204,476)
Loans*	(1,289,373)	-	-	-	-
<b>Net Total</b>	<u>19,158,239</u>	<u>204,476</u>	<u>(204,476)</u>	<u>204,476</u>	<u>(204,476)</u>
<b>2022</b>					
QTC Cash Fund	17,628,406	176,284	(176,284)	176,284	(176,284)
Loans*	(1,378,414)	-	-	-	-
<b>Net Total</b>	<u>16,249,992</u>	<u>176,284</u>	<u>(176,284)</u>	<u>176,284</u>	<u>(176,284)</u>

\*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. Similarly, the Economic Development Queensland Loan is an interest-free loan and will not be affected by changes in interest rates.

**(b) 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**

The comprehensive valuation for the Roads and Aerodrome Assets was performed by the independent valuer in September 2023. The valuation was confirmed to be applicable as at 30 June 2023, and accordingly, adjustments were made to reflect this valuation at the year-end.



**Boulia Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2023

**24 Correction of errors**

**a Understatement of revenue and overstatement of contract liabilities**

It has been identified that revenue and contract liabilities for the Financial Assistance Grants (FAGS) and other smaller grants have been incorrectly calculated for the years ended 30 June 2021 and 2022. These grants, which were previously recognised over time, should instead be recognised at point in time due to their untied nature and absence of specific obligation. Contract liabilities should not have been recognised for these grants.

The incorrect recognition of contract liabilities in prior years for the grants has resulted in the net understatement of revenue, retained surplus and overstatement of contract liabilities for the year ended 30 June 2022. The adjustments are included in the summary below.

**b Overstatement of sick leave expenses and provision**

It has been noted during the year that the calculation of the sick leave provisions does not align with the terms specified in the employment agreements. In prior year, Council recognised sick leave provision based on the entire unused sick leave at current hourly rate, and not based on the schedule of payout of sick leave on termination of employment, stipulated in the Council's employment agreement. This inconsistency has resulted in an overstatement of employee costs and the sick leave provision for the year ended 30 June 2022.

The errors described above have been corrected by restating the balances at the beginning of the comparative period (1 July 2021) with the adjustments taken to Retained Earnings at that date. Comparatives have been changed to reflect the corrected amounts and the impact on each item in the financial statements is shown below.

	Original balance as presented at 30 June 2022	Prior period adjustments		Total prior period adjustments	Restated at 30 June 2022
		(a) Contract liabilities	(b) Provision for sick leave		
<b>Statement of comprehensive income</b>					
<b>Income</b>					
<b>Recurrent revenue</b>					
Grants, subsidies, contributions and donations	4,479,644	1,281,022	-	1,281,022	5,760,666
<b>Total recurrent revenue</b>	<b>14,312,355</b>	<b>1,281,022</b>	<b>-</b>	<b>1,281,022</b>	<b>15,593,377</b>
<b>Total income</b>	<b>23,073,081</b>	<b>1,281,022</b>	<b>-</b>	<b>1,281,022</b>	<b>24,354,103</b>
<b>Expenses</b>					
<b>Employee benefits</b>					
Employee benefits	(3,893,884)	-	(52,483)	(52,483)	(3,946,367)
<b>Recurrent expenses</b>	<b>(17,282,007)</b>	<b>-</b>	<b>(52,483)</b>	<b>(52,483)</b>	<b>(17,334,490)</b>
<b>Total expenses</b>	<b>(17,590,150)</b>	<b>-</b>	<b>(52,483)</b>	<b>(52,483)</b>	<b>(17,642,633)</b>
<b>Net results</b>	<b>5,482,931</b>	<b>1,281,022</b>	<b>(52,483)</b>	<b>1,228,539</b>	<b>6,711,470</b>
<b>Statement of financial position</b>					
<b>Current liabilities</b>					
Contract liabilities	4,620,289	(2,813,693)	-	(2,813,693)	1,806,596
Payables	2,254,016	-	(211,372)	(211,372)	2,042,644
<b>Total current liabilities</b>	<b>7,239,781</b>	<b>(2,813,693)</b>	<b>(211,372)</b>	<b>(3,025,065)</b>	<b>4,214,715</b>
<b>Net community assets</b>	<b>221,644,918</b>	<b>2,813,693</b>	<b>211,372</b>	<b>3,025,065</b>	<b>224,669,983</b>
<b>Community equity</b>					
Retained surplus	101,228,619	2,813,693	211,372	3,025,065	104,253,684
<b>Total community equity</b>	<b>221,644,918</b>	<b>2,813,693</b>	<b>211,372</b>	<b>3,025,065</b>	<b>224,669,983</b>
<b>Statement of financial position, 1 July 2021</b>					
<b>Current liabilities</b>					
Contract liabilities	2,221,520	(1,532,671)	-	(1,532,671)	688,849
Payables	2,368,185	-	(263,855)	(263,855)	2,104,330
<b>Total current liabilities</b>	<b>4,589,705</b>	<b>(1,532,671)</b>	<b>(263,855)</b>	<b>(1,796,526)</b>	<b>2,793,179</b>
<b>Net community assets</b>	<b>206,436,545</b>	<b>1,532,671</b>	<b>263,855</b>	<b>1,796,526</b>	<b>208,233,071</b>
<b>Community equity</b>					
Retained surplus	95,745,688	1,532,671	263,855	1,796,526	97,542,214
<b>Total community equity</b>	<b>206,436,545</b>	<b>1,532,671</b>	<b>263,855</b>	<b>1,796,526</b>	<b>208,233,071</b>

**Bouliia Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**25 Transactions with related parties**

**(a) 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 comprises:

	2023	2022
	\$	\$
Short-term employee benefits	724,302	703,485
Post-employment benefits	82,878	23,209
Long-term benefits	92,595	106,568
<b>Total</b>	<b>899,776</b>	<b>833,262</b>

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	2023	2022
	\$	\$
Employee expenses for close family members of key management personnel	313,791	215,180
Purchase of materials and services from entities controlled by key management personnel	421,531	422,682

(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.

Number of employees of close family members comprises:

FTE	2023	2022
Total number of council employees	51	45
Close family members of key management personnel	6	4
% of total number of council employees	12%	9%

(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	2023	2022
		\$	\$
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 Rebecca Britton. He was engaged on commercial terms and all transactions have occurred in accordance with Council's relevant procurement policy.	265,444	265,989
Purchase of materials and services from entities controlled by key management personnel	Dannileah 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.	139,288	133,293
Purchase of materials and services from entities controlled by key management personnel	Various other minor and immaterial related party transactions.	16,800	23,400
<b>Total</b>		<b>421,531</b>	<b>422,682</b>

**(c) Outstanding balances**

There were no outstanding balances at 30 June 2023 (2022: nil)

**(d) Loans and guarantees to/from related parties**

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

**(e) Commitments to/from other related parties**

Council does not have any commitments to/from other related parties other than disclosed above.

**(f) Transactions with related parties that have not been disclosed**

Most of the entities and people that are related parties of Council live and operate within the Bouliia Shire Council. Therefore, on a regular basis ordinary citizen 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**  
**Financial statements**  
For the year ended 30 June 2023

**Management Certificate**  
**For the year ended 30 June 2023**

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 1 to 31, 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: 31, 10, 2023



\_\_\_\_\_  
Chief Executive Officer  
Lynn Moore

Date: 31, 10, 2023

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Boulia Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Boulia 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 2023, 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 2023, 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 material accounting policy 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 Boulia Shire Council's annual report for the year ended 30 June 2023 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 formed 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 material accounting policy information 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 2023:

- 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*, 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.



Michael Claydon  
as delegate of the Auditor-General

31 October 2023

Queensland Audit Office  
Brisbane

**Boulia Shire Council**  
**Current-year Financial Sustainability Statement**  
For the year ended 30 June 2023

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2023 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	7%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	158%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-89%	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 2023.

**Boulia Shire Council**  
**Financial statements**  
For the year ended 30 June 2023

**Certificate of Accuracy**  
**For the year ended 30 June 2023**

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  
Eric Britton

Date: 31, 10, 2023



\_\_\_\_\_  
Chief Executive Officer  
Lynn Moore

Date: 31, 10, 2023



## INDEPENDENT AUDITOR'S REPORT

To the councillors of Boulia Shire Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Boulia Shire Council for the year ended 30 June 2023, 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 Boulia Shire Council for the year ended 30 June 2023 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 Boulia Shire Council's annual report for the year ended 30 June 2023 was the general purpose financial report 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.



Michael Claydon  
as delegate of the Auditor-General

31 October 2023

Queensland Audit Office  
Brisbane

**Boulia Shire Council**  
**Long Term Financial Sustainability Statement (UNAUDITED)**  
**For the year ended 30 June 2023**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2023	Projected for the years ended								
				30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	7%	-12%	-21%	-23%	-28%	-29%	-30%	-29%	-29%	-27%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	158%	780%	338%	325%	104%	20%	28%	76%	40%	41%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-89%	-107%	-77%	-95%	-87%	-114%	-126%	-140%	-152%	-163%

**Boulia Shire Council's Financial Management Strategy**

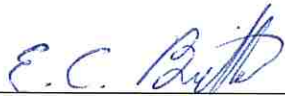
Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven (7) key financial performance Indicators to guide our financial health. In addition to the financial Indicators, we have the above three (3) sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience 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.

**Boulia Shire Council**  
**Financial statements**  
For the year ended 30 June 2023

**Certificate of Accuracy**  
**For the long-term financial sustainability statement prepared as at 30 June 2023**

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  
Eric Britton

Date: 31, 10, 2023



\_\_\_\_\_  
Chief Executive Officer  
Lynn Moore

Date: 31, 10, 2023