

Lockhart River Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2022

Lockhart River Aboriginal Shire Council

Financial statements

For the year ended 30 June 2022

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Lockhart River Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	Consolidated		Council	
		2022	2021	2022	2021
		\$	\$	\$	\$
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges		168,383	144,016	168,383	144,016
Sales revenue	3(a)	5,849,079	3,534,650	4,692,701	2,555,889
Grants, subsidies, contributions and donations	3(c)	10,033,262	17,625,635	10,033,262	17,618,375
Total recurrent revenue		<u>16,050,723</u>	<u>21,304,301</u>	<u>14,894,345</u>	<u>20,318,280</u>
Capital revenue					
Grants, subsidies, contributions and donations	3(c)	8,447,858	4,493,298	8,447,858	4,493,298
Total capital revenue		<u>8,447,858</u>	<u>4,493,298</u>	<u>8,447,858</u>	<u>4,493,298</u>
Rental income		96,161	108,577	77,616	90,337
Interest received		33,673	46,860	33,606	46,467
Other income	3(b)	149,068	73,177	141,610	72,532
Other capital income	3(d)	115,262	26,092	115,262	26,092
Total income		<u>24,892,744</u>	<u>26,052,304</u>	<u>23,710,295</u>	<u>25,047,005</u>
Expenses					
Recurrent expenses					
Employee benefits	4	(5,762,971)	(5,453,401)	(5,296,573)	(5,032,631)
Materials and services	5	(9,162,496)	(15,730,575)	(8,578,986)	(15,187,728)
Finance costs		(11,800)	(11,702)	(8,710)	(8,849)
Depreciation and amortisation					
Property, plant and equipment	14	(2,610,106)	(2,490,767)	(2,375,559)	(2,231,418)
Right-of-use assets	12	(54,732)	(53,771)	(41,563)	(41,021)
Other expenses	6	(33,148)	(849,128)	(33,148)	(849,128)
		<u>(17,635,253)</u>	<u>(24,589,343)</u>	<u>(16,334,538)</u>	<u>(23,350,774)</u>
Capital expenses	7	-	-	(786,091)	(959,539)
Total expenses		<u>(17,635,253)</u>	<u>(24,589,343)</u>	<u>(17,120,628)</u>	<u>(24,310,313)</u>
Net result		<u>7,257,491</u>	<u>1,462,961</u>	<u>6,589,667</u>	<u>736,693</u>
Other comprehensive income					
Items that will not be reclassified to net result					
Increase/(decrease) in asset revaluation surplus	14	9,595,999	285,566	9,337,855	321,827
Total other comprehensive income for the year		<u>9,595,999</u>	<u>285,566</u>	<u>9,337,855</u>	<u>321,827</u>
Total comprehensive income for the year		<u>16,853,490</u>	<u>1,748,527</u>	<u>15,927,522</u>	<u>1,058,520</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 2022

	Note	Consolidated		Council	
		2022 \$	2021 \$	2022 \$	2021 \$
Current assets					
Cash and cash equivalents	8	13,310,025	10,371,269	11,945,597	9,138,681
Trade and other receivables	9	1,652,195	972,746	1,523,576	859,375
Inventories	10	308,244	306,621	228,899	221,557
Contract assets	11a	1,623,963	1,813,555	1,623,963	1,813,555
Lease receivable	12	324,720	306,320	324,720	306,320
Total current assets		17,219,148	13,770,512	15,646,755	12,339,488
Non-current assets					
Lease receivable	12	9,574,673	9,932,541	9,574,673	9,932,541
Interest in other entities	13	-	-	100	100
Property, plant and equipment	14	106,933,866	90,722,482	95,588,789	80,187,088
Right-of-use assets	12	260,538	104,694	190,122	24,177
Total non-current assets		116,769,077	100,759,717	105,353,684	90,143,906
Total assets		133,988,225	114,530,229	121,000,439	102,483,394
Current liabilities					
Trade and other payables	15	2,089,860	1,633,806	1,975,077	1,503,057
Contract liabilities	11b	3,722,289	1,754,820	3,713,016	1,754,820
Lease liabilities	12	55,772	35,710	41,647	22,203
Provisions	16	608,978	353,191	527,715	292,717
Total current liabilities		6,476,898	3,777,526	6,257,455	3,572,796
Non-current liabilities					
Lease liabilities	12	211,641	75,436	147,731	-
Provisions	16	1,638,925	1,869,992	1,624,970	1,867,838
Total non-current liabilities		1,850,565	1,945,428	1,772,701	1,867,838
Total liabilities		8,327,463	5,722,954	8,030,156	5,440,634
Net community assets		125,660,764	108,807,274	112,970,282	97,042,760
Community equity					
Asset revaluation surplus	14	43,957,711	34,361,712	43,197,438	33,859,583
Retained surplus		81,703,053	74,445,562	69,772,844	63,183,177
Total community equity		125,660,764	108,807,274	112,970,282	97,042,760

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 2022

Consolidated	Asset revaluation surplus \$	Retained surplus \$	Total \$
Note			
Balance as at 30 June 2021	34,361,712	74,445,562	108,807,274
Net result	-	7,257,491	7,257,491
Other comprehensive income for the year			
Increase in asset revaluation surplus	9,595,999	-	9,595,999
Total comprehensive income for the year	9,595,999	7,257,491	16,853,490
Balance as at 30 June 2022	43,957,711	81,703,053	125,660,764
Balance as at 30 June 2020	34,076,146	72,982,601	107,058,747
Net result	-	1,462,961	1,462,961
Other comprehensive income for the year			
Increase in asset revaluation surplus	285,566	-	285,566
Total comprehensive income for the year	285,566	1,462,961	1,748,527
Balance as at 30 June 2021	34,361,712	74,445,562	108,807,274
Council	Asset revaluation surplus \$	Retained surplus \$	Total \$
Balance as at 30 June 2021	33,859,583	63,183,177	97,042,760
Net operating surplus	-	6,589,667	6,589,667
Other comprehensive income for the year			
Increase in asset revaluation surplus	9,337,855	-	9,337,855
Total comprehensive income for the year	9,337,855	6,589,667	15,927,522
Balance as at 30 June 2022	43,197,438	69,772,844	112,970,282
Balance as at 30 June 2020	33,537,756	62,446,484	95,984,240
Net operating surplus	-	736,693	736,693
Other comprehensive income for the year			
Increase in asset revaluation surplus	321,827	-	321,827
Total comprehensive income for the year	321,827	736,693	1,058,520
Balance as at 30 June 2021	33,859,583	63,183,177	97,042,760

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 2022

Note	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers	5,660,348	2,240,626	4,514,910	1,289,517
Payments to suppliers and employees	<u>(12,359,062)</u>	<u>(22,999,319)</u>	<u>(11,340,828)</u>	<u>(22,107,823)</u>
	(6,698,715)	(20,758,693)	(6,825,919)	(20,818,306)
Interest received	33,673	46,860	33,606	46,467
Rental income	96,161	108,577	77,616	90,337
Non capital grants and contributions	3 10,033,262	17,618,375	10,033,262	17,618,375
Net cash inflow/(outflow) from operating activities	19 <u>3,464,381</u>	<u>(2,984,881)</u>	<u>3,318,564</u>	<u>(3,063,127)</u>
Cash flows from investing activities				
Payments for property, plant and equipment	14 (9,225,495)	(5,455,927)	(8,439,404)	(4,458,461)
Payments for property, plant and equipment transferred to subsidiary	7 -	-	(786,091)	(959,538)
Finance lease receipts	12 306,320	301,137	306,320	301,137
Proceeds from sale of property plant and equipment	-	-	-	-
Capital grants, subsidies, contributions and donations	3 <u>8,447,858</u>	<u>4,493,298</u>	<u>8,447,858</u>	<u>4,493,298</u>
Net cash inflow (outflow) from investing activities	<u>(471,317)</u>	<u>(661,492)</u>	<u>(471,317)</u>	<u>(623,564)</u>
Cash flows from financing activities				
Repayment made on leases (principal only)	12 <u>(54,308)</u>	<u>(48,266)</u>	<u>(40,332)</u>	<u>(41,126)</u>
Net cash inflow (outflow) from financing activities	<u>(54,308)</u>	<u>(48,266)</u>	<u>(40,332)</u>	<u>(41,126)</u>
Net increase (decrease) in cash and cash equivalents held	<u>2,938,756</u>	<u>(3,694,639)</u>	<u>2,806,915</u>	<u>(3,727,817)</u>
Cash and cash equivalents at the beginning of the financial year	10,371,269	14,065,907	9,138,681	12,866,499
Cash and cash equivalents at end of the financial year	8 <u>13,310,025</u>	<u>10,371,269</u>	<u>11,945,597</u>	<u>9,138,681</u>

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

1 Information about these financial statements

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment 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 2022 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 2021, 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 2022. 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 22

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 2022-23.

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 2021-22 financial statements of Council and is not expected to be material for the 2022-23 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 Engineering Services 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 2022

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 2022

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	3,530,015	175,203	7,324,647	-	-	11,029,865	(6,041,908)	-	-	(6,041,908)	(2,336,690)	4,987,957	56,110,639
Building Services	-	4,290,753	-	-	-	4,290,753	(3,505,301)	-	-	(3,505,301)	785,453	785,453	-
Community Development	1,834,603	85,274	-	-	-	1,919,877	(1,944,463)	-	-	(1,944,463)	(24,586)	(24,586)	-
Corporate Services	4,373,655	509,564	756,460	-	-	5,639,679	(3,627,139)	(33,148)	-	(3,660,287)	1,256,080	1,979,392	55,317,041
Governance & Leadership	116,331	-	-	-	-	116,331	(1,203,916)	-	-	(1,203,916)	(1,087,586)	(1,087,586)	-
Environmental Management	178,658	168,383	366,751	-	-	713,791	(764,753)	-	-	(764,753)	(417,713)	(50,962)	9,572,759
Total Council	10,033,262	5,229,176	8,447,858	-	-	23,710,295	(17,087,481)	(33,148)	-	(17,120,628)	(1,825,042)	6,589,667	121,000,439
Controlled entity net of eliminations	-	2,124,886	-	-	(942,437)	1,182,449	(1,457,060)	-	942,437	(514,623)	667,826	667,826	12,987,197
Total consolidated	10,033,262	7,354,062	8,447,858	-	(942,437)	24,892,744	(18,544,541)	(33,148)	942,437	(17,635,253)	(1,157,217)	7,257,491	133,988,225

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				Recurring	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
Total Council	17,618,374	2,935,334	4,493,298	-	-	25,047,006	(23,461,185)	(849,128)	-	(24,310,313)	(2,907,477)	736,693	102,483,395
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
Total consolidated	17,625,634	5,066,916	4,493,298	-	(1,133,542)	26,052,305	(24,861,760)	(849,128)	1,133,542	(24,577,346)	(2,169,211)	1,474,959	114,542,223

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Rendering of services				
Contract and recoverable works	4,434,775	2,321,060	4,434,775	2,321,060
Accommodation	51,048	32,347	51,048	32,347
Motor vehicle repairs	28,253	17,107	28,253	17,107
Agency commissions	816	575	816	575
	<u>4,514,892</u>	<u>2,371,089</u>	<u>4,514,892</u>	<u>2,371,089</u>
Sale of goods				
Gas bottles	137,574	131,758	137,574	131,758
Post office	40,234	53,043	40,234	53,043
Other sales	1,156,378	978,761	-	-
	<u>1,334,187</u>	<u>1,163,562</u>	<u>177,809</u>	<u>184,801</u>
Total sales revenue	<u>5,849,079</u>	<u>3,534,650</u>	<u>4,692,701</u>	<u>2,555,889</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. 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	-	-	-	-
Sundry income		144,547	73,177	141,610	72,532
Gain on impairment reversed		4,521	-	-	-
		<u>149,068</u>	<u>73,177</u>	<u>141,610</u>	<u>72,532</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

(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	
	2022	2021	2022	2021
	\$	\$	\$	\$
(i) Operating				
State government subsidies and grants	9,324,514	16,798,460	9,324,514	16,798,460
Commonwealth government subsidies and grants	707,748	807,236	707,748	807,236
Donations and contributions	1,000	19,939	1,000	12,679
	<u>10,033,262</u>	<u>17,625,635</u>	<u>10,033,262</u>	<u>17,618,375</u>
(ii) Capital				
State government subsidies and grants	7,955,987	4,327,045	7,955,987	4,327,045
Commonwealth government subsidies and grants	491,870	166,253	491,870	166,253
	<u>8,447,858</u>	<u>4,493,298</u>	<u>8,447,858</u>	<u>4,493,298</u>

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations

		Consolidated		Council	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue recognised at a point in time					
Grants and subsidies	3(c)	5,122,321	4,428,927	5,122,321	4,428,927
Donations and contributions	3(c)	1,000	19,939	1,000	12,679
		<u>5,123,321</u>	<u>4,448,866</u>	<u>5,123,321</u>	<u>4,441,606</u>
Revenue recognised over time					
Grants and subsidies	3(c)	13,358,120	17,670,066	13,358,120	17,670,066
		<u>13,358,120</u>	<u>17,670,066</u>	<u>13,358,120</u>	<u>17,670,066</u>
		<u>18,481,440</u>	<u>22,118,932</u>	<u>18,481,440</u>	<u>22,111,672</u>

(d) Capital income

Gain on disposal of non-current assets

Proceeds from the sale of property, plant and equipment

Less: Book value of property, plant and equipment disposed of

	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Refuse restoration

Decrease in provision

	115,262	26,092	115,262	26,092
	<u>115,262</u>	<u>26,092</u>	<u>115,262</u>	<u>26,092</u>

Total capital income

	<u>115,262</u>	<u>26,092</u>	<u>115,262</u>	<u>26,092</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		4,829,740	4,410,429	4,437,487	4,048,965
Councillors' remuneration		332,988	332,991	332,988	332,991
Annual, sick and long service leave entitlements		737,155	523,009	704,566	499,600
Superannuation	18	551,506	498,679	513,035	463,543
		<u>6,451,389</u>	<u>5,765,108</u>	<u>5,988,076</u>	<u>5,345,099</u>
Other employee related expenses		68,425	67,152	65,340	66,391
		<u>6,519,814</u>	<u>5,832,260</u>	<u>6,053,416</u>	<u>5,411,490</u>
Less: Capitalised employee expenses		(756,843)	(378,859)	(756,843)	(378,859)
		<u>5,762,971</u>	<u>5,453,401</u>	<u>5,296,573</u>	<u>5,032,631</u>

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

	2022	2021	2022	2021
Total Council employees at the reporting date:				
Elected members	5	5	5	5
Administration staff	83	90	79	85
Total full time equivalent employees	<u>88</u>	<u>95</u>	<u>84</u>	<u>90</u>

5 **Materials and services**

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

Administration supplies and consumables	1,369,728	1,041,317	1,050,115	794,308
Audit of annual financial statements by the Auditor-General of Queensland*	112,000	125,540	86,000	92,450
Communications and IT	286,417	233,907	253,564	209,680
Consultants	246,562	134,941	245,430	134,731
Donations paid	94,696	95,998	94,696	95,998
Power	139,267	136,850	107,595	100,696
Repairs and maintenance	6,002,589	13,059,256	5,885,182	12,923,782
Rentals - operating leases	12,594	3,525	11,670	2,489
Subscriptions and registrations	62,195	66,358	62,195	66,358
Insurance	435,548	480,049	385,038	419,596
Legal fees	21,767	5,739	21,767	4,239
Travel	274,845	249,301	271,446	245,607
Other materials and services	104,287	97,796	104,287	97,796
Total materials and services	<u>9,162,496</u>	<u>15,730,575</u>	<u>8,578,986</u>	<u>15,187,728</u>

*Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements for the consolidated entity are \$109,500 (2021: \$108,000).

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
6 Other expenses				
Loss on revaluation of finance leases	12 (33,148)	(849,128)	(33,148)	(849,128)
	<u>(33,148)</u>	<u>(849,128)</u>	<u>(33,148)</u>	<u>(849,128)</u>
7 Capital expenses				
Capital works transferred to controlled entity				
Old terminal building renovations	-	-	-	12,665
New toilet block-airport terminal building	-	-	-	10,506
New accommodation cabins	-	-	454,375	706,881
Airport fencing	-	-	291,460	229,486
Iron Range Cabins Parking Area	-	-	40,256	-
	<u>-</u>	<u>-</u>	<u>786,091</u>	<u>959,538</u>
Loss on disposal of non-current assets				
Book value of property, plant and equipment disposed of	-	-	-	-
Less: Proceeds from the sale of property, plant and equipment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refuse restoration				
Increase in provision	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital expenses	<u>-</u>	<u>-</u>	<u>786,091</u>	<u>959,539</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	2,778,005	2,872,785	1,932,208	2,158,762
Deposits at call	10,532,016	7,498,481	10,013,385	6,979,915
Balance per Statement of Financial Position	<u>13,310,021</u>	<u>10,371,265</u>	<u>11,945,593</u>	<u>9,138,677</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	13,310,021	10,371,265	11,945,593	9,138,677
Less: Externally imposed restrictions on cash	(4,143,070)	(2,118,586)	(4,143,070)	(2,118,586)
Unrestricted cash	<u>9,166,952</u>	<u>8,252,679</u>	<u>7,802,523</u>	<u>7,020,091</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	4,143,070	2,118,586	4,143,070	2,118,586
Total externally imposed restrictions on cash assets	<u>4,143,070</u>	<u>2,118,586</u>	<u>4,143,070</u>	<u>2,118,586</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 2022

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Trade debtors	1,678,181	965,787	1,538,121	836,454
Less impairment	(26,209)	(24,773)	(14,768)	(8,811)
Accrued revenue	-	-	-	-
Prepayments	223	31,732	223	31,732
	<u>1,652,195</u>	<u>972,746</u>	<u>1,523,576</u>	<u>859,375</u>

No interest is charged on trade debtors.

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

Opening balance at 1 July	24,773	14,865	8,811	3,286
Additional impairments recognised	5,957	9,908	5,957	5,525
Impairments reversed	(4,521)	-	-	-
Closing balance at 30 June	<u>26,209</u>	<u>24,773</u>	<u>14,768</u>	<u>8,811</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	79,345	85,064	-	-
	<u>79,345</u>	<u>85,064</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	228,899	221,557	228,899	221,557
	<u>228,899</u>	<u>221,557</u>	<u>228,899</u>	<u>221,557</u>
Total inventories	<u>308,244</u>	<u>306,621</u>	<u>228,899</u>	<u>221,557</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
(a) Contract assets	1,623,963	1,813,555	1,623,963	1,813,555
	<u>1,623,963</u>	<u>1,813,555</u>	<u>1,623,963</u>	<u>1,813,555</u>
(b) Contract liabilities				
Funds received upfront to construct Council controlled assets	882,561	1,659,202	882,561	1,659,202
Non-capital performance obligations not yet satisfied	2,839,727	95,618	2,830,455	95,618
	<u>3,722,289</u>	<u>1,754,820</u>	<u>3,713,016</u>	<u>1,754,820</u>
Current contract liabilities	<u>3,722,289</u>	<u>1,754,820</u>	<u>3,713,016</u>	<u>1,754,820</u>
	<u>3,722,289</u>	<u>1,754,820</u>	<u>3,713,016</u>	<u>1,754,820</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year				
Funds to construct Council controlled assets	1,109,951	879,856	1,109,951	879,856
Non-capital performance obligations	4,958	1,328,141	4,958	1,328,141
	<u>1,114,909</u>	<u>2,207,997</u>	<u>1,114,909</u>	<u>2,207,997</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 2022 and Council has a new 5 year lease expiring on 27 January 2027 with renewal option of 5 years. This lease is subject to annual CPI increases.

Student accommodation at Mihaven

Council leased one off accommodation for less than one year for use by office administration trainee while she was attending training at TAFE and working in the Cairns office.

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

Right-of-use assets

	Consolidated			Council
	Land	Buildings	Total	Buildings
	\$	\$	\$	\$
Balance at 1 July 2021	80,518	24,177	104,694	24,177
Additions to right-of-use assets	3,068	207,507	210,575	207,507
Depreciation charge	(13,170)	(41,563)	(54,732)	(41,563)
Balance at 30 June 2022	<u>70,416</u>	<u>190,122</u>	<u>260,538</u>	<u>190,122</u>
Balance at 1 July 2020	93,268	23,574	116,842	23,574
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>24,177</u>	<u>104,694</u>	<u>24,177</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.

	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
Council and Consolidated				
<1 year	57,775	37,212	42,875	22,812
1 - 5 years	209,016	57,600	149,416	-
>5 years	4,858	19,095	-	-
Total	<u>271,649</u>	<u>113,907</u>	<u>192,291</u>	<u>22,812</u>
Current lease liability	55,772	35,710	41,647	22,203
Non current lease liability	211,641	75,436	147,731	-
Total per statement of financial position	<u>267,413</u>	<u>111,146</u>	<u>189,378</u>	<u>22,203</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

	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
Council and Consolidated				
Interest on lease liabilities	2,751	1,533	1,826	497
Depreciation of right-of-use assets	54,732	53,771	41,563	41,021
Short term lease	11,670	-	11,670	-
	<u>69,153</u>	<u>55,305</u>	<u>55,059</u>	<u>41,518</u>
Total cash outflows for leases	<u>54,308</u>	<u>48,266</u>	<u>40,332</u>	<u>41,126</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
Notes to the financial statements
For the year ended 30 June 2022

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 \$3,313 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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current other financial assets				
Finance leases receivable	324,720	306,320	324,720	306,320
	<u>324,720</u>	<u>306,320</u>	<u>324,720</u>	<u>306,320</u>
Non-current other financial assets				
Finance leases receivable	9,574,673	9,932,541	9,574,673	9,932,541
	<u>9,574,673</u>	<u>9,932,541</u>	<u>9,574,673</u>	<u>9,932,541</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	10,467,005	10,180,223	10,467,005	10,180,223
Add: Estimated contingent rent	7,660,382	3,356,206	7,660,382	3,356,206
Less: Present value adjustment	(8,227,994)	(3,297,567)	(8,227,994)	(3,297,567)
Fair value of lease payments	<u>9,899,394</u>	<u>10,238,862</u>	<u>9,899,394</u>	<u>10,238,862</u>

The fair value of lease payments is receivable as follows:

Not later than one year	324,720	306,320	324,720	306,320
Later than one year but not later than five years	1,287,242	1,226,372	1,287,242	1,226,372
Later than five years	8,287,431	8,706,169	8,287,431	8,706,169
	<u>9,899,394</u>	<u>10,238,862</u>	<u>9,899,394</u>	<u>10,238,862</u>

Movements in finance leases were as follows:

Opening balance	10,238,863	11,389,127	10,238,862	11,389,127
Add: Initial recognition of new leases of Council houses	-	-	-	-
Less: Lease receipts	(306,320)	(301,137)	(306,320)	(301,137)
Add: Gain/(loss) on revaluation	3(b) (33,148)	(849,128)	(33,148)	(849,128)
Closing balance	<u>9,899,395</u>	<u>10,238,863</u>	<u>9,899,394</u>	<u>10,238,863</u>

The calculation of fair value has included an estimate of average annual CPI increases of 3.28% (2021: 1.70%) and a discount rate of 3.65% (2021: 1.66%).

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 2022

14 Property, plant and equipment

Consolidated - 30 June 2022

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	
Fair value category	Level 2	Level 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2021	1,000,000	17,258,813	16,571,913	5,244,940	1,391,755	65,925,886	7,577,145	6,151,065	4,623,379	4,764,832	130,509,727
Additions	-	809,175	-	178,126	81,501	3,494,956	196,042	112,321	115,867	4,237,507	9,225,495
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	2,147,690	1,487,610	-	-	(942,480)	196,807	109,965	85,071	-	3,084,663
Transfers between classes	-	2,060,187	-	-	14,650	1,430,135	155,177	-	178,712	(3,838,862)	-
Closing gross value as at 30 June 2022	1,000,000	22,275,865	18,059,523	5,423,065	1,487,905	69,908,497	8,125,172	6,373,351	5,003,029	5,163,477	142,819,885

Accumulated depreciation and impairment

Opening balance as at 1 July 2021	-	5,902,323	6,031,288	3,379,986	1,214,742	17,207,490	3,181,966	1,585,617	1,283,837	-	39,787,248
Depreciation expense	-	266,476	241,925	421,828	40,714	1,316,642	127,761	67,081	127,680	-	2,610,106
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	1,028,203	466,571	-	-	(8,501,116)	(229,264)	38,416	685,855	-	(6,511,336)
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2022	-	7,197,002	6,739,784	3,801,814	1,255,456	10,023,016	3,080,463	1,691,113	2,097,371	-	35,886,018

Consolidated book value as at 30 June 2022

	1,000,000	15,078,864	11,319,739	1,621,251	232,450	59,885,481	5,044,709	4,682,238	2,905,658	5,163,477	106,933,866
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	-	354,800	-	-	-	290,128	-	112,321	107,176	2,059,799	2,924,225
Other additions	-	454,375	-	178,126	81,501	3,204,827	196,042	-	8,691	2,177,709	6,301,270
Total additions	-	809,175	-	178,126	81,501	3,494,956	196,042	112,321	115,867	4,237,507	9,225,495

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	700,000	4,918,977	18,363,799	-	-	4,729,097	2,744,998	2,419,225	485,617	-	34,361,713
Increase (decrease) in revaluation surplus	-	1,119,487	1,021,040	-	-	7,558,636	426,071	71,549	(600,784)	-	9,595,999
Balance at end of financial year	700,000	6,038,464	19,384,839	-	-	12,287,733	3,171,069	2,490,774	(115,167)	-	43,957,712

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

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
Basis of measurement	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	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)	-
Closing gross value as at 30 June 2021	1,000,000	17,258,813	16,571,913	5,244,940	1,391,755	65,925,886	7,577,145	6,151,065	4,623,379	4,764,832	130,509,727

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	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2021	-	5,902,323	6,031,288	3,379,986	1,214,742	17,207,490	3,181,966	1,585,617	1,283,837	-	39,787,248

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 2022

14 Property, plant and equipment

Council - 30 June 2022

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
Basis of measurement	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 2021	1,000,000	12,894,399	16,571,913	4,897,739	749,726	57,996,868	7,242,092	5,945,063	4,295,582	3,213,791	114,807,174
Additions	-	354,800	-	178,126	81,501	3,204,827	196,042	112,321	115,867	4,195,920	8,439,404
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	1,810,795	1,487,610	-	-	(677,120)	193,860	104,953	70,896	-	2,990,995
Transfers between classes	-	875,165	-	-	14,650	1,132,381	155,177	-	178,712	(2,356,086)	-
Closing gross value as at 30 June 2022	1,000,000	15,935,160	18,059,524	5,075,865	845,877	61,656,956	7,787,171	6,162,337	4,661,057	5,053,626	126,237,573

Accumulated depreciation and impairment

Opening balance as at 1 July 2021	-	3,988,016	6,031,290	3,039,668	630,537	15,276,477	2,946,782	1,446,458	1,260,856	-	34,620,084
Depreciation expense	-	208,921	241,925	421,210	30,008	1,171,517	118,540	61,078	122,360	-	2,375,559
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	1,006,514	466,571	-	-	(8,301,713)	(205,599)	9,491	677,876	-	(6,346,859)
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2022	-	5,203,451	6,739,785	3,460,878	660,546	8,146,282	2,859,723	1,517,027	2,061,092	-	30,648,783

Total written down value as at 30 June 2022

1,000,000	10,731,709	11,319,738	1,614,987	185,331	53,510,674	4,927,449	4,645,310	2,599,965	5,053,626	95,588,789	
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	-	354,800	-	-	-	-	-	112,321	107,176	2,059,799	2,634,096
Other additions	-	-	-	178,126	81,501	3,204,827	196,042	-	8,691	2,136,121	5,805,308
Total additions	-	354,800	-	178,126	81,501	3,204,827	196,042	112,321	115,867	4,195,920	8,439,404

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning 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
Increase (decrease) in revaluation surplus	-	804,281	1,021,040	-	-	7,624,593	399,459	95,463	(606,980)	-	9,337,855
Balance at end of financial year	700,000	5,133,774	19,384,838	-	-	12,836,555	2,935,744	2,507,764	(301,238)	-	43,197,437

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	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	12,850,408	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
	-	12,446	-	819,569	-	1,309,316	138,791	-	13,902	2,164,437	4,458,461
7	-	-	-	-	-	-	-	-	-	-	-
	-	31,546	80,582	-	-	195,620	28,978	76,265	3,249	-	416,241
	-	-	-	-	-	697,037	710,989	-	20,948	(1,428,973)	-
	1,000,000	12,894,399	16,571,913	4,897,739	749,726	57,996,868	7,242,092	5,945,063	4,295,582	3,213,791	114,807,174

Accumulated depreciation and impairment

	-	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
	-	209,547	244,695	358,181	31,392	1,102,207	108,760	57,292	119,345	-	2,231,418
7	-	-	-	-	-	-	-	-	-	-	-
	-	(4,392)	(203,108)	-	-	239,397	48,617	38,872	(24,972)	-	94,413
	-	-	-	-	-	-	-	-	-	-	-
	-	3,988,016	6,031,290	3,039,668	630,537	15,276,477	2,946,782	1,446,458	1,260,856	-	34,620,084

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

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

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.

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 and road formations 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, Director Corporate Services, Works Manager, Building Services Manager and CT Management Group 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 2022, comprehensive revaluation 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, Director Corporate Services, 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 2022, the asset revaluations movement in consolidated entity was due to \$3,084,663 (Council: \$2,990,995) from comprehensive revaluation on gross values of land, buildings, housing, runway, road and drainage, water, sewer and other infrastructure assets and adjustment to increase accumulated depreciation by \$6,511,336 (Council: \$6,346,859).

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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)	Other interim revaluation adjustment
Land (level 2)	Current Replacement cost	30-Jun-22	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 2 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	Nil
Buildings (level 2 & 3)	Current Replacement Cost	30-Jun-22	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	Nil
Housing (level 2 & 3)	Current Replacement Cost	30-Jun-22	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)	Nil
Road, drainage and bridge (level 3)	Current Replacement Cost	30-Jun-22	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	Nil
Water (level 3)	Current Replacement Cost	30-Jun-22	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	Nil
Sewerage (level 3)	Current Replacement Cost	30-Jun-22	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	Nil
Other infrastructure (level 3)	Current Replacement Cost	30-Jun-22	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)	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
Notes to the financial statements
For the year ended 30 June 2022

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Creditors	1,675,876	1,051,595	1,630,294	985,521
Accrued wages and salaries	47,451	12,745	47,451	-
Accrued expenses	103,275	114,969	69,903	81,000
Other creditors	263,257	454,498	227,430	436,535
	<u>2,089,860</u>	<u>1,633,806</u>	<u>1,975,077</u>	<u>1,503,057</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 2028 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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Annual leave	294,869	229,578	236,612	189,088
Long service leave	314,109	123,613	291,103	103,629
	<u>608,978</u>	<u>353,191</u>	<u>527,715</u>	<u>292,717</u>
Non-current				
Long service leave	59,423	175,228	45,468	173,074
Refuse restoration	1,579,502	1,694,764	1,579,502	1,694,764
	<u>1,638,925</u>	<u>1,869,992</u>	<u>1,624,970</u>	<u>1,867,838</u>

Details of movements in provisions:

Refuse restoration

Balance at beginning of financial year	1,694,764	1,720,856	1,694,764	1,720,856
Increase in provision due to unwinding of discount	18,642	12,218	18,642	12,218
Increase in provision due to change in discount rate	(251,453)	(98,745)	(251,453)	(98,745)
Increase/(decrease) in provision due to additions	117,551	60,434	117,551	60,434
Balance at end of financial year	<u>1,579,504</u>	<u>1,694,764</u>	<u>1,579,504</u>	<u>1,694,764</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 \$1,683,390 and this cost is expected to be incurred in 2030 after closing the site in 2028 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.

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	
		2022 \$	2021 \$	2022 \$	2021 \$
Superannuation contributions made to the Accumulated Benefits Fund	4	551,506	498,679	513,035	463,543
Other superannuation contributions for employees		-	-	-	-
Total superannuation contributions paid by Council for employees:		551,506	498,679	513,035	463,543

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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

	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net result	7,257,491	1,462,961	6,589,667	736,693
Non-cash items:				
Depreciation and amortisation	2,664,838	2,544,538	2,417,121	2,272,439
Impairment provision for doubtful debts	1,436	9,908	5,957	5,525
Refuse restoration provision	(115,262)	(26,092)	(115,262)	(26,092)
Non cash contribution	-	(7,260)	-	-
Gain/loss on revaluation of finance leases	33,148	849,128	33,148	849,128
	<u>2,584,160</u>	<u>3,370,221</u>	<u>2,340,964</u>	<u>3,101,000</u>
Investing and development activities:				
Net loss/(gain) on disposal of non-current assets	-	-	-	-
Capital works contributed to controlled entity	-	-	786,091	959,538
Capital grants and contributions	(8,447,858)	(4,493,298)	(8,447,858)	(4,493,298)
	<u>(8,447,858)</u>	<u>(4,493,298)</u>	<u>(7,661,767)</u>	<u>(3,533,760)</u>
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	(709,412)	(208,417)	(670,158)	(213,096)
(Increase)/decrease in contract assets	189,592	(1,305,342)	189,592	(1,305,342)
(Increase)/decrease in inventory	(1,623)	2,542	(7,342)	35,518
Increase/(decrease) in payables	484,578	(181,920)	472,019	(229,102)
Increase/(decrease) in contract liabilities	1,967,468	(1,900,188)	1,958,195	(1,900,188)
Increase/(decrease) in other provisions	139,983	268,560	107,393	245,150
	<u>2,070,587</u>	<u>(3,324,765)</u>	<u>2,049,700</u>	<u>(3,367,060)</u>
Net cash inflow/(outflow) from operating activities	<u>3,464,380</u>	<u>(2,984,880)</u>	<u>3,318,564</u>	<u>(3,063,127)</u>

20 Reconciliation of liabilities arising from financing activities

	Consolidated		Council	
	\$	\$	\$	\$
2022				
	As at June 2021	Cash flows	Non-cash changes (new leases)	As at 30 June 2022
Lease liability	111,146	(54,308)	210,575	267,413
2021				
	As at June 2020	Cash flows	Non-cash changes (new leases)	As at 30 June 2021
Lease liability	124,013	(48,266)	35,399	111,146
2022				
	As at June 2021	Cash flows	Non-cash changes (new leases)	As at 30 June 2022
Lease liability	22,203	(40,332)	207,507	189,378
2021				
	As at June 2020	Cash flows	Non-cash changes (new leases)	As at 30 June 2021
Lease liability	21,706	(41,126)	41,623	22,203

21 Events after the reporting period

There were no material adjusting events after the balance date.

22 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 strong.

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Government Departments & Agencies	1,302,165	786,378	1,295,812	777,124
Local debtors	40,708	27,619	27,128	22,672
Other debtors	335,307	151,790	215,180	36,658
	<u>1,678,181</u>	<u>965,787</u>	<u>1,538,121</u>	<u>836,454</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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 %	2022		2021	
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
Not past due	0.40	1,571,455	5,656	843,454	3,419
Past due 31-60 days	1.10	54,296	612	48,505	534
Past due 61-90 days	5.60	3,982	223	26,288	1,472
More than 90 days	40.70	48,448	19,718	47,540	19,349
Total		1,678,181	26,209	965,787	24,773

Council	Weighted- average loss rate %				
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
Not past due	0.40	1,502,411	5,329	771,326	3,085
Past due 31-60 days	1.10	12,865	142	46,631	513
Past due 61-90 days	5.60	-	-	6,597	369
More than 90 days	40.70	22,845	9,298	11,901	4,844
Total		1,538,121	14,768	836,454	8,811

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.

The movement in the allowance for impairment in respect of trade receivables during the year was \$1,436 for the Consolidated entity and \$5,927 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 12) 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:

Consolidated		Note	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
			\$	\$	\$	\$	\$
2022							
Trade and other payables	15		2,089,860	-	-	2,089,860	2,089,860
			<u>2,089,860</u>	<u>-</u>	<u>-</u>	<u>2,089,860</u>	<u>2,089,860</u>
2021							
Trade and other payables			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>
Council							
			0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
			\$	\$	\$	\$	\$
2022							
Trade and other payables	15		1,975,077	-	-	1,975,077	1,975,077
			<u>1,975,077</u>	<u>-</u>	<u>-</u>	<u>1,975,077</u>	<u>1,975,077</u>
2021							
Trade and other payables			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>

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.

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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
		\$	\$	\$	\$	\$
Consolidated						
2022						
QTC cash fund		9,979,767	99,798	(99,798)	99,798	(99,798)
Commonwealth Bank		33,618	336	(336)	336	(336)
Macquarie Bank cash fund		518,631	5,186	(5,186)	5,186	(5,186)
Total	8	10,532,016	105,320	(105,320)	105,320	(105,320)
2021						
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)
Total		7,498,481	74,985	(74,985)	74,985	(74,985)
Council						
2022						
QTC cash fund		9,979,767	99,798	(99,798)	99,798	(99,798)
Commonwealth Bank		33,618	336	(336)	336	(336)
Total	8	10,013,385	100,134	(100,134)	100,134	(100,134)
2021						
QTC cash fund		6,946,332	69,463	(69,463)	69,463	(69,463)
Commonwealth Bank		33,584	336	(336)	336	(336)
Total		6,979,915	69,799	(69,799)	69,799	(69,799)

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
Notes to the financial statements
For the year ended 30 June 2022

23 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:

Type of transaction	Amount \$ 2022	Amount \$ 2021
Grants and subsidies provided by Council	786,091	959,538
Supply of building and mechanical materials and services by Council	55,816	12,279
Purchases of diesel fuel and motel accommodation by Council	212,162	161,725
Total	1,054,069	1,133,542

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 2020-21 and 2021-22 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:

Type of compensation	2022	2021
	\$	\$
Short-term employee benefits	813,620	796,862
Post-employment benefits	91,462	91,649
Long-term benefits	33,467	19,555
Total	938,548	908,066

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:

Details of Transaction	Note	2022	2021
		\$	\$
Employee expenses for close family members of key management personnel	23(c)(i)	220,404	162,125
Purchase of materials and services from entities controlled by key management personnel	23(c)(ii)	1,109,275	820,810
Sales of materials and services to entities controlled by key management personnel	23(c)(iii)	10,690	7,177

(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 79 staff of which 4 are close family members of key management personnel.

Lockhart River Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2022

(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	2022	2021
		\$	\$
Road construction services	Gray Ochre	208,251	322,943
Language services	Puuya Foundation	6,608	-
Housing construction services	AW Carpentry	87,984	77,432
Road construction services	Wayne Butcher Enterprises	806,431	420,436
Total		1,109,275	820,810

(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	\$	\$
Sale of materials & services	Puuya Foundation	4,576	3,188
Sale of materials & services	Wayne Butcher Enterprises	4,565	1,029
Sale of materials & services	Gray Ochre	1,550	2,960
Total		10,690	7,177

(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	370	-
More than 90 days overdue	-	-
Total owing	370	456

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
For the year ended 30 June 2022

Management Certificate
For the year ended 30 June 2022

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 32, 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 Cr Wayne Butcher
Date: 27 / 10 / 22



Chief Executive Officer
Name David Clarke
Date: 27 / 10 / 22

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 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



Lisa Fraser
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office
Brisbane

**Lockhart River Aboriginal Shire Council
Current-year Financial Sustainability
For the year ended 30 June 2022**

Measures of Financial Sustainability

	How the measure is calculated	Actual - Consolidated	Actual - Council	Target
Council's performance at 30 June 2022 against key financial ratios and targets:				
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-8%	-8%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	136%	137%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-54%	-50%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2022.

Certificate of Accuracy
For the year ended 30 June 2022

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

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



Mayor
Name Cr Wayne Butcher

Date: 27 / 10 / 22



Chief Executive Officer
Name David Clarke

Date: 27 / 10 / 22

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 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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- 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.



Lisa Fraser
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office
Brisbane

Lockhart River Aboriginal Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2022

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2022	Projected for the years ended								
				30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Consolidated												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-8.0%	-3.1%	-3.3%	-2.5%	-1.4%	0.2%	1.0%	2.0%	2.6%	3.3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	136.2%	175.3%	162.9%	145.9%	84.3%	74.9%	59.7%	67.4%	88.0%	40.0%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-54.5%	-32.5%	-33.2%	-29.8%	-35.5%	-40.2%	-48.1%	-41.4%	-42.4%	-40.5%
Council												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-7.8%	-3.4%	-3.5%	-2.7%	-1.6%	0.1%	0.8%	1.8%	2.5%	3.2%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	136.9%	166.2%	174.7%	151.3%	80.3%	31.5%	55.0%	55.9%	88.1%	26.8%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-50.3%	-30.0%	-30.3%	-25.8%	-31.1%	-38.6%	-46.5%	-41.5%	-42.3%	-40.6%

Lockhart River Aboriginal Shire Council's Financial Management Strategy

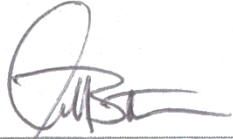
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial 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 2022

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

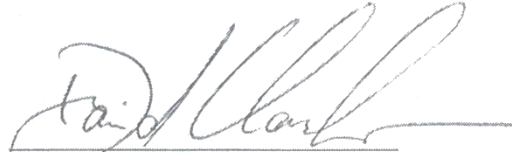
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Mayor
Name

Wayne Butler

Date: 27 / 10 / 22



Chief Executive Officer

Name

David Clarke

Date: 27 / 10 / 22