

**Lockhart River Aboriginal Shire Council**  
**Financial Statements**  
**for the year ended 30 June 2021**

# Lockhart River Aboriginal Shire Council

## Financial statements

### For the year ended 30 June 2021

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**Lockhart River Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2021

	Note	Consolidated		Council	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent revenue</b>					
Rates, levies and charges		144,016	156,455	144,016	156,455
Sales revenue	3(a)	3,534,650	6,361,259	2,555,889	5,457,580
Grants, subsidies, contributions and donations	3(c)	17,625,635	12,033,113	17,618,375	12,033,113
<b>Total recurrent revenue</b>		<u>21,304,301</u>	<u>18,550,827</u>	<u>20,318,280</u>	<u>17,647,148</u>
<b>Capital revenue</b>					
Grants, subsidies, contributions and donations	3(c)	4,493,298	2,785,786	4,493,298	2,785,786
<b>Total capital revenue</b>		<u>4,493,298</u>	<u>2,785,786</u>	<u>4,493,298</u>	<u>2,785,786</u>
Rental income		108,577	110,207	90,337	90,607
Interest received		46,860	157,638	46,467	154,791
Other income	3(b)	73,177	731,170	72,532	711,584
Other capital income	3(d)	26,092	12,575	26,092	12,575
<b>Total income</b>		<u>26,052,304</u>	<u>22,348,204</u>	<u>25,047,005</u>	<u>21,402,492</u>
<b>Expenses</b>					
<b>Recurrent expenses</b>					
Employee benefits	4	(5,453,401)	(5,697,603)	(5,032,631)	(5,251,383)
Materials and services	5	(15,730,575)	(12,529,115)	(15,187,728)	(12,234,373)
Finance costs		(11,702)	(6,915)	(8,849)	(2,961)
Depreciation and amortisation					
Property, plant and equipment	14	(2,490,767)	(2,404,325)	(2,231,418)	(2,155,962)
Right-of-use assets	12	(53,771)	(53,676)	(41,021)	(40,890)
Other expenses	6	(849,128)	-	(849,128)	-
		<u>(24,589,343)</u>	<u>(20,691,634)</u>	<u>(23,350,774)</u>	<u>(19,685,569)</u>
<b>Capital expenses</b>	7	-	(231,175)	(959,538)	(1,010,163)
<b>Total expenses</b>		<u>(24,589,343)</u>	<u>(20,922,808)</u>	<u>(24,310,312)</u>	<u>(20,695,732)</u>
<b>Net result</b>		<u>1,462,961</u>	<u>1,425,396</u>	<u>736,693</u>	<u>706,761</u>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Increase/(decrease) in asset revaluation surplus	14	285,566	397,905	321,827	372,812
<b>Total other comprehensive income for the year</b>		<u>285,566</u>	<u>397,905</u>	<u>321,827</u>	<u>372,812</u>
<b>Total comprehensive income for the year</b>		<u>1,748,527</u>	<u>1,823,301</u>	<u>1,058,520</u>	<u>1,079,573</u>

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

**Lockhart River Aboriginal Shire Council**  
**Statement of Financial Position**  
**As at 30 June 2021**

	Note	Consolidated		Council	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Current assets</b>					
Cash and cash equivalents	8	10,371,269	14,065,912	9,138,681	12,866,503
Trade and other receivables	9	972,746	778,156	859,375	651,804
Inventories	10	306,621	309,163	221,557	257,075
Contract assets	11a	1,813,555	508,212	1,813,555	508,212
Lease receivable	12	306,320	301,137	306,320	301,137
<b>Total current assets</b>		<b>13,770,512</b>	<b>15,962,580</b>	<b>12,339,488</b>	<b>14,584,731</b>
<b>Non-current assets</b>					
Lease receivable	12	9,932,541	11,087,989	9,932,541	11,087,989
Interest in other entities	13	-	-	100	100
Property, plant and equipment	14	90,722,482	87,471,752	80,187,088	77,638,219
Right-of-use assets	12	104,694	116,841	24,176	23,573
<b>Total non-current assets</b>		<b>100,759,717</b>	<b>98,676,582</b>	<b>90,143,906</b>	<b>88,749,882</b>
<b>Total assets</b>		<b>114,530,229</b>	<b>114,639,162</b>	<b>102,483,394</b>	<b>103,334,613</b>
<b>Current liabilities</b>					
Trade and other payables	15	1,633,806	1,598,705	1,503,057	1,510,185
Contract liabilities	11b	1,754,820	3,655,008	1,754,820	3,655,008
Lease liabilities	12	35,710	35,070	22,203	21,706
Provisions	16	353,191	357,912	292,717	322,552
<b>Total current liabilities</b>		<b>3,777,526</b>	<b>5,646,695</b>	<b>3,572,796</b>	<b>5,509,450</b>
<b>Non-current liabilities</b>					
Lease liabilities	12	75,436	88,943	-	-
Provisions	16	1,869,992	1,844,777	1,867,838	1,840,920
<b>Total non-current liabilities</b>		<b>1,945,428</b>	<b>1,933,720</b>	<b>1,867,838</b>	<b>1,840,920</b>
<b>Total liabilities</b>		<b>5,722,954</b>	<b>7,580,416</b>	<b>5,440,634</b>	<b>7,350,370</b>
<b>Net community assets</b>		<b>108,807,274</b>	<b>107,058,747</b>	<b>97,042,760</b>	<b>95,984,240</b>
<b>Community equity</b>					
Asset revaluation surplus	14	34,361,713	34,076,146	33,859,583	33,537,756
Retained surplus		74,445,562	72,982,601	63,183,177	62,446,484
<b>Total community equity</b>		<b>108,807,274</b>	<b>107,058,747</b>	<b>97,042,760</b>	<b>95,984,240</b>

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

**Lockhart River Aboriginal Shire Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

<b>Consolidated</b>	<b>Asset revaluation surplus</b>	<b>Retained surplus</b>	<b>Total</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 30 June 2020</b>	34,076,146	72,982,601	107,058,747
Net result	-	1,462,961	1,462,961
Other comprehensive income for the year			
Decrease in asset revaluation surplus	285,566	-	285,566
<b>Total comprehensive income for the year</b>	285,566	1,462,961	1,748,527
<b>Balance as at 30 June 2021</b>	<b>34,361,713</b>	<b>74,445,562</b>	<b>108,807,274</b>
<b>Balance as at 30 June 2019</b>	33,678,242	73,552,594	107,230,835
Adjustment on initial application of AASB 15/AASB 1058	-	(2,079,223)	(2,079,223)
Adjustment on initial application of AASB 16	-	(6,987)	(6,987)
Adjustment to opening balance	-	90,820	90,820
Balance as at 1 July 2019 (as adjusted)	33,678,242	71,557,204	105,235,446
Net result	-	1,425,396	1,425,396
Other comprehensive income for the year			
Increase in asset revaluation surplus	397,905	-	397,905
<b>Total comprehensive income for the year</b>	397,905	1,425,396	1,823,301
<b>Balance as at 30 June 2020</b>	34,076,146	72,982,601	107,058,747
<b>Council</b>	<b>Asset revaluation surplus</b>	<b>Retained surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 30 June 2020</b>	33,537,756	62,446,484	95,984,240
Net operating surplus	-	736,693	736,693
Other comprehensive income for the year			
Decrease in asset revaluation surplus	321,827	-	321,827
<b>Total comprehensive income for the year</b>	321,827	736,693	1,058,520
<b>Balance as at 30 June 2021</b>	<b>33,859,583</b>	<b>63,183,177</b>	<b>97,042,760</b>
<b>Balance as at 30 June 2019</b>	33,164,944	63,689,880	96,854,824
Adjustment on initial application of AASB 15/AASB 1058	-	(2,079,223)	(2,079,223)
Adjustment on initial application of AASB 16	-	2,487	2,487
Adjustment to opening balance	-	126,579	126,579
Balance as at 1 July 2019 (as adjusted)	33,164,944	61,739,724	94,904,668
Net operating surplus	-	706,761	706,761
Other comprehensive income for the year			
Increase in asset revaluation surplus	372,812	-	372,812
<b>Total comprehensive income for the year</b>	372,812	706,761	1,079,573
<b>Balance as at 30 June 2020</b>	33,537,756	62,446,484	95,984,240

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

**Lockhart River Aboriginal Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2021**

Note	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from customers	2,240,626	7,025,424	1,289,517	5,976,372
Payments to suppliers and employees	<u>(22,999,319)</u>	<u>(17,253,372)</u>	<u>(22,107,823)</u>	<u>(16,408,116)</u>
	(20,758,693)	(10,227,947)	(20,818,306)	(10,431,743)
Interest received	46,860	157,638	46,467	154,791
Rental income	108,577	110,207	90,337	90,607
Non capital grants and contributions	3 17,618,375	12,033,113	17,618,375	12,033,113
<b>Net cash inflow/(outflow) from operating activities</b>	19 <u>(2,984,881)</u>	<u>2,073,012</u>	<u>(3,063,127)</u>	<u>1,846,770</u>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	14 (5,455,927)	(3,491,335)	(4,458,461)	(2,728,141)
Payments for property, plant and equipment transferred to subsidiary	7 -	-	(959,538)	(778,988)
Finance lease receipts	12 301,137	292,701	301,137	292,701
Proceeds from sale of property plant and equipment	-	35,909	-	35,909
Capital grants, subsidies, contributions and donations	3 4,493,298	2,785,786	4,493,298	2,785,786
<b>Net cash inflow (outflow) from investing activities</b>	<u>(661,492)</u>	<u>(376,939)</u>	<u>(623,564)</u>	<u>(392,733)</u>
<b>Cash flows from financing activities</b>				
Repayment made on leases (principal only)	12 <u>(48,266)</u>	<u>(51,090)</u>	<u>(41,126)</u>	<u>(40,270)</u>
<b>Net cash inflow (outflow) from financing activities</b>	<u>(48,266)</u>	<u>(51,090)</u>	<u>(41,126)</u>	<u>(40,270)</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<u>(3,694,639)</u>	<u>1,644,983</u>	<u>(3,727,817)</u>	<u>1,413,766</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>	14,065,907	12,420,924	12,866,499	11,452,733
<b>Cash and cash equivalents at end of the financial year</b>	8 <u>10,371,269</u>	<u>14,065,907</u>	<u>9,138,681</u>	<u>12,866,499</u>

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

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**1 Information about these financial statements**

**(a) Basis of preparation**

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards 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 and finance leases which are measured at fair value.

**(b) Basis of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by the Lockhart River Aboriginal Shire Council as at 30 June 2021 and the results of the controlled entity for the year then ended. The Council and its controlled entity together form the economic entity which is referred to in these financial statements as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with the entity controlled by the Council have been eliminated. In addition the accounting policies of the controlled entity have been adjusted, where necessary, on consolidation to ensure that the financial statements of the consolidated entity are prepared using accounting policies that are consistent with those of the Council. Information on the controlled entity is included in Note 13.

**(c) Constitution**

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

**(d) New and revised Accounting Standards adopted during the year**

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

**(e) Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. These standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact for Council.

**(f) 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 relevant note.

Valuation of leases - Note 12

Valuation and depreciation of property, plant and equipment - Note 14

Impairment of property, plant and equipment - Note 14

Provisions - Note 16

Contingent liabilities - Note 17

Financial instruments and financial liabilities - Note 23

Revenue recognition - Note 3

**(g) Rounding and comparatives**

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

**(h) 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.

**(i) Impacts from the COVID-19 pandemic**

Council has assessed the impact of the COVID-19 pandemic on its financial statements for the current year, and further impacts are expected to continue into 2021-22.

Council did not undertake any significant actions during the current year in response to the COVID-19 pandemic except for limited support to Council employees caught up in lockdowns.

The impact of these measures is not material to the 2020-21 financial statements of Council and is not expected to be material for the 2021-22 financial year.

## 2. Analysis of results by function

### (a) Components of Council functions

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

#### **Engineering Services**

The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network through well planned and quality development. The function provides and maintains transport infrastructure, including the maintenance and provision of the bridge and drainage network. regional planning and management of development approval.

#### **Building Services**

The Building Services program is to ensure the Council buildings, staff housing and community housing are well maintained. This function coordinate and carry out all the commercial and residential buildings maintenance and new construction programs. The objective is to provide safe buildings from where Council services are provided and ensure residential accommodation are in good living condition.

#### **Community Development**

The goal of Community Development is to ensure Lockhart River is a healthy, vibrant, contemporary and connected community. Community Development provides well managed and maintained facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services and projects. community library and radio. child care. substance abuse and other community programs.

#### **Corporate Services**

Corporate Services provides professional finance and administration support services across all of Council. This function includes internal audit, budget support, financial accounting, taxation, purchasing, warehousing, corporate planning, human resources, banking and post office services, communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

#### **Governance and Leadership**

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

#### **Environmental Management**

The goal of this function is to protect and support our community and natural environment by sustainably managing the refuse, a healthy and safe community through sustainable water services and managing sewerage infrastructure. The function provides refuse collection and disposal services, pest management, management of flood and waterways and sewerage infrastructure.



Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2021

2 Analysis of results by function

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

Year ended 30 June 2021

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital				Recurrent	Capital					
	Grants	Other	Grants	Other									
	\$	\$	\$	\$			\$	\$					
Engineering Services	12,028,005	212,089	3,086,507	-	-	15,326,600	(14,176,224)	-	-	(14,176,224)	(1,936,131)	1,150,376	45,755,117
Building Services	-	2,142,558	-	-	-	2,142,558	(2,254,254)	-	-	(2,254,254)	(111,696)	(111,696)	-
Community Development	1,741,763	50,406	-	-	-	1,792,169	(1,594,700)	-	-	(1,594,700)	197,469	197,469	-
Corporate Services	3,589,758	369,260	1,112,822	-	-	5,071,840	(3,487,208)	(849,128)	-	(4,336,336)	471,810	735,504	47,934,364
Governance & Leadership	82,830	1	-	-	-	82,831	(1,104,969)	-	-	(1,104,969)	(1,022,138)	(1,022,138)	-
Environmental Management	176,018	161,021	293,969	-	-	631,008	(843,830)	-	-	(843,830)	(506,791)	(212,822)	8,793,914
<b>Total Council</b>	<b>17,618,374</b>	<b>2,935,334</b>	<b>4,493,298</b>	<b>-</b>	<b>-</b>	<b>25,047,006</b>	<b>(23,461,185)</b>	<b>(849,128)</b>	<b>-</b>	<b>(24,310,313)</b>	<b>(2,907,477)</b>	<b>736,693</b>	<b>102,483,395</b>
Controlled entity net of eliminations	7,260	2,131,581	-	-	(1,133,542)	1,005,299	(1,400,575)	-	1,133,542	(267,033)	738,266	738,266	12,058,828
<b>Total consolidated</b>	<b>17,625,634</b>	<b>5,066,916</b>	<b>4,493,298</b>	<b>-</b>	<b>(1,133,542)</b>	<b>26,052,305</b>	<b>(24,861,760)</b>	<b>(849,128)</b>	<b>1,133,542</b>	<b>(24,577,346)</b>	<b>(2,169,211)</b>	<b>1,474,959</b>	<b>114,542,223</b>

Year ended 30 June 2020

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	\$	\$	\$	\$			\$	\$					
Engineering Services	6,627,713	219,024	1,676,372	12,575	-	8,535,684	(9,287,594)	(426)	-	(9,288,020)	(2,440,858)	(752,337)	44,951,021
Building Services	-	4,934,905	-	-	-	4,934,905	(3,881,052)	-	-	(3,881,052)	1,053,853	1,053,853	-
Community Development	1,680,249	59,457	-	-	-	1,739,706	(1,947,062)	-	-	(1,947,062)	(207,356)	(207,356)	-
Corporate Services	3,529,071	1,197,646	716,946	-	-	5,443,662	(2,282,140)	(1,009,737)	-	(3,291,877)	2,444,576	2,151,785	50,291,162
Governance & Leadership	24,088	-	-	-	-	24,088	(1,204,444)	-	-	(1,204,444)	(1,180,356)	(1,180,356)	-
Environmental Management	171,992	159,986	392,468	-	-	724,446	(1,083,275)	-	-	(1,083,275)	(751,297)	(358,829)	8,092,430
<b>Total Council</b>	<b>12,033,113</b>	<b>6,571,017</b>	<b>2,785,786</b>	<b>12,575</b>	<b>-</b>	<b>21,402,491</b>	<b>(19,685,567)</b>	<b>(1,010,163)</b>	<b>-</b>	<b>(20,695,730)</b>	<b>(1,081,438)</b>	<b>706,760</b>	<b>103,334,613</b>
Controlled entity net of eliminations	-	2,125,364	-	-	(1,179,651)	945,713	(1,406,725)	-	1,179,651	(227,074)	718,639	718,639	11,304,550
<b>Total consolidated</b>	<b>12,033,113</b>	<b>8,696,381</b>	<b>2,785,786</b>	<b>12,575</b>	<b>(1,179,651)</b>	<b>22,348,204</b>	<b>(21,092,292)</b>	<b>(1,010,163)</b>	<b>1,179,651</b>	<b>(20,922,804)</b>	<b>(362,799)</b>	<b>1,425,399</b>	<b>114,639,163</b>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**3 Revenue**

**(a) 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.

The Council generates revenues from a number of services including housing construction, motor vehicle repairs and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. 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.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Rendering of services</b>				
Contract and recoverable works	2,321,060	5,125,567	2,321,060	5,125,567
Accommodation	32,347	47,981	32,347	47,981
Motor vehicle repairs	17,107	9,997	17,107	9,997
Agency commissions	575	719	575	719
	<u>2,371,089</u>	<u>5,184,264</u>	<u>2,371,089</u>	<u>5,184,264</u>
<b>Sale of goods</b>				
Gas bottles	131,758	220,252	131,758	220,252
Post office	53,043	53,064	53,043	53,064
Other sales	978,761	903,679	-	-
	<u>1,163,562</u>	<u>1,176,995</u>	<u>184,801</u>	<u>273,316</u>
Total sales revenue	<u>3,534,650</u>	<u>6,361,259</u>	<u>2,555,889</u>	<u>5,457,580</u>

The amount recognised as revenue for contract and recoverable works during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

**(b) Other income**

Fees, charges and commissions are recognised at the point in time when or as the performance obligation is completed and the customer receives the benefit of goods/services being provided.

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

Other income is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the other goods and services.

Gain on revaluation of finance leases	12	-	560,088	-	560,088
Sundry income		73,177	151,103	72,532	151,103
Gain on impairment reversed		-	19,979	-	393
		<u>73,177</u>	<u>731,170</u>	<u>72,532</u>	<u>711,584</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**(c) 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.

Performance obligations vary in each agreement but include vet visits, client events, meals supplied, support hours, movie nights and transport trips. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain 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, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receive 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 the fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions revenue would generally be recognised at the point in time on receipt of the asset since there are no enforceable performance obligations.

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as non-current assets and those below the thresholds are recorded as expenses.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>(i) Operating</b>				
General purpose grants	-	-	-	-
State government subsidies and grants	16,798,460	11,390,863	16,798,460	11,390,863
Commonwealth government subsidies and grants	807,236	637,554	807,236	637,554
Donations and contributions	19,939	4,696	12,679	4,696
	<u>17,625,635</u>	<u>12,033,113</u>	<u>17,618,375</u>	<u>12,033,113</u>
<b>(ii) Capital</b>				
State government subsidies and grants	4,327,045	2,705,043	4,327,045	2,705,043
Commonwealth government subsidies and grants	166,253	80,743	166,253	80,743
	<u>4,493,298</u>	<u>2,785,786</u>	<u>4,493,298</u>	<u>2,785,786</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
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(iii) **Timing of revenue recognition for grants, subsidies, contributions and donations**

		Consolidated		Council	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Revenue recognised at a point in time</b>					
Grants and subsidies	3(c)	4,428,927	4,250,756	4,428,927	4,250,756
Donations and contributions	3(c)	19,939	4,696	12,679	4,696
		<u>4,448,866</u>	<u>4,255,452</u>	<u>4,441,606</u>	<u>4,255,452</u>
<b>Revenue recognised over time</b>					
Grants and subsidies	3(c)	17,670,066	10,563,447	17,670,066	10,563,447
		<u>17,670,066</u>	<u>10,563,447</u>	<u>17,670,066</u>	<u>10,563,447</u>
		<u>22,118,932</u>	<u>14,818,899</u>	<u>22,111,672</u>	<u>14,818,899</u>

(d) **Capital income**

**Gain on disposal of non-current assets**

Proceeds from the sale of property, plant and equipment	-	35,909	-	35,909
Less: Book value of property, plant and equipment disposed of	-	(23,334)	-	(23,334)
	-	<u>12,575</u>	-	<u>12,575</u>

**Refuse restoration**

Decrease in provision	26,092	-	26,092	-
	<u>26,092</u>	<u>-</u>	<u>26,092</u>	<u>-</u>

Total capital income	<u>26,092</u>	<u>12,575</u>	<u>26,092</u>	<u>12,575</u>
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**4 Employee benefits**

Employee benefit expenses are recorded when the service has been provided by the employee.

Total staff wages and salaries		4,410,429	4,449,876	4,048,965	4,044,494
Councillors' remuneration		332,991	330,093	332,991	330,093
Annual, sick and long service leave entitlements		523,009	430,227	499,600	430,227
Superannuation	18	498,679	502,935	463,543	464,919
		<u>5,765,108</u>	<u>5,713,131</u>	<u>5,345,099</u>	<u>5,269,733</u>
Other employee related expenses		67,152	67,372	66,391	64,550
		<u>5,832,260</u>	<u>5,780,502</u>	<u>5,411,490</u>	<u>5,334,283</u>
Less: Capitalised employee expenses		(378,859)	(82,900)	(378,859)	(82,900)
		<u>5,453,401</u>	<u>5,697,603</u>	<u>5,032,631</u>	<u>5,251,383</u>

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

	2021	2020	2021	2020
Total Council employees at the reporting date:				
Elected members	5	5	5	5
Administration staff	90	83	85	78
Total full time equivalent employees	<u>95</u>	<u>88</u>	<u>90</u>	<u>83</u>

**5 Materials and services**

Expenses are recognised on an accruals basis as Council receives the goods and services.

Administration supplies and consumables	1,041,317	677,516	794,308	682,615
Audit of annual financial statements by the Auditor-General of Queensland*	125,540	106,177	92,450	79,177
Communications and IT	233,907	265,651	209,680	238,549
Consultants	134,941	218,570	134,731	209,654
Donations paid	95,998	132,741	95,998	132,741
Power	136,850	124,267	100,696	90,013
Repairs and maintenance	13,059,256	10,255,208	12,923,782	10,100,668
Rentals - operating leases (2019 only)	3,525	882	2,489	882
Subscriptions and registrations	66,358	65,033	66,358	65,033
Insurance	480,049	307,794	419,596	263,251
Legal fees	5,739	1,783	4,239	-
Travel	249,301	194,107	245,607	192,415
Other materials and services	97,796	179,386	97,796	179,375
Total materials and services	<u>15,730,575</u>	<u>12,529,115</u>	<u>15,187,728</u>	<u>12,234,373</u>

\*Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$108,000 (2020: \$106,500).

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>6 Other expenses</b>				
Loss on revaluation of finance leases	12 (849,128)	-	(849,128)	-
	<u>(849,128)</u>	<u>-</u>	<u>(849,128)</u>	<u>-</u>
<b>7 Capital expenses</b>				
<b>Capital works transferred to controlled entity</b>				
Water upgrade works	-	-	-	-
Old terminal building renovations	-	-	12,665	8,643
New toilet block-airport terminal building	-	-	10,506	70,541
Printing equipment	-	-	-	-
New accommodation cabins	-	-	706,881	473,448
Website development costs	-	-	-	-
Airport terminal building	-	-	-	44,525
Helicopter landing pad	-	-	-	181,831
Light aircraft parking area	-	-	-	-
Airport fencing	-	-	229,486	-
	<u>-</u>	<u>-</u>	<u>959,538</u>	<u>778,988</u>
<b>Loss on disposal of non-current assets</b>				
Book value of property, plant and equipment disposed of	-	426	-	426
Less: Proceeds from the sale of property, plant and equipment	-	-	-	-
	<u>-</u>	<u>426</u>	<u>-</u>	<u>426</u>
<b>Refuse restoration</b>				
Increase in provision	-	230,749	-	230,749
	<u>-</u>	<u>230,749</u>	<u>-</u>	<u>230,749</u>
Total capital expenses	<u>-</u>	<u>231,175</u>	<u>959,538</u>	<u>1,010,163</u>

**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, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank and on hand	2,872,785	4,614,566	2,158,762	3,933,336
Deposits at call	7,498,481	9,451,341	6,979,915	8,933,164
Balance per Statement of Financial Position	<u>10,371,265</u>	<u>14,065,908</u>	<u>9,138,677</u>	<u>12,866,499</u>

Cash and deposits at call are held at the Commonwealth Bank, Macquarie Bank and Queensland Treasury Corporation in normal term deposits and business cheque accounts. These deposits are capital guaranteed. Currently Commonwealth Bank has a short term credit rating of A-1+ and long term rating of AA-, Macquarie Bank has a short term credit rating of A-2\* and long term rating of BBB+/Stable, and Queensland Treasury Corporation has a short term credit rating of A-1+ and long term rating of AA+.

Cash and cash equivalents	10,371,265	14,065,908	9,138,677	12,866,499
Less: Externally imposed restrictions on cash	(2,118,586)	(3,130,589)	(2,118,586)	(3,130,589)
Unrestricted cash	<u>8,252,679</u>	<u>10,935,319</u>	<u>7,020,091</u>	<u>9,735,910</u>

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

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	2,118,586	3,130,589	2,118,586	3,130,589
Total externally imposed restrictions on cash assets	<u>2,118,586</u>	<u>3,130,589</u>	<u>2,118,586</u>	<u>3,130,589</u>

**Trust funds held for outside parties**

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. The Council performs only a custodian role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

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

	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**9 Trade and other receivables**

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price /contract price. Settlement of these receivables is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and an allowance is made, where appropriate for impairment. The loss is recognised in finance costs.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Current</b>				
Trade debtors	965,787	709,033	836,454	621,698
Less impairment	(24,773)	(14,865)	(8,811)	(3,286)
Accrued revenue	-	(280)	-	(280)
Prepayments	31,732	84,268	31,732	33,672
	<u>972,746</u>	<u>778,156</u>	<u>859,375</u>	<u>651,804</u>

No interest is charged on trade debtors.

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

Opening balance at 1 July	14,865	34,844	3,286	3,679
Additional impairments recognised	9,908	-	5,525	-
Impairments reversed	-	(19,979)	-	(393)
Closing balance at 30 June	<u>24,773</u>	<u>14,865</u>	<u>8,811</u>	<u>3,286</u>

**10 Inventories**

**Inventories held for sale**

Inventories held for sale are aviation fuel, diesel, snack packs and soft drinks. These goods are valued at lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Fuel and motel stock	85,064	52,088	-	-
	<u>85,064</u>	<u>52,088</u>	<u>-</u>	<u>-</u>

**Inventories held for distribution**

Inventories held for distribution are goods to be supplied at no or nominal charge, and goods to be used for the provision of services at no or nominal charge. These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Plant and equipment stores	221,557	257,075	221,557	257,075
	<u>221,557</u>	<u>257,075</u>	<u>221,557</u>	<u>257,075</u>
Total inventories	<u>306,621</u>	<u>309,163</u>	<u>221,557</u>	<u>257,075</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**11 Contract balances**

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
(a) Contract assets	1,813,555	508,212	1,813,555	508,212
	<u>1,813,555</u>	<u>508,212</u>	<u>1,813,555</u>	<u>508,212</u>
(b) Contract liabilities				
Funds received upfront to construct Council controlled assets	1,659,202	1,462,789	1,659,202	1,462,789
Non-capital performance obligations not yet satisfied	95,618	2,192,219	95,618	2,192,219
	<u>1,754,820</u>	<u>3,655,008</u>	<u>1,754,820</u>	<u>3,655,008</u>
Current contract liabilities	1,754,820	3,655,008	1,754,820	3,655,008
	<u>1,754,820</u>	<u>3,655,008</u>	<u>1,754,820</u>	<u>3,655,008</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year				
Funds to construct Council controlled assets	879,856	1,099,341	879,856	1,099,341
Non-capital performance obligations	1,328,141	858,183	1,328,141	858,183
	<u>2,207,997</u>	<u>1,957,524</u>	<u>2,207,997</u>	<u>1,957,524</u>

**12 Leases**

**Council as a lessee**

Council has leases in place over airport land, Cairns office space, vehicles and equipment. Council has applied the exception to lease accounting for leases of low-value and short-term leases.

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

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

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

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

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (with lease terms of less than 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value/concessionary leases.

Council has elected to measure the right-of-use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

**Terms and conditions of leases**

**Lockhart River Airport Land**

The controlled entity of the Council leases 100.4ha of land at Lockhart River used for Lockhart River Aerodrome services and motel accommodation. The lease period is for 20 years and the lease amount is calculated and paid in accordance with the Land Act 1994.

**Cairns Office Building**

Council leases one building in Cairns used for office space. The lease expired on 27 January 2021 but it has been extended by 1 year without any renewal option. This lease is subject to annual CPI increases.

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
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**Right-of-use assets**

	<b>Consolidated</b>			<b>Council</b>
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>	<b>Buildings</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2020	93,268	23,573	116,841	23,573
Additions to right-of-use assets	-	41,624	41,624	41,624
Depreciation charge	(12,750)	(41,021)	(53,771)	(41,021)
Balance at 30 June 2021	<u>80,518</u>	<u>24,176</u>	<u>104,694</u>	<u>24,176</u>
Gross amount - Right-of-use asset	240,174	81,557	321,731	81,557
Accumulated depreciation - Right of use asset	(134,120)	(17,093)	(151,213)	(17,093)
Adoption of AASB 16 at 1 July 2019	106,054	64,464	170,518	64,464
Depreciation charge	(12,786)	(40,890)	(53,676)	(40,890)
Balance at 30 June 2020	<u>93,268</u>	<u>23,573</u>	<u>116,841</u>	<u>23,573</u>

**Lease liabilities**

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Council and Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<1 year	37,212	38,185	22,812	23,785
1 - 5 years	57,600	57,600	-	-
>5 years	19,095	33,495	-	-
Total	<u>113,907</u>	<u>129,280</u>	<u>22,812</u>	<u>23,785</u>
Current lease liability	35,710	35,070	22,203	21,706
Non current lease liability	75,436	88,943	-	-
Total per statement of financial position	<u>111,146</u>	<u>124,013</u>	<u>22,203</u>	<u>21,706</u>

**Amounts included in the statement of comprehensive income related to leases**

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Council and Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on lease liabilities	1,533	2,059	497	882
Depreciation of right-of-use assets	53,771	53,676	41,021	40,890
	<u>55,305</u>	<u>55,735</u>	<u>41,518</u>	<u>41,772</u>
<b>Total cash outflows for leases</b>	<u>48,266</u>	<u>51,090</u>	<u>41,126</u>	<u>40,270</u>

**Leases at significantly below market value - Concessionary/peppercorn leases**

Council has a lease at significantly below market for the Women's Shelter building used to provide crisis accommodation for women and children experiencing domestic violence.

The lease is generally for 3 years with no extension option and requires payment of \$1 per annum. The use of the right-of-use asset is restricted by the lessor to crisis accommodation which Council must provide.

Council does not believe that this lease is individually material.

**Council as a lessor**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.



**Lockhart River Aboriginal Shire Council**  
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**Finance leases**

Council has leased 98 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$3,073 after adjusting for change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (written down current replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current other financial assets				
Finance leases receivable	306,320	301,137	306,320	301,137
	<u>306,320</u>	<u>301,137</u>	<u>306,320</u>	<u>301,137</u>
Non-current other financial assets				
Finance leases receivable	9,932,541	11,087,989	9,932,541	11,087,989
	<u>9,932,541</u>	<u>11,087,989</u>	<u>9,932,541</u>	<u>11,087,989</u>
A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:				
Gross minimum lease payments receivable	10,180,223	10,309,106	10,180,223	10,309,106
Add: Estimated contingent rent	3,356,206	3,776,907	3,356,206	3,776,907
Less: Present value adjustment	(3,297,567)	(2,696,886)	(3,297,567)	(2,696,886)
Fair value of lease payments	<u>10,238,862</u>	<u>11,389,127</u>	<u>10,238,862</u>	<u>11,389,127</u>
The fair value of lease payments is receivable as follows:				
Not later than one year	306,320	301,137	306,320	301,137
Later than one year but not later than five years	1,226,372	1,222,445	1,226,372	1,222,445
Later than five years	8,706,169	9,865,545	8,706,169	9,865,545
	<u>10,238,862</u>	<u>11,389,127</u>	<u>10,238,862</u>	<u>11,389,127</u>
Movements in finance leases were as follows:				
Opening balance	11,389,127	11,121,739	11,389,127	11,121,739
Add: Initial recognition of new leases of Council houses	-	-	-	-
Less: Lease receipts	(301,137)	(292,701)	(301,137)	(292,701)
Add: Gain/(loss) on revaluation	3(b) (849,128)	560,088	(849,128)	560,088
Closing balance	<u>10,238,862</u>	<u>11,389,127</u>	<u>10,238,862</u>	<u>11,389,127</u>

The calculation of fair value has included an estimate of average annual CPI increases of 1.70% (2020: 1.80%) and a discount rate of 1.66% (2020: 1.20%).

**13 Interest in other entities**

The Council's investment in the controlled entity, the Lockhart River Aerodrome Company Pty Ltd (the Company), is accounted for at cost in the Council's separate financial statements. This investment is eliminated in the financial statements of the consolidated entity upon consolidation. Lockhart River Aboriginal Shire Council holds 100% of the shares in the controlled entity.

As the holder of 100% of the shares in Lockhart River Aerodrome Company Pty Ltd, Council has 100% voting rights in the Company enabling Council to direct the Company's activities. Council uses these rights to ensure that the Company provides reliable runway services to the residents and affordable motel accommodation to the visitors, congruent with Council's policy objectives.

Interest in controlled entity Lockhart River Aerodrome Company Pty Ltd	-	-	100	100
	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>

Lockhart River Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2021

14 Property, plant and equipment

Consolidated - 30 June 2021

Land	Buildings	Housing	Plant and equipment	Furniture and office equipment	Runway, road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total	
Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost		
Level 2	Level 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross value as at 1 July 2020	1,000,000	17,099,975	16,491,331	4,425,371	1,369,381	63,708,092	6,695,826	6,071,585	4,582,038	3,163,542	124,607,141
Additions	-	51,172	-	819,569	22,373	1,309,316	138,791	-	13,902	3,100,803	5,455,927
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	37,125	80,582	-	-	211,441	31,539	79,481	6,491	-	446,659
Transfers between classes	-	70,541	-	-	-	697,037	710,989	-	20,948	(1,499,514)	-
<b>Closing gross value as at 30 June 2021</b>	<b>1,000,000</b>	<b>17,258,813</b>	<b>16,571,913</b>	<b>5,244,940</b>	<b>1,391,755</b>	<b>65,925,886</b>	<b>7,577,145</b>	<b>6,151,065</b>	<b>4,623,379</b>	<b>4,764,832</b>	<b>130,509,727</b>

Accumulated depreciation and impairment

Opening balance as at 1 July 2020	-	5,629,136	5,989,702	3,019,790	1,173,783	15,645,403	3,013,289	1,481,394	1,182,891	-	37,135,389
Depreciation expense	-	274,013	244,695	360,196	40,958	1,265,254	117,900	63,200	124,552	-	2,490,767
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	(826)	(203,108)	-	-	296,833	50,777	41,023	(23,606)	-	161,093
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2021</b>	<b>-</b>	<b>5,902,323</b>	<b>6,031,288</b>	<b>3,379,986</b>	<b>1,214,742</b>	<b>17,207,490</b>	<b>3,181,966</b>	<b>1,585,617</b>	<b>1,283,837</b>	<b>-</b>	<b>39,787,248</b>

Consolidated book value as at 30 June 2021

	1,000,000	11,356,490	10,540,624	1,864,953	177,013	48,718,397	4,395,179	4,565,449	3,339,542	4,764,832	90,722,482
Range of estimated useful life in years	Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	40,666	-	-	-	470,510	-	-	13,902	599,268	1,124,346
Other additions	-	10,506	-	819,569	22,373	838,806	138,791	-	-	2,501,536	4,331,581
Total additions	-	51,172	-	819,569	22,373	1,309,316	138,791	-	13,902	3,100,803	5,455,927

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	700,000	4,881,026	18,080,109	-	-	4,814,489	2,764,236	2,380,767	455,519	-	34,076,145
Increase (decrease) in revaluation surplus	-	37,951	283,690	-	-	(85,392)	(19,238)	38,457	30,097	-	285,566
Balance at end of financial year	700,000	4,918,977	18,363,799	-	-	4,729,097	2,744,998	2,419,225	485,617	-	34,361,712

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**14 Property, plant and equipment**

**Consolidated - 30 June 2020**

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Runway, road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	Level 2	Level 2 & 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,000,000	15,965,668	15,881,062	4,080,381	1,465,581	61,527,865	6,488,916	6,029,388	4,473,052	1,255,247	118,167,161
21	-	184,325	3,008	-	57,800	195,968	(13,400)	(17,918)	(228,833)	-	180,950
	-	89,721	13,800	420,333	-	346,807	-	-	208,693	2,411,981	3,491,335
7	-	-	(8,511)	(75,343)	-	-	-	-	-	-	(83,854)
	-	382,603	601,972	-	-	1,637,453	66,310	60,115	103,097	-	2,851,549
	-	477,658	-	-	(154,000)	-	154,000	-	26,028	(503,686)	-
	1,000,000	17,099,975	16,491,331	4,425,371	1,369,381	63,708,092	6,695,826	6,071,585	4,582,038	3,163,542	124,607,141

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2019	-	4,697,218	5,469,270	2,780,553	1,127,379	12,831,337	2,848,599	2,007,476	521,312	-	32,283,144
Adjustment to opening value	-	(53,509)	(90,970)	-	-	74,563	(8,278)	(18,056)	150,621	-	54,370
Depreciation expense	-	285,638	248,491	291,247	46,405	1,240,065	107,169	64,260	121,050	-	2,404,325
Depreciation on disposals	-	-	(8,085)	(52,010)	-	-	-	-	-	-	(60,095)
Revaluation adjustment to asset revaluation surplus	-	699,789	370,997	-	-	1,499,438	65,800	(572,286)	389,908	-	2,453,645
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2020</b>	-	5,629,136	5,989,702	3,019,790	1,173,783	15,645,403	3,013,289	1,481,394	1,182,891	-	37,135,390

**Consolidated book value as at 30 June 2020**

	1,000,000	11,470,839	10,501,629	1,405,581	195,598	48,062,690	3,682,537	4,590,191	3,399,147	3,163,542	87,471,752
Range of estimated useful life in years	Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-

**Additions comprise:**

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	58,079	13,800	-	-	-	-	-	-	1,176,914	1,248,793
Other additions	-	31,642	-	420,333	-	346,807	-	-	208,693	1,235,067	2,242,542
Total additions	-	89,721	13,800	420,333	-	346,807	-	-	208,693	2,411,981	3,491,335

**Movements in the asset revaluation surplus were as follows:**

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	700,000	5,198,212	17,849,133	-	-	4,676,474	2,763,726	1,748,366	742,329	-	33,678,241
Increase (decrease) in revaluation surplus	-	(317,186)	230,975	-	-	138,015	510	632,401	(286,810)	-	397,905
Balance at end of financial year	700,000	4,881,026	18,080,109	-	-	4,814,489	2,764,236	2,380,767	455,519	-	34,076,145

Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2021

14 Property, plant and equipment

Council - 30 June 2021

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category	Level 2	Level 2 & 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2020	1,000,000	12,850,408	16,491,331	4,078,171	749,726	55,794,895	6,363,334	5,868,797	4,257,483	2,478,328	109,932,472
Additions	-	12,446	-	819,569	-	1,309,316	138,791	-	13,902	2,164,437	4,458,461
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	31,546	80,582	-	-	195,620	28,978	76,265	3,249	-	416,241
Transfers between classes	-	-	-	-	-	697,037	710,989	-	20,948	(1,428,973)	-
<b>Closing gross value as at 30 June 2021</b>	<b>1,000,000</b>	<b>12,894,399</b>	<b>16,571,913</b>	<b>4,897,739</b>	<b>749,726</b>	<b>57,996,868</b>	<b>7,242,092</b>	<b>5,945,063</b>	<b>4,295,582</b>	<b>3,213,791</b>	<b>114,807,174</b>

Accumulated depreciation and impairment

Opening balance as at 1 July 2020	-	3,782,861	5,989,703	2,681,487	599,145	13,934,873	2,789,405	1,350,295	1,166,483	-	32,294,253
Depreciation expense	-	209,547	244,695	358,181	31,392	1,102,207	108,760	57,292	119,345	-	2,231,418
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	(4,392)	(203,108)	-	-	239,397	48,617	38,872	(24,972)	-	94,413
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2021</b>	<b>-</b>	<b>3,988,016</b>	<b>6,031,290</b>	<b>3,039,668</b>	<b>630,537</b>	<b>15,276,477</b>	<b>2,946,782</b>	<b>1,446,458</b>	<b>1,260,856</b>	<b>-</b>	<b>34,620,084</b>

Total written down value as at 30 June 2021

	1,000,000	8,906,384	10,540,623	1,858,071	119,189	42,720,391	4,295,310	4,498,604	3,034,725	3,213,791	80,187,088
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Range of estimated useful life in years

Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-
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Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	12,446	-	-	-	470,510	-	-	13,902	369,782	866,640
Other additions	-	-	-	819,569	-	838,806	138,791	-	-	1,794,655	3,591,821
Total additions	-	12,446	-	819,569	-	1,309,316	138,791	-	13,902	2,164,437	4,458,461

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	700,000	4,293,556	18,080,108	-	-	5,255,739	2,555,924	2,374,907	277,521	-	33,537,755
Increase (decrease) in revaluation surplus	-	35,938	283,690	-	-	(43,777)	(19,638)	37,394	28,221	-	321,827
Balance at end of financial year	700,000	4,329,494	18,363,798	-	-	5,211,962	2,536,285	2,412,301	305,742	-	33,859,582

Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2020

14 Property, plant and equipment

Council - 30 June 2020

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office	Road, drainage and bridge	Water	Sewerage	Other infrastructure	Work in progress	Total
	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	Level 2	Level 2 & 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,000,000	12,290,517	15,881,062	3,738,913	845,926	53,883,840	6,159,716	5,828,608	4,150,191	661,744	104,440,518
	-	184,325	3,008	-	57,800	195,968	(13,400)	(17,918)	(228,833)	-	180,950
	-	58,079	13,800	414,601	-	164,976	-	-	208,693	1,867,992	2,728,141
	-	-	(8,511)	(75,343)	-	-	-	-	-	-	(83,854)
	-	292,105	601,972	-	-	1,550,111	63,018	58,107	101,404	-	2,666,717
	-	25,381	-	-	(154,000)	-	154,000	-	26,028	(51,409)	-
	1,000,000	12,850,408	16,491,331	4,078,171	749,726	55,794,895	6,363,334	5,868,797	4,257,483	2,478,328	109,932,472

Accumulated depreciation and impairment

	-	3,042,607	5,469,271	2,445,261	560,261	11,299,018	2,635,350	1,883,541	514,801	-	27,850,110
	-	(53,509)	(90,970)	-	-	74,563	(8,278)	(18,056)	150,621	-	54,370
	-	218,341	248,491	288,235	38,884	1,089,577	98,119	58,410	115,904	-	2,155,962
	-	-	(8,085)	(52,010)	-	-	-	-	-	-	(60,095)
	-	575,422	370,997	-	-	1,471,715	64,215	(573,600)	385,157	-	2,293,906
	-	-	-	-	-	-	-	-	-	-	-
	-	3,782,861	5,989,703	2,681,487	599,145	13,934,873	2,789,405	1,350,295	1,166,483	-	32,294,253

Total written down value as at 30 June 2020

	1,000,000	9,067,547	10,501,628	1,396,684	150,581	41,860,022	3,573,928	4,518,502	3,091,000	2,478,328	77,638,219
	Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	58,079	13,800	-	-	-	-	-	-	1,176,914	1,248,793
Other additions	-	-	-	414,601	-	164,976	-	-	208,693	691,078	1,479,348
Total additions	-	58,079	13,800	414,601	-	164,976	-	-	208,693	1,867,992	2,728,141

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	700,000	4,576,872	17,849,133	-	-	5,177,343	2,557,121	1,743,200	561,274	-	33,164,943
Increase (decrease) in revaluation surplus	-	(283,316)	230,975	-	-	78,396	(1,197)	631,707	(283,753)	-	372,812
Balance at end of financial year	700,000	4,293,556	18,080,108	-	-	5,255,739	2,555,924	2,374,907	277,521	-	33,537,755

14 Property, plant and equipment

**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 the components of parks.

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

Deed of Grant in Trust Land

In addition to Council's freehold land holdings, the Council is also located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the *Land Act 1994*. It comprises an area of approximately 354,072 hectares.

The land is administered by the Department of Natural Resources, Mines and Energy and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

**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 consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

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.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

**c) Depreciation**

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Land, work in progress, certain cultural and heritage assets with heritage listing, road formations and formation work associated with the construction of dams, levee banks and reservoirs are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all the Council assets.

The useful life of leasehold improvements is the shorter of useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable significant components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values 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 the assets at each reporting date. Details of the range of estimated useful lives for each class of assets are shown above.

**d) Impairment**

Property, 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**

**(i) Valuation**

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustments where these are materially different. Every 3 years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes :

- a management valuation using Council CEO, Finance and Administration Manager, Works Manager, Building Services Manager and CT Management Consultant to assess the condition and cost assumptions associated with all infrastructure assets and an appropriate cost index for the region.

- a 'desktop' valuation for land and improvements, buildings and major plant asset classes which involves management providing updated information to the valuer regarding additions, disposals and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

As at 30 June 2021, 'desktop' revaluation by applying indices was undertaken for all asset classes held at fair value by APV Valuers and Asset Management.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

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.

In accordance with AASB 13 fair value 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 for the asset or liability

Level 3 - Fair value based on unobservable inputs for the asset and liability

Changes in fair values are analysed at the end of each reporting period and discussed between the CEO, Finance and Administration Manager, APV Valuers, CT Management Group Consultant and Internal Audit.

There were no transfers between levels during the year.

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

As at 30 June 2021, the asset revaluations movement in consolidated entity was due to \$446,859 (Council: \$416,241) from applying indices on gross values of land, buildings, housing, runway, road and drainage, water, sewer and other infrastructure assets and adjustment to increase accumulated depreciation by \$161,093 (Council: \$94,413).

Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2021

14 Property, plant and equipment

(ii) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates ( related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Land (level 2)	Current Replacement cost	30-Jun-19	APV Valuers and Asset Management	This property is very remote and it is exceptionally large in size. As such there is no observable market evidence of sales prices for comparable sites in close proximity. This is why the land is valued at the level 3 valuation input hierarchy by using the professional judgement of a registered valuer who adjusts the price per square metre of sales from sites not in close proximity which provide only a low level of comparability. Gross replacement cost	0.00%	Nil
Buildings (level 2 & 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	. Indexed for subsequent changes in construction costs (CCI/CPI index) . Unit rates for construction as at the comprehensive revaluation date (industry standard cost guides, project costs from recently completed buildings) Gross replacement cost	0.25%	Nil
Housing (level 2 & 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	. Indexed for subsequent changes in construction costs (CCI/CPI index) . Unit rates for construction as at the comprehensive revaluation date (industry standard cost guides, project costs from recently completed buildings)	0.49%	Nil
Road, drainage and bridge (level 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition. Labour rates based on Council's Employment Award Average cost of outsourced projects Remaining life of assets including existing conditions	0.35%	Nil
Water (level 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	Development, soil and depth factors taking into account current condition Gross replacement cost per m2 based on appropriate materials Remaining useful lives and physical obsolescence	0.46%	Nil
Sewerage (level 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	Development, soil and depth factors taking into account current condition Gross replacement cost per m2 based on appropriate materials Remaining useful lives and physical obsolescence	1.30%	Nil
Other infrastructure (level 3)	Current Replacement Cost	30-Jun-19	APV Valuers and Asset Management	Gross replacement cost . Indexed for subsequent changes in construction costs (CCI/CPI index) . Unit rates for construction as at the comprehensive revaluation date (industry standard cost guides, project costs, manufacturer's specifications and other data)	0.08%	Nil

(iii) Changes in fair value measurements using significant unobservable inputs (level 3)

The Council has reviewed the current valuation methodology in use and did not identify any instances where highest and best use differ from the current use of its non financial assets and as such did not contribute to changes to fair values.



**Lockhart River Aboriginal Shire Council**  
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**For the year ended 30 June 2021**

**15 Trade and other payables**

Trade 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.

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 below.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Current</b>				
Creditors	1,051,595	495,199	985,521	455,616
Accrued wages and salaries	12,745	125,484	-	117,335
Accrued expenses	114,969	106,023	81,000	74,645
Other creditors	454,498	871,999	436,535	862,588
	<u>1,633,806</u>	<u>1,598,705</u>	<u>1,503,057</u>	<u>1,510,185</u>

## 16 Provisions

Liabilities are recognised for employee benefits such as annual leave and 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.

### Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be settled within 12 months 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 below.

### 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 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 provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

### Refuse restoration provision

A provision is made for the cost of restoration in respect of Council's refuse dump where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of this facility. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

The provision represents the present value of the anticipated future costs associated with the closure of the dump site, decontamination and monitoring of historical residues and leaching on the site. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for the dump site is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2026 and that the restoration will occur progressively over the subsequent two years.

As the refuse dump is on DOGIT land 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.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Current</b>				
Annual leave	229,578	239,194	189,088	221,975
Long service leave	123,613	118,719	103,629	100,577
	<u>353,191</u>	<u>357,912</u>	<u>292,717</u>	<u>322,552</u>
<b>Non-current</b>				
Long service leave	175,228	123,921	173,074	120,064
Refuse restoration	1,694,764	1,720,856	1,694,764	1,720,856
	<u>1,869,992</u>	<u>1,844,777</u>	<u>1,867,838</u>	<u>1,840,920</u>

Details of movements in provisions:

### **Refuse restoration**

Balance at beginning of financial year	1,720,856	1,490,107	1,720,856	1,490,107
Increase in provision due to unwinding of discount	12,218	2,522	12,218	2,522
Increase in provision due to change in discount rate	(98,745)	269,847	(98,745)	269,847
Increase/(decrease) in provision due to additions	60,434	(41,621)	60,434	(41,621)
Balance at end of financial year	<u>1,694,764</u>	<u>1,720,856</u>	<u>1,694,764</u>	<u>1,720,856</u>

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The current cost is \$1,586,550 and this cost is expected to be incurred in 2028 after closing the site in 2026 and allowing a period for settlement.

## 17 Contingent liabilities

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

### Local Government Mutual

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

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

### Rehabilitation of Airport Land

The controlled entity of the Council (the Company) has entered into a 20 year lease agreement with the Queensland Government to use the land at Lockhart River Airport. In accordance with the lease agreement the Company may be required to remove all improvements to the land at the expiry of the lease in 2027. The likelihood that the Company will be required to rehabilitate the land is low due to the importance of the runway asset to the Lockhart River community and accordingly, no provision has been taken up in these financial statements in that regard.

### Australia Post potential compensation

The Council entered into a contractual relationship with Australia Post to operate a post office and bank agency services at Lockhart River. In accordance with the agreement, Australia Post is to be compensated for any cash loss that occurs when Council employees are on duty. As at 30 June 2021, the Council was issued with a demand notice to compensate Australia Post for cash loss of \$24,842.20 (2020: \$37,533.78) but the Council has transferred the risk to its infidelity insurance cover and this claim is highly likely to be successful.

## 18 Superannuation

Council contributes to the LGIASuper previously known as Local Government Superannuation Scheme (Qld) (the scheme). LGIASuper is a Multi-employer Plan as defined in Australian Accounting Standard AASB 119 *Employee Benefits*. The scheme has a number of elements including defined benefits funds and an accumulated benefits fund. Council does not have any employees who are members of the defined benefits funds and so is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulated benefits fund.

	Note	Consolidated		Council	
		2021 \$	2020 \$	2021 \$	2020 \$
Superannuation contributions made to the Accumulated Benefits Fund	4	498,679	502,935	463,543	464,919
Other superannuation contributions for employees		-	-	-	-
Total superannuation contributions paid by Council for employees:		498,679	502,935	463,543	464,919

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

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net result	1,462,961	1,425,396	736,693	706,761
Non-cash items:				
Depreciation and amortisation	2,544,538	2,458,000	2,272,439	2,196,852
Impairment provision for doubtful debts	9,908	(19,980)	5,525	(393)
Refuse restoration provision	(26,092)	230,749	(26,092)	230,749
Non cash contribution	(7,260)	(3,580)	-	-
Gain/loss on revaluation of finance leases	849,128	(560,088)	849,128	(560,088)
	<u>3,370,221</u>	<u>2,105,102</u>	<u>3,101,000</u>	<u>1,867,120</u>
Investing and development activities:				
Net loss/(gain) on disposal of non-current assets	-	(12,150)	-	(12,150)
Runway pavement works contributed to controlled entity	-	-	959,538	778,988
Capital grants and contributions	(4,493,298)	(2,785,786)	(4,493,298)	(2,785,786)
	<u>(4,493,298)</u>	<u>(2,797,936)</u>	<u>(3,533,760)</u>	<u>(2,018,948)</u>
Changes in operating assets and liabilities:				
(Increase)/decrease in accrued revenue	-	180	-	180
(Increase)/decrease in receivables	(208,417)	198,523	(213,096)	79,239
(Increase)/decrease in contract assets	(1,305,342)	156,766	(1,305,342)	156,766
(Increase)/decrease in inventory	2,542	4,719	35,518	(24,951)
Increase/(decrease) in payables	(181,920)	121,219	(229,102)	212,264
Increase/(decrease) in contract liabilities	(1,900,188)	910,806	(1,900,188)	910,806
Increase/(decrease) in other provisions	268,560	(51,764)	245,150	(42,467)
	<u>(3,324,765)</u>	<u>1,340,450</u>	<u>(3,367,060)</u>	<u>1,291,838</u>
Net cash inflow/(outflow) from operating activities	<u>(2,984,880)</u>	<u>2,073,012</u>	<u>(3,063,127)</u>	<u>1,846,769</u>

20 Reconciliation of liabilities arising from financing activities

	Consolidated		Council	
	\$	\$	\$	\$
<b>2021</b>	<b>As at June 2020</b>	<b>Cash flows</b>	<b>Non-cash changes (new leases)</b>	<b>As at 30 June 2021</b>
Lease liability	124,013	(48,266)	35,399	111,146
<b>2020</b>	<b>As at June 2019</b>	<b>Change in accounting policy</b>	<b>Non-cash changes (new leases)</b>	<b>As at 30 June 2020</b>
Lease liability	-	175,103	-	124,013
<b>2021</b>	<b>As at June 2020</b>	<b>Cash flows</b>	<b>Non-cash changes (new leases)</b>	<b>As at 30 June 2021</b>
Lease liability	21,706	(41,126)	41,623	22,203
<b>2020</b>	<b>As at June 2019</b>	<b>Change in accounting policy</b>	<b>Non-cash changes (new leases)</b>	<b>As at 30 June 2020</b>
Lease liability	-	61,976	-	21,706

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**21 Opening balance adjustment**

For 2020 only: Upon inspection and comprehensive revaluation of the Council's non current assets as at 30 June 2020, information came to light that would indicate that some existing assets have not been previously recognised in the assets register. These assets were recognised at fair value.

The adjustments that have been made to the opening balances are as follows:

	Consolidated		Council	
	As at 1 July 2020	As at 1 July 2019	As at 1 July 2020	As at 1 July 2019
	\$	\$	\$	\$
Furniture and office equipment	-	57,800	-	57,800
Road infrastructure	-	121,405	-	121,405
Water	-	(5,122)	-	(5,122)
Sewerage	-	138	-	138
Other infrastructure	-	(379,454)	-	(379,454)
Buildings	-	237,834	-	237,834
Housing	-	93,978	-	93,978
Aerodrome company balances adjustments	-	(35,759)	-	-
Work in progress expensed	-	-	-	-
Net value	-	90,820	-	126,579
Net increase in non current assets	-	126,579	-	126,579
Net decrease in current assets	-	(35,759)	-	-
Net increase in retained surplus	-	90,820	-	126,579

**22 Events after the reporting period**

There were no material adjusting events after the balance date.

**23 Financial instruments and financial risks management**

**(a) Financial assets and liabilities**

Lockhart River Aboriginal Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

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

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

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

Lockhart River Aboriginal Shire Council does not enter into derivatives.

**Credit risk**

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's 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 Lockhart River Aboriginal Shire Council.

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

*Cash and cash equivalents*

The Council may be exposed to credit risk through its investments in the QTC Cash Fund, Commonwealth Bank and Macquarie Bank Cash Fund. The QTC Cash Fund, Commonwealth Bank and Macquarie Bank Cash Funds are asset management portfolios that invest with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. 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

*Trade and other receivables*

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

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

At reporting date, the exposure to credit risk for the trade receivables by type of counterparty was as follows:

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
Government Departments & Agencies	786,378	465,618	777,124	459,806
Local debtors	27,619	11,984	22,672	4,131
Other debtors	151,790	231,432	36,658	157,762
	<u>965,787</u>	<u>709,033</u>	<u>836,454</u>	<u>621,698</u>

**Lockhart River Aboriginal Shire Council**  
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*Expected credit loss assessment*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

In Lockhart River Aboriginal Shire Council's statements after reviewing macro economic conditions, the Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward looking adjustments were made.

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers at reporting date:

Consolidated	Weighted- average loss rate %	2021		2020	
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
		Not past due	0.40	843,454	3,419
Past due 31-60 days	1.10	48,505	534	31,541	347
Past due 61-90 days	5.60	26,288	1,472	13,680	766
More than 90 days	40.70	47,540	19,349	27,466	11,179
<b>Total</b>		<b>965,787</b>	<b>24,773</b>	<b>709,033</b>	<b>14,865</b>

Council	Weighted- average loss rate %	2021		2020	
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
		Not past due	0.40	771,326	3,085
Past due 31-60 days	1.10	46,631	513	30,344	334
Past due 61-90 days	5.60	6,597	369	-	-
More than 90 days	40.70	11,901	4,844	1,456	593
<b>Total</b>		<b>836,454</b>	<b>8,811</b>	<b>621,698</b>	<b>3,286</b>

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables. Management consider the expected credit loss to be immaterial and have not raised a loss allowance.

The movement in the allowance for impairment in respect of trade receivables during the year was \$9,891 for the Consolidated entity and \$5,525 for the Council.

**Liquidity risk**

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

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

*Exposure to liquidity risk*

The Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease liabilities - refer to note 11) held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

<b>Consolidated</b>		<b>Note</b>	<b>0 to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>							
Trade and other payables	15		1,633,806	-	-	1,633,806	1,633,806
			<u>1,633,806</u>	<u>-</u>	<u>-</u>	<u>1,633,806</u>	<u>1,633,806</u>
<b>2020</b>							
Trade and other payables			1,598,705	-	-	1,598,705	1,598,705
			<u>1,598,705</u>	<u>-</u>	<u>-</u>	<u>1,598,705</u>	<u>1,598,705</u>
<b>Council</b>							
			<b>0 to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>							
Trade and other payables	15		1,503,057	-	-	1,503,057	1,503,057
			<u>1,503,057</u>	<u>-</u>	<u>-</u>	<u>1,503,057</u>	<u>1,503,057</u>
<b>2020</b>							
Trade and other payables			1,510,185	-	-	1,510,185	1,510,185
			<u>1,510,185</u>	<u>-</u>	<u>-</u>	<u>1,510,185</u>	<u>1,510,185</u>

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

**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*

Lockhart River Aboriginal Shire Council is exposed to interest rate risk through investments with QTC, Commonwealth Bank, and Macquarie Bank.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.



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*Sensitivity*

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect the net result.

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

	Note	Net carrying amount	Effect on Net Result		Effect on Equity	
			1% increase	1% decrease	1% increase	1% decrease
<b>Consolidated</b>		\$	\$	\$	\$	\$
<b>2021</b>						
QTC cash fund		6,946,332	69,463	(69,463)	69,463	(69,463)
Commonwealth Bank		33,584	336	(336)	336	(336)
Macquarie Bank cash fund		518,566	5,186	(5,186)	5,186	(5,186)
<b>Total</b>	8	<u>7,498,481</u>	<u>74,985</u>	<u>(74,985)</u>	<u>74,985</u>	<u>(74,985)</u>
<b>2020</b>						
QTC cash fund		8,899,580	88,996	(88,996)	88,996	(88,996)
Commonwealth Bank		33,584	336	(336)	336	(336)
Macquarie Bank cash fund		518,178	5,182	(5,182)	5,182	(5,182)
<b>Total</b>		<u>9,451,341</u>	<u>94,513</u>	<u>(94,513)</u>	<u>94,513</u>	<u>(94,513)</u>
		Net carrying amount	Effect on Net Result	Effect on Equity		
		\$	1% increase	1% decrease	1% increase	1% decrease
<b>Council</b>		\$	\$	\$	\$	\$
<b>2021</b>						
QTC cash fund		6,946,332	69,463	(69,463)	69,463	(69,463)
Commonwealth Bank		33,584	336	(336)	336	(336)
<b>Total</b>	8	<u>6,979,915</u>	<u>69,799</u>	<u>(69,799)</u>	<u>69,799</u>	<u>(69,799)</u>
<b>2020</b>						
QTC cash fund		8,899,580	88,996	(88,996)	88,996	(88,996)
Commonwealth Bank		33,584	336	(336)	336	(336)
<b>Total</b>		<u>8,933,164</u>	<u>89,332</u>	<u>(89,332)</u>	<u>89,332</u>	<u>(89,332)</u>

Lockhart River Aboriginal Shire Council does not have any loans from financial institutions.

**Fair value**

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

**Lockhart River Aboriginal Shire Council**  
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**24 Transactions with related parties**  
**(a) Subsidiaries**

The group consists of Lockhart River Aboriginal Shire Council and Lockhart River Aerodrome Company Pty Ltd being its only subsidiary. This forms the consolidated entity (Note 13).

The following transactions occurred with the Lockhart River Aerodrome Company Pty Ltd under normal business terms and conditions:

<b>Type of transaction</b>	<b>Amount \$ 2021</b>	<b>Amount \$ 2020</b>
Grants and subsidies provided by Council	959,538	778,988
Supply of building and mechanical materials and services by Council	12,279	264,825
Purchases of diesel fuel and motel accommodation by Council	161,725	142,282
<b>Total</b>	<b>1,133,542</b>	<b>1,186,095</b>

Council provides free general administrative support to the Lockhart River Aerodrome Company Pty Ltd and any funding given to the Company was agreed to by the Council for the 2019-20 and 2020-21 financial years.

**(b) Transactions with key management personnel (KMP)**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly, including the Mayor, Councillors, Chief Executive Officer, and members of the senior management team.

The compensation paid to KMP comprises:

<b>Type of compensation</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	796,862	748,422
Post-employment benefits	91,649	86,596
Long-term benefits	19,555	14,544
<b>Total</b>	<b>908,066</b>	<b>849,562</b>

Compensation represents salary, and other allowances in respect of carrying out their duties.

**(c) Transactions with other related parties**

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

Details of transactions between Council and other related parties are disclosed below:

<b>Details of Transaction</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Employee expenses for close family members of key management personnel	23(c)(i)	162,125	110,689
Purchase of materials and services from entities controlled by key management personnel	23(c)(ii)	820,810	630,704
Sales of materials and services to entities controlled by key management personnel	23(c)(iii)	7,177	14,305

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

The Council employs 85 staff of which 3 are close family members of key management personnel.

**Lockhart River Aboriginal Shire Council**

**Notes to the financial statements**

**For the year ended 30 June 2021**

(ii) The consolidated entity purchased the following materials and services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of Council operations:

Type of purchases	Entities controlled by KMP	2021	2020
		\$	\$
Road construction services	D&C Contracting Services	-	242,154
Road construction services	Gray Ochre	322,943	274,805
Building services	Far Away Fishing	-	113,745
Housing construction services	AW Carpentry	77,432	-
Road construction services	Wayne Butcher Enterprises	420,436	-
<b>Total</b>		<b>820,810</b>	<b>630,704</b>

(iii) The consolidated entity sold the following materials and services to the entities that are controlled by members of key management personnel. All sales were at arm's length and were in the normal course of Council operations:

Type of sales	Entities controlled by KMP	\$	\$
Accommodation services	Puuya Foundation	3,188	10,899
Sale of materials	Far Away Fishing	1,029	3,406
Sale of diesel	Gray Ochre	2,960	-
<b>Total</b>		<b>7,177</b>	<b>14,305</b>

**(d) Outstanding balances**

The following consolidated entity balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables	Amounts owed by entities controlled by KMP	
	\$	\$
Past due 31-60 days	456	-
Past due 61-90 days	-	-
More than 90 days overdue	-	-
<b>Total owing</b>	<b>456</b>	<b>-</b>

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

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

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

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

Council did not enter into a contract with any related party.

**(g) 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 Lockhart River Aboriginal Shire. Therefore, on a regular basis ordinary citizen transactions occur at arm's length between Council and its related parties that include but are not limited to:

- Payment for general rates, fees and charges
- Purchase of general consumables and services
- Dog registration

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

**Lockhart River Aboriginal Shire Council**  
**Financial statements (Shell)**  
**For the year ended 30 June 2021**

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

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

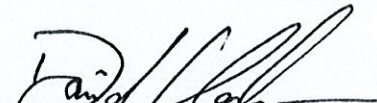
In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 33, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.



\_\_\_\_\_  
Mayor  
Name

Date: 07 / 10 / 2021



\_\_\_\_\_  
Chief Executive Officer  
Name

Date: 07 / 10 / 2021

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Lockhart River Aboriginal Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Lockhart River Aboriginal 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 2021, 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 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

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

At the date of this auditor's report, the available other information in Lockhart River Aboriginal Shire Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

### **Responsibilities of the councillors for the financial report**

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

#### **Prescribed requirements scope**

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



Sri Narasimhan  
as delegate of the Auditor-General

13 October 2021

Queensland Audit Office  
Brisbane

**Lockhart River Aboriginal Shire Council**  
**Current-year Financial Sustainability**  
**For the year ended 30 June 2021**

**Measures of Financial Sustainability**

	How the measure is calculated	Actual - Consolidated	Actual - Council	Target
Council's performance at 30 June 2021 against key financial ratios and targets:				
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-14%	-14%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	54%	47%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-37%	-34%	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 2021.

**Certificate of Accuracy**  
For the year ended 30 June 2021

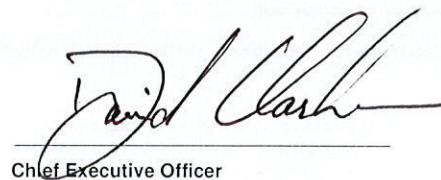
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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

  
\_\_\_\_\_  
Mayor C.

Name *Cr Wayne Butcher*

Date: 7 / 10 / 21

  
\_\_\_\_\_  
Chief Executive Officer

Name *David Clarke*

Date: 7 / 10 / 21



## INDEPENDENT AUDITOR'S REPORT

To the councillors of Lockhart River Aboriginal Shire Council

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

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Lockhart River Aboriginal Shire Council for the year ended 30 June 2021, 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 Lockhart River Aboriginal Shire Council for the year ended 30 June 2021 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 Lockhart River Aboriginal Shire Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

### **Responsibilities of the councillors for the current year financial sustainability statement**

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



Sri Narasimhan  
as delegate of the Auditor-General

13 October 2021

Queensland Audit Office  
Brisbane

**Lockhart River Aboriginal Shire Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2021**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2021	Projected for the years ended								
				30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030
<b>Consolidated</b>												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-14%	-20%	-24%	-22%	-21%	-19%	-16%	-11%	-10%	-8%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	54%	232%	170%	162%	77%	62%	54%	70%	91%	42%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-37%	-55%	-42%	-38%	-35%	-31%	-35%	-33%	-36%	-35%
<b>Council</b>												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-14%	-22%	-26%	-25%	-23%	-22%	-19%	-14%	-13%	-11%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	47%	203%	184%	172%	74%	26%	50%	60%	94%	29%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-34%	-51%	-36%	-29%	-24%	-24%	-26%	-27%	-29%	-27%

**Lockhart River Aboriginal Shire Council's Financial Management Strategy**

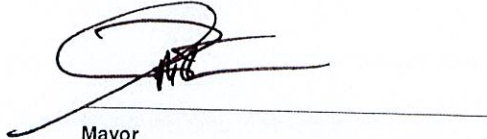
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

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

**Certificate of Accuracy**  
**For the long-term financial sustainability statement prepared as at 30 June 2021**

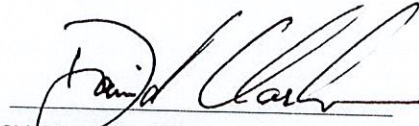
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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



Mayor  
Name *Wayne Butcher*

Date: 7, 10, 21



Chief Executive Officer  
Name *David Clarke*

Date: 7, 10, 21