

Lockhart River Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2023

Lockhart River Aboriginal Shire Council

Financial statements

For the year ended 30 June 2023

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Lockhart River Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	Consolidated		Council	
		2023	2022	2023	2022
		\$	\$	\$	\$
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges		185,220	168,383	185,220	168,383
Sales revenue	3(a)	4,833,167	5,849,079	3,672,957	4,692,701
Grants, subsidies, contributions and donations	3(c)	17,182,147	10,033,262	17,182,147	10,033,262
Total recurrent revenue		<u>22,200,534</u>	<u>16,050,723</u>	<u>21,040,323</u>	<u>14,894,345</u>
Capital revenue					
Grants, subsidies, contributions and donations	3(c)	8,234,901	8,447,858	8,234,901	8,447,858
Total capital revenue		<u>8,234,901</u>	<u>8,447,858</u>	<u>8,234,901</u>	<u>8,447,858</u>
Rental income		101,179	96,161	82,634	77,616
Interest received		180,972	33,673	172,049	33,606
Other income	3(b)	111,322	149,068	110,633	141,610
Other capital income	3(d)	-	115,262	-	115,262
Total income		<u>30,828,908</u>	<u>24,892,744</u>	<u>29,640,541</u>	<u>23,710,295</u>
Expenses					
Recurrent expenses					
Employee benefits	4	(6,258,351)	(5,762,971)	(5,748,773)	(5,296,573)
Materials and services	5	(13,648,874)	(9,162,496)	(13,092,779)	(8,578,986)
Finance costs		(17,749)	(11,800)	(14,672)	(8,710)
Depreciation and amortisation					
Property, plant and equipment	13	(2,777,943)	(2,610,106)	(2,462,870)	(2,375,559)
Right-of-use assets	11	(56,417)	(54,732)	(42,837)	(41,563)
		<u>(22,759,334)</u>	<u>(17,602,106)</u>	<u>(21,361,932)</u>	<u>(16,301,390)</u>
Capital expenses	6	(336,496)	(33,148)	(645,770)	(819,238)
Total expenses		<u>(23,095,830)</u>	<u>(17,635,253)</u>	<u>(22,007,701)</u>	<u>(17,120,628)</u>
Net result		<u>7,733,079</u>	<u>7,257,491</u>	<u>7,632,840</u>	<u>6,589,667</u>
Other comprehensive income					
Items that will not be reclassified to net result					
Increase in asset revaluation surplus	13	7,682,677	9,595,999	6,859,190	9,337,855
Total other comprehensive income for the year		<u>7,682,677</u>	<u>9,595,999</u>	<u>6,859,190</u>	<u>9,337,855</u>
Total comprehensive income for the year		<u>15,415,756</u>	<u>16,853,490</u>	<u>14,492,030</u>	<u>15,927,522</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 2023

	Note	Consolidated		Council	
		2023 \$	2022 \$	2023 \$	2022 \$
Current assets					
Cash and cash equivalents	7	12,538,077	13,310,025	11,112,813	11,945,597
Trade and other receivables	8	1,988,217	1,652,195	1,894,839	1,523,576
Inventories	9	451,149	308,244	316,597	228,899
Contract assets	11a	3,439,226	1,623,963	3,439,226	1,623,963
Lease receivable	11	348,822	324,720	348,822	324,720
Total current assets		18,765,491	17,219,148	17,112,297	15,646,755
Non-current assets					
Lease receivable	11	9,043,642	9,574,673	9,043,642	9,574,673
Interest in other entities	12	-	-	100	100
Property, plant and equipment	13	121,391,200	106,933,866	109,201,634	95,588,789
Right-of-use assets	11	219,683	260,538	160,253	190,122
Total non-current assets		130,654,525	116,769,077	118,405,628	105,353,684
Total assets		149,420,016	133,988,225	135,517,926	121,000,439
Current liabilities					
Trade and other payables	14	2,533,854	2,089,860	2,361,242	1,975,077
Contract liabilities	11b	3,270,560	3,722,289	3,270,560	3,713,016
Lease liabilities	11	58,590	55,772	43,835	41,647
Provisions	15	503,852	608,978	466,619	527,715
Total current liabilities		6,366,856	6,476,898	6,142,256	6,257,455
Non-current liabilities					
Lease liabilities	11	168,214	211,641	116,939	147,731
Provisions	15	1,808,426	1,638,925	1,796,419	1,624,970
Total non-current liabilities		1,976,640	1,850,565	1,913,359	1,772,701
Total liabilities		8,343,496	8,327,463	8,055,614	8,030,156
Net community assets		141,076,520	125,660,764	127,462,312	112,970,282
Community equity					
Asset revaluation surplus	13	51,640,388	43,957,711	50,056,628	43,197,438
Retained surplus		89,436,132	81,703,053	77,405,684	69,772,844
Total community equity		141,076,520	125,660,764	127,462,312	112,970,282

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 2023

Consolidated	Asset revaluation surplus \$	Retained surplus \$	Total \$
Balance as at 30 June 2022	43,957,711	81,703,053	125,660,764
Net result	-	7,733,079	7,733,079
Other comprehensive income for the year Increase in asset revaluation surplus	7,682,677	-	7,682,677
Total comprehensive income for the year	7,682,677	7,733,079	15,415,756
Balance as at 30 June 2023	51,640,388	89,436,132	141,076,520
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
Council	Asset revaluation surplus \$	Retained surplus \$	Total \$
Balance as at 30 June 2022	43,197,438	69,772,844	112,970,282
Net result	-	7,632,840	7,632,840
Other comprehensive income for the year Increase in asset revaluation surplus	6,859,190	-	6,859,190
Total comprehensive income for the year	6,859,190	7,632,840	14,492,030
Balance as at 30 June 2023	50,056,628	77,405,684	127,462,312
Balance as at 30 June 2021	33,859,583	63,183,177	97,042,760
Net result	-	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

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 2023

Note	Consolidated		Council	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers	4,647,734	5,470,632	3,498,197	4,325,194
Receipts from grantors for non capital grants and contributions	3 14,044,861	13,588,928	14,044,861	13,588,928
Receipts from tenants	101,179	96,161	82,634	77,616
Payments to suppliers and employees	(19,546,615)	(14,317,134)	(18,471,843)	(13,298,900)
	(752,841)	4,838,587	(846,151)	4,692,837
Interest received	180,972	33,673	172,049	33,606
Net cash inflow/(outflow) from operating activities	19 <u>(571,869)</u>	<u>4,872,259</u>	<u>(674,102)</u>	<u>4,726,443</u>
Cash flows from investing activities				
Payments for property, plant and equipment	14 (9,602,599)	(9,225,495)	(9,266,525)	(8,439,404)
Payments for property, plant and equipment transferred to subsidiary	7 -	-	(309,274)	(786,091)
Proceeds from sale of property plant and equipment	19,500	-	19,500	-
Capital grants, subsidies, contributions and donations	3 9,114,470	7,039,979	9,114,470	7,039,979
Net cash inflow (outflow) from investing activities	<u>(468,629)</u>	<u>(2,185,516)</u>	<u>(441,829)</u>	<u>(2,185,516)</u>
Cash flows from financing activities				
Proceeds of finance leases	11 324,720	306,320	324,720	306,320
Repayment made on leases (principal only)	12 (56,172)	(54,308)	(41,572)	(40,332)
Net cash inflow (outflow) from financing activities	<u>268,549</u>	<u>252,012</u>	<u>283,148</u>	<u>265,988</u>
Net increase (decrease) in cash and cash equivalents held	<u>(771,949)</u>	<u>2,938,756</u>	<u>(832,783)</u>	<u>2,806,915</u>
Cash and cash equivalents at the beginning of the financial year	13,310,025	10,371,269	11,945,597	9,138,681
Cash and cash equivalents at end of the financial year	7 <u><u>12,538,076</u></u>	<u><u>13,310,025</u></u>	<u><u>11,112,814</u></u>	<u><u>11,945,597</u></u>

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

Lockhart River Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2023

1 Information about these financial statements

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023 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 2023 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 2022, 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 2023. 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.

Revenue recognition - Note 3

Valuation of leases - Note 11

Valuation and depreciation of property, plant and equipment - Note 13

Impairment of property, plant and equipment - Note 13

Estimation of provisions - Note 15

Estimation of probabilities of an accumulated deficit in self insurance pool and of the rehabilitation of Airport Land - Note 17

Impairment of financial instruments and financial liabilities - Note 22

(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.

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.

2 Analysis of results by function

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

Year ended 30 June 2023

Functions	Gross program income				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	8,100,044	34,316	7,191,964	-	-	15,326,323	(11,098,769)	(30,500)	-	(11,129,269)	(2,964,409)	4,197,055	66,493,468
Building Services	-	3,386,064	248,017	-	-	3,634,080	(3,208,052)	-	-	(3,208,052)	178,011	426,028	-
Community Development	1,941,408	100,490	-	-	-	2,041,898	(1,953,823)	-	-	(1,953,823)	88,076	88,076	-
Corporate Services	6,928,469	516,624	248,765	-	-	7,693,858	(3,103,174)	(305,996)	-	(3,409,170)	4,341,919	4,284,688	58,805,165
Governance & Leadership	24,509	-	16,979	-	-	41,488	(1,147,852)	-	-	(1,147,852)	(1,123,343)	(1,106,364)	-
Environmental Management	187,716	186,000	529,177	-	-	902,893	(1,159,536)	-	-	(1,159,536)	(785,820)	(256,643)	10,219,293
Total Council	17,182,147	4,223,493	8,234,901	-	-	29,640,541	(21,671,206)	(336,496)	-	(22,007,701)	(265,566)	7,632,840	135,517,926
Controlled entity net of eliminations	-	1,835,032	-	-	(646,665)	1,188,367	(1,734,793)	-	646,665	(1,088,128)	100,239	100,239	13,901,401
Total consolidated	17,182,147	6,058,525	8,234,901	-	(646,665)	30,828,908	(23,405,999)	(336,496)	646,665	(23,095,830)	(165,327)	7,733,079	149,419,327

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				Recurring	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

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Rendering of services				
Contract and recoverable works	3,391,792	4,434,775	3,391,792	4,434,775
Accommodation	34,971	51,048	34,971	51,048
Motor vehicle repairs	24,535	28,253	24,535	28,253
Agency commissions	613	816	613	816
	<u>3,451,911</u>	<u>4,514,892</u>	<u>3,451,911</u>	<u>4,514,892</u>
Sale of goods				
Gas bottles	161,343	137,574	161,343	137,574
Post office	59,703	40,234	59,703	40,234
Other sales*	1,160,210	1,156,378	-	-
	<u>1,381,257</u>	<u>1,334,187</u>	<u>221,047</u>	<u>177,809</u>
Total sales revenue	<u><u>4,833,167</u></u>	<u><u>5,849,079</u></u>	<u><u>3,672,957</u></u>	<u><u>4,692,701</u></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.

*Other sales is the revenue from Aerodrome Company that includes sale of fuel recognised at point in time the customer obtains control of the goods and rendering of services in accommodation, Skytrans commissions, landing fees, transfer/delivery fees and refuelling call-out fees recognised when service is rendered.

(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.

Sundry income	111,140	144,547	110,633	141,610
Gain on impairment reversed	182	4,521	-	-
	<u>111,322</u>	<u>149,068</u>	<u>110,633</u>	<u>141,610</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

(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	
	2023	2022	2023	2022
	\$	\$	\$	\$
(i) Operating				
State government subsidies and grants	16,408,010	9,324,514	16,408,010	9,324,514
Commonwealth government subsidies and grants	762,917	707,748	762,917	707,748
Donations and contributions	11,220	1,000	11,220	1,000
	<u>17,182,147</u>	<u>10,033,262</u>	<u>17,182,147</u>	<u>10,033,262</u>
(ii) Capital				
State government subsidies and grants	7,948,557	7,955,987	7,948,557	7,955,987
Commonwealth government subsidies and grants	286,344	491,870	286,344	491,870
	<u>8,234,901</u>	<u>8,447,858</u>	<u>8,234,901</u>	<u>8,447,858</u>

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

		Consolidated		Council	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenue recognised at a point in time					
Grants and subsidies	3(c)	7,705,076	5,122,321	7,705,076	5,122,321
Donations and contributions	3(c)	11,220	1,000	11,220	1,000
		<u>7,716,297</u>	<u>5,123,321</u>	<u>7,716,297</u>	<u>5,123,321</u>
Revenue recognised over time					
Grants and subsidies	3(c)	18,035,903	13,358,120	18,035,903	13,358,120
		<u>18,035,903</u>	<u>13,358,120</u>	<u>18,035,903</u>	<u>13,358,120</u>
		<u>25,752,200</u>	<u>18,481,440</u>	<u>25,752,200</u>	<u>18,481,440</u>

(d) Capital income

Gain on revaluation of finance leases					
Increase in revaluation of finance leases	12	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provision for restoration of land					
Decrease in provision		-	115,262	-	115,262
		<u>-</u>	<u>115,262</u>	<u>-</u>	<u>115,262</u>
Total capital income		<u>-</u>	<u>115,262</u>	<u>-</u>	<u>115,262</u>

4 Employee benefits

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

Total staff wages and salaries		5,158,454	4,829,740	4,706,759	4,437,487
Councillors' remuneration		339,610	332,988	339,610	332,988
Annual, sick and long service leave entitlements		754,298	737,155	754,298	704,566
Superannuation	18	597,884	551,506	547,351	513,035
		<u>6,850,246</u>	<u>6,451,389</u>	<u>6,348,018</u>	<u>5,988,076</u>
Other employee related expenses		66,304	68,425	58,954	65,340
		<u>6,916,549</u>	<u>6,519,814</u>	<u>6,406,972</u>	<u>6,053,416</u>
Less: Capitalised employee expenses		(658,198)	(756,843)	(658,198)	(756,843)
		<u>6,258,351</u>	<u>5,762,971</u>	<u>5,748,773</u>	<u>5,296,573</u>

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

	2023	2022	2023	2022
Total Council employees at the reporting date:				
Elected members	5	5	5	5
Administration staff	79	83	75	79
Total full time equivalent employees	<u>84</u>	<u>88</u>	<u>80</u>	<u>84</u>

5 Materials and services

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

Administration supplies and consumables	1,156,246	1,369,728	967,206	1,050,115
Audit of annual financial statements by the Auditor-General of Queensland*	125,953	112,000	93,517	86,000
Communications and IT	406,230	286,417	376,062	253,564
Consultants	85,040	246,562	84,081	245,430
Donations paid	97,436	94,696	97,436	94,696
Power	153,934	139,267	113,962	107,595
Repairs and maintenance	10,518,226	6,002,589	10,343,669	5,885,182
Rentals - operating leases	5,209	12,594	4,408	11,670
Subscriptions and registrations	67,526	62,195	67,526	62,195
Insurance	604,650	435,548	527,761	385,038
Legal fees	2,383	21,767	2,383	21,767
Travel	227,116	274,845	215,842	271,446
Other materials and services	198,925	104,287	198,925	104,287
Total materials and services	<u>13,648,874</u>	<u>9,162,496</u>	<u>13,092,779</u>	<u>8,578,986</u>

*Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements for the consolidated entity are \$106,500 (2022: \$109,500).

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$	\$	\$	\$
6 Capital expenses				
Loss on revaluation of finance leases				
Decrease in revaluation of finance leases	12	182,210	33,148	182,210
		<u>182,210</u>	<u>33,148</u>	<u>182,210</u>
Capital works transferred to controlled entity				
New accommodation cabins		-	-	102,461
Airport fencing		-	-	206,813
Iron Range Cabins Parking Area		-	-	40,256
		<u>-</u>	<u>-</u>	<u>309,274</u>
Loss on disposal of non-current assets				
Written-down value of property, plant and equipment disposed of		50,000	-	50,000
Less: Proceeds from the sale of property, plant and equipment		(19,500)	-	(19,500)
		<u>30,500</u>	<u>-</u>	<u>30,500</u>
Provision for restoration of land				
Increase in provision		123,786	-	123,786
		<u>123,786</u>	<u>-</u>	<u>123,786</u>
Total capital expenses		<u>336,496</u>	<u>33,148</u>	<u>645,770</u>
				<u>819,238</u>

7 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	1,827,843	2,778,005	930,133	1,932,208
Deposits at call	10,710,230	10,532,016	10,182,676	10,013,385
Balance per Statement of Financial Position	<u>12,538,073</u>	<u>13,310,021</u>	<u>11,112,809</u>	<u>11,945,593</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	12,538,073	13,310,021	11,112,809	11,945,593
Less: Externally imposed restrictions on cash	(3,835,164)	(4,143,070)	(3,835,164)	(4,143,070)
Unrestricted cash	<u>8,702,909</u>	<u>9,166,952</u>	<u>7,277,645</u>	<u>7,802,523</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	3,835,164	4,143,070	3,835,164	4,143,070
Total externally imposed restrictions on cash assets	<u>3,835,164</u>	<u>4,143,070</u>	<u>3,835,164</u>	<u>4,143,070</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

	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
	<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 2023

8 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 impairment 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.

Council has applied the simplified approach for trade receivables, and the loss allowance is measured at an amount equal to the lifetime expected credit losses.

	Consolidated		Council	
	2023 \$	2022 \$	2023 \$	2022 \$
Current				
Trade debtors	2,008,822	1,678,181	1,904,185	1,538,121
Less allowance for expected credit losses	(37,678)	(26,209)	(26,419)	(14,768)
Prepayments	17,074	223	17,074	223
Total current trade and other receivables	<u>1,988,217</u>	<u>1,652,195</u>	<u>1,894,839</u>	<u>1,523,576</u>

No interest is charged on trade debtors.

Movement in accumulated expected credit losses is as follows:

Opening balance at 1 July	26,209	24,773	14,768	8,811
Additional allowance for expected credit losses	11,651	5,957	11,651	5,957
Reversal of allowance for expected credit losses	(182)	(4,521)	-	-
Closing balance at 30 June	<u>37,678</u>	<u>26,209</u>	<u>26,419</u>	<u>14,768</u>

9 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	134,551	79,345	-	-
	<u>134,551</u>	<u>79,345</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	316,597	228,899	316,597	228,899
	<u>316,597</u>	<u>228,899</u>	<u>316,597</u>	<u>228,899</u>
Total inventories	<u>451,149</u>	<u>308,244</u>	<u>316,597</u>	<u>228,899</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

10 Contract balances

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$	\$	\$	\$
(a) Contract assets	3,439,226	1,623,963	3,439,226	1,623,963
	<u>3,439,226</u>	<u>1,623,963</u>	<u>3,439,226</u>	<u>1,623,963</u>
(b) Contract liabilities				
Funds received upfront to construct Council controlled assets	2,697,507	882,561	2,697,507	882,561
Non-capital performance obligations not yet satisfied	573,053	2,839,727	573,053	2,830,455
	<u>3,270,560</u>	<u>3,722,289</u>	<u>3,270,560</u>	<u>3,713,016</u>
Current contract liabilities	3,270,560	3,722,289	3,270,560	3,713,016
	<u>3,270,560</u>	<u>3,722,289</u>	<u>3,270,560</u>	<u>3,713,016</u>
Revenue recognised included in the contract liability balance at the beginning of the year				
Funds to construct Council controlled assets	745,646	1,109,951	745,646	1,109,951
Non-capital performance obligations (including deposits received in advance)	2,527,493	4,958	2,527,493	4,958
	<u>3,273,139</u>	<u>1,114,909</u>	<u>3,273,139</u>	<u>1,114,909</u>

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets.

Council expects to recognise the contract liability as income in the next year.

11 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 current lease is due to expire on 27 January 2027 with renewal option of 5 years. This lease is subject to annual CPI increases.

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

Right-of-use assets

	Consolidated			Council
	Land	Buildings	Total	Buildings
	\$	\$	\$	\$
Balance at 1 July 2022	70,416	190,122	260,538	190,122
Additions to right-of-use assets	2,595	12,968	15,563	12,968
Depreciation charge	(13,581)	(42,837)	(56,417)	(42,837)
Balance at 30 June 2023	<u>59,430</u>	<u>160,253</u>	<u>219,683</u>	<u>160,253</u>
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>

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	
	2023	2022	2023	2022
Council and Consolidated	\$	\$	\$	\$
<1 year	61,597	57,775	46,197	42,875
1 - 5 years	166,018	209,016	114,797	149,416
>5 years	-	4,858	-	-
Total	<u>227,615</u>	<u>271,649</u>	<u>160,994</u>	<u>192,291</u>
Current lease liability	58,590	55,772	43,835	41,647
Non current lease liability	168,214	211,641	116,939	147,731
Total per statement of financial position	<u>226,804</u>	<u>267,413</u>	<u>160,774</u>	<u>189,378</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	
	2023	2022	2023	2022
Council and Consolidated	\$	\$	\$	\$
Interest on lease liabilities	3,764	2,751	2,964	1,826
Depreciation of right-of-use assets	56,417	54,732	42,837	41,563
Short term lease	4,408	11,670	4,408	11,670
	<u>64,590</u>	<u>69,153</u>	<u>50,209</u>	<u>55,059</u>
Total cash outflows for leases	<u>56,172</u>	<u>54,308</u>	<u>41,572</u>	<u>40,332</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 2023

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 \$3,559 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 (witten 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current other financial assets				
Finance leases receivable	348,822	324,720	348,822	324,720
	<u>348,822</u>	<u>324,720</u>	<u>348,822</u>	<u>324,720</u>
Non-current other financial assets				
Finance leases receivable	9,043,642	9,574,673	9,043,642	9,574,673
	<u>9,043,642</u>	<u>9,574,673</u>	<u>9,043,642</u>	<u>9,574,673</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	10,895,064	10,467,005	10,895,064	10,467,005
Add: Estimated contingent rent	7,183,167	7,660,382	7,183,167	7,660,382
Less: Present value adjustment	(8,685,768)	(8,227,994)	(8,685,768)	(8,227,994)
Fair value of lease payments	<u>9,392,464</u>	<u>9,899,394</u>	<u>9,392,464</u>	<u>9,899,394</u>

The fair value of lease payments is receivable as follows:

Not later than one year	348,822	324,720	348,822	324,720
Later than one year but not later than five years	1,360,638	1,287,242	1,360,638	1,287,242
Later than five years	7,683,004	8,287,431	7,683,004	8,287,431
	<u>9,392,464</u>	<u>9,899,394</u>	<u>9,392,464</u>	<u>9,899,394</u>

Movements in finance leases were as follows:

Opening balance	9,899,394	10,238,862	9,899,394	10,238,862
Add: Initial recognition of new leases of Council houses	-	-	-	-
Less: Lease receipts	(324,720)	(306,320)	(324,720)	(306,320)
Add: Gain/(loss) on revaluation	3(b) (182,210)	(33,148)	(182,210)	(33,148)
Closing balance	<u>9,392,464</u>	<u>9,899,394</u>	<u>9,392,464</u>	<u>9,899,394</u>

The calculation of fair value has included an estimate of average annual CPI increases of 3.14% (2022: 3.28%) and a discount rate of 4.19% (2022: 3.65%).

12 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 2023

13 Property, plant and equipment

Consolidated - 30 June 2023

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 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 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
Additions	-	321,321	3,300	176,213	-	4,872,020	15,240	-	95,218	4,119,288	9,602,599
Disposals	-	-	-	(185,295)	-	-	-	-	-	-	(185,295)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	2,294,573	1,613,728	-	-	5,375,377	682,302	621,035	348,738	-	10,935,753
Transfers between classes	-	117,243	52,449	-	-	2,256,853	-	-	804,325	(3,230,869)	-
Closing gross value as at 30 June 2023	1,000,000	25,009,002	19,729,000	5,413,983	1,487,905	82,412,746	8,822,714	6,994,386	6,251,309	6,051,895	163,172,942

Accumulated depreciation and impairment

Opening balance as at 1 July 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
Depreciation expense	-	403,369	276,809	361,647	53,615	1,304,774	131,337	69,628	176,765	-	2,777,943
Depreciation on disposals	-	-	-	(135,295)	-	-	-	-	-	-	(135,295)
Revaluation adjustment to asset revaluation surplus	-	790,861	659,842	-	-	1,157,272	288,505	183,650	172,945	-	3,253,076
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2023	-	8,391,231	7,676,435	4,028,166	1,309,071	12,485,062	3,500,304	1,944,392	2,447,081	-	41,781,742

Consolidated book value as at 30 June 2023

Residual value	1,000,000	16,617,771	12,052,565	1,385,818	178,835	69,927,685	5,322,409	5,049,994	3,804,228	6,051,895	121,391,200
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	-	47,321	3,300	-	-	2,750,818	15,240	-	-	752,637	3,569,315
Other additions	-	274,000	-	176,213	-	2,121,202	-	-	95,218	3,366,650	6,033,283
Total additions	-	321,321	3,300	176,213	-	4,872,020	15,240	-	95,218	4,119,288	9,602,599

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning 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
Increase (decrease) in revaluation surplus	-	1,503,712	953,886	-	-	4,218,105	393,797	437,385	175,792	-	7,682,677
Balance at end of financial year	700,000	7,542,177	20,338,725	-	-	16,505,837	3,564,867	2,928,158	60,625	-	51,640,389

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

13 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	
	Level 2	Level 2 & 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	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
Fair value category	-	809,175	-	178,126	81,501	3,494,956	196,042	112,321	115,867	4,237,507	9,225,495
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

Residual value	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	-	34,361,711
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 2023

13 Property, plant and equipment

Council - 30 June 2023

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category	Level 2	Level 2 & 3	Level 2 & 3			Level 3	Level 3	Level 3	Level 3		
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 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
Additions	-	321,321	3,300	149,413	-	4,872,020	15,240	-	95,218	3,810,014	9,266,525
Disposals	-	-	-	(185,295)	-	-	-	-	-	-	(185,295)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	1,702,029	1,613,728	-	-	4,589,126	650,062	596,022	332,886	-	9,483,854
Transfers between classes	-	14,782	52,449	-	-	1,940,182	-	-	804,325	(2,811,738)	-
Closing gross value as at 30 June 2023	1,000,000	17,973,292	19,729,000	5,039,982.81	845,877	73,058,284	8,452,473	6,758,359	5,893,486	6,051,902	144,802,656

Accumulated depreciation and impairment

Opening balance as at 1 July 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
Depreciation expense	-	302,837	276,809	356,092	44,230	1,126,929	122,097	63,074	170,803	-	2,462,870
Depreciation on disposals	-	-	-	(135,295)	-	-	-	-	-	-	(135,295)
Revaluation adjustment to asset revaluation surplus	-	582,007	659,842	-	-	788,922	267,384	162,234	164,274	-	2,624,664
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2023	-	6,088,295	7,676,436	3,681,674	704,776	10,062,132	3,249,204	1,742,335	2,396,170	-	35,601,023

Total written down value as at 30 June 2023

Residual value	1,000,000	11,884,997	12,052,564	1,358,309	141,101	62,996,152	5,203,270	5,016,024	3,497,316	6,051,902	109,201,634
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	-	47,321	3,300	-	-	2,750,818	15,240	-	-	545,825	3,362,503
Other additions	-	274,000	-	149,413	-	2,121,202	-	-	95,218	3,264,189	5,904,022
Total additions	-	321,321	3,300	149,413	-	4,872,020	15,240	-	95,218	3,810,014	9,266,525

Movements in the asset revaluation surplus were as follows:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning 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
Increase (decrease) in revaluation surplus	-	1,120,022	953,886	-	-	3,800,205	382,678	433,788	168,611	-	6,859,190
Balance at end of financial year	700,000	6,253,797	20,338,724	-	-	16,636,760	3,318,422	2,941,552	(132,627)	-	50,056,627

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

13 Property, plant and equipment

Council - 30 June 2022

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		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	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
Fair value category	-	354,800	-	178,126	81,501	3,204,827	196,042	112,321	115,867	4,195,920	8,439,404
Asset values											
Opening gross value as at 1 July 2021	-	-	-	-	-	-	-	-	-	-	-
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
Residual value	-	-	-	-	-	-	-	-	-	-	-
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

13 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, Aerodrome Company 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 2023, 'desktop' 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 statement of comprehensive income in that case the increase is taken to the statement of comprehensive income 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 measurements* 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, Aerodrome Company Manager and CT Management Group Consultant.

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 2023, the asset revaluations movement in consolidated entity was due to \$10,935,753 (Council: \$9,483,854) from desktop 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 \$3,253,076 (Council: \$2,624,664).

Lockhart River Aboriginal Shire Council
Notes to the financial statements
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13 Property, plant and equipment

(ii) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Land (level 3)	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.	0.00%
Buildings (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 from recently completed buildings)	10.50%
Housing (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 from recently completed buildings)	11.50%
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	4.60% - 12.00%
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	7.60% - 14.80%
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 Gross replacement cost	7.60% - 14.80%
Other infrastructure (level 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, manufacturer's specifications and other data)	8.25% - 14.25%

(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 2023

14 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current				
Creditors	2,115,926	1,675,876	2,026,632	1,630,294
Accrued wages and salaries	1,789	47,451	-	47,451
Accrued expenses	114,344	103,275	80,000	69,903
Other creditors	301,794	263,257	254,610	227,430
	<u>2,533,854</u>	<u>2,089,860</u>	<u>2,361,242</u>	<u>1,975,077</u>

15 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.

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.

Provision for restoration of land

A provision is made for the cost of restoration of land 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 of land 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current				
Annual leave	251,900	294,869	217,338	236,612
Long service leave	251,951	314,109	249,281	291,103
	<u>503,852</u>	<u>608,978</u>	<u>466,619</u>	<u>527,715</u>
Non-current				
Long service leave	105,138	59,423	93,128	45,468
Provision for restoration of land	1,703,288	1,579,502	1,703,288	1,579,502
	<u>1,808,426</u>	<u>1,638,925</u>	<u>1,796,419</u>	<u>1,624,970</u>

Details of movements in provisions:

Provision for restoration of land

Balance at beginning of financial year	1,579,504	1,694,764	1,579,504	1,694,764
Increase in provision due to unwinding of discount	64,075	18,642	64,075	18,642
Increase in provision due to change in discount rate	(8,216)	(251,453)	(8,216)	(251,453)
Increase/(decrease) in provision due to additions	67,925	117,551	67,925	117,551
Balance at end of financial year	<u>1,703,288</u>	<u>1,579,504</u>	<u>1,703,288</u>	<u>1,579,504</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 \$1,799,448 and this cost is expected to be incurred in 2030 after closing the site in 2028 and allowing a period for settlement.

16 Commitments for expenditure

Commitments for the construction of assets and other costs contracted for the at the reporting period date but not recognised as liabilities.

Development of new subdivision	6,104,056	-	6,104,056	-
Housing	203,855	-	203,855	-
Road infrastructure	1,257,239	556,120	1,257,239	556,120
Sewerage infrastructure/New subdivision	110,737	-	110,737	-
Water infrastructure	370,197	-	370,197	-
Other infrastructure	37,490	-	37,490	-
Other costs	12,624	-	12,624	-
	<u>8,096,199</u>	<u>556,120</u>	<u>8,096,199</u>	<u>556,120</u>

These expenditures are payable within one year.

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 2023 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 LGIA super trading as Brighter Super (the scheme). LGIA super is a Multi-employer Plan as defined in Australian Accounting Standard AASB 119 *Employee Benefits*. The scheme has a number of elements including a defined benefits funds and accumulated benefits' accounts for employees. 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 have accumulated benefits' accounts as members of the fund.

	Note	Consolidated		Council	
		2023	2022	2023	2022
		\$	\$	\$	\$
Superannuation contributions made to the Accumulated Benefits Fund	4	597,884	551,506	547,351	513,035
Other superannuation contributions for employees		-	-	-	-
Total superannuation contributions paid by Council for employees:		<u>597,884</u>	<u>551,506</u>	<u>547,351</u>	<u>513,035</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net result	7,733,079	7,257,491	7,632,840	6,589,667
Non-cash items:				
Depreciation and amortisation	2,834,360	2,664,838	2,505,707	2,417,121
Allowance for expected credit losses	11,469	1,436	11,651	5,957
Provision for restoration of land	123,786	(115,262)	123,786	(115,262)
Loss on revaluation of finance leases	182,210	33,148	182,210	33,148
	<u>3,151,825</u>	<u>2,584,160</u>	<u>2,823,354</u>	<u>2,340,964</u>
Investing and development activities:				
Net loss/(gain) on disposal of non-current assets	30,500	-	30,500	-
Capital works contributed in kind to controlled entity	-	-	309,274	786,091
Capital grants and contributions	3 (8,234,901)	(8,447,858)	(8,234,901)	(8,447,858)
	<u>(8,204,401)</u>	<u>(8,447,858)</u>	<u>(7,895,128)</u>	<u>(7,661,767)</u>
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	(338,887)	(709,412)	(382,914)	(670,158)
(Increase)/decrease in contract assets	(879,886)	820,830	(879,886)	820,830
(Increase)/decrease in inventory	(142,906)	(1,623)	(87,699)	(7,342)
Increase/(decrease) in payables	435,391	484,578	386,166	472,019
Increase/(decrease) in contract liabilities	(2,266,673)	2,744,109	(2,257,400)	2,734,836
Increase/(decrease) in other provisions	(59,411)	139,983	(13,436)	107,393
	<u>(3,252,372)</u>	<u>3,478,465</u>	<u>(3,235,169)</u>	<u>3,457,578</u>
Net cash inflow/(outflow) from operating activities	<u>(571,869)</u>	<u>4,872,259</u>	<u>(674,102)</u>	<u>4,726,443</u>

20 Reconciliation of liabilities arising from financing activities

Consolidated	\$		\$	
	As at June 2022	Cash flows	Non-cash changes (new leases)	As at 30 June 2023
2023				
Lease liability	<u>267,413</u>	<u>(56,172)</u>	<u>15,563</u>	<u>226,804</u>
2022				
Lease liability	<u>111,146</u>	<u>(54,308)</u>	<u>210,575</u>	<u>267,413</u>
Council				
2023				
Lease liability	<u>189,378</u>	<u>(41,572)</u>	<u>12,968</u>	<u>160,774</u>
2022				
Lease liability	<u>22,203</u>	<u>(40,332)</u>	<u>207,507</u>	<u>189,378</u>

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

Risk management framework

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Government Departments & Agencies	1,474,482	1,302,165	1,462,042	1,295,812
Local debtors	405,005	40,708	391,613	27,128
Other debtors	133,681	335,307	50,530	215,180
	<u>2,013,168</u>	<u>1,678,181</u>	<u>1,904,185</u>	<u>1,538,121</u>

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2023

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 %	2023		2022	
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
Not past due	0.40	1,849,732	7,396	1,571,455	5,656
Past due 31-60 days	1.10	59,484	706	54,296	612
Past due 61-90 days	5.60	31,285	1,769	3,982	223
More than 90 days	40.70	68,322	27,807	48,448	19,718
Total		2,008,822	37,678	1,678,181	26,209

Council	Weighted- average loss rate %	2023		2022	
		Gross carrying amount \$	Loss Allowance \$	Gross carrying amount \$	Loss Allowance \$
Not past due	0.40	1,791,734	7,167	1,502,411	5,329
Past due 31-60 days	1.10	43,940	483	12,865	142
Past due 61-90 days	5.60	25,967	1,454	-	-
More than 90 days	40.70	42,544	17,315	22,845	9,298
Total		1,904,185	26,420	1,538,121	14,768

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 \$11,469 for the Consolidated entity and \$11,652 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
			\$	\$	\$	\$	\$
2023							
Trade and other payables	15		2,533,854	-	-	2,533,854	2,533,854
			<u>2,533,854</u>	<u>-</u>	<u>-</u>	<u>2,533,854</u>	<u>2,533,854</u>
2022							
Trade and other payables			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>
Council							
			0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
			\$	\$	\$	\$	\$
2023							
Trade and other payables	15		2,361,242	-	-	2,361,242	2,361,242
			<u>2,361,242</u>	<u>-</u>	<u>-</u>	<u>2,361,242</u>	<u>2,361,242</u>
2022							
Trade and other payables			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>

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 2023

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						
2023						
QTC cash fund		10,149,058	101,491	(101,491)	101,491	(101,491)
Commonwealth Bank		33,618	336	(336)	336	(336)
Macquarie Bank cash fund		527,553	5,276	(5,276)	5,276	(5,276)
Total	8	10,710,229	107,102	(107,102)	107,102	(107,102)
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		10,532,016	105,320	(105,320)	105,320	(105,320)
Council						
2023						
QTC cash fund		10,149,058	101,491	(101,491)	101,491	(101,491)
Commonwealth Bank		33,618	336	(336)	336	(336)
Total	8	10,182,676	101,827	(101,827)	101,827	(101,827)
2022						
QTC cash fund		9,979,767	99,798	(99,798)	99,798	(99,798)
Commonwealth Bank		33,618	336	(336)	336	(336)
Total		10,013,385	100,134	(100,134)	100,134	(100,134)

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 2023

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 12).

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

Type of transaction	Amount \$ 2023	Amount \$ 2022
Grants and subsidies provided by Council	309,274	786,091
Supply of building and mechanical materials and services by Council	82,369	55,816
Purchases of diesel fuel and motel accommodation by Council	255,344	212,162
Total	646,987	1,054,069

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 2021-22 and 2022-23 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 Consolidated entity, 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	2023	2022
	\$	\$
Short-term employee benefits	1,044,362	1,024,402
Post-employment benefits	124,578	111,483
Long-term benefits	-	40,785
Total	1,168,940	1,176,669

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 Consolidated entity and other related parties are disclosed below:

Details of Transaction	Note	2023	2022
		\$	\$
Employee expenses for close family members of key management personnel	23(c)(i)	226,322	220,404
Purchase of materials and services from entities controlled by key management personnel	23(c)(ii)	1,733,621	1,109,275
Sales of materials and services to entities controlled by key management personnel	23(c)(iii)	6,067	16,883

(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 Consolidated entity employs 79 (Council: 75) 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 2023

(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 Consolidated entity operations:

Type of purchases	Entities controlled by KMP	2023	2022
		\$	\$
Road construction services	Gray Ochre	245,059	208,251
Language services	Puuya Foundation	-	6,608
Housing construction services	AW Carpentry	78,884	87,984
Road construction services	Wayne Butcher Enterprises	1,409,678	806,431
Total		1,733,621	1,109,275

(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 Consolidated entity operations:

Type of sales	Entities controlled by KMP	\$	\$
Sale of materials & services	Puuya Foundation	2,603	4,746
Sale of materials & services	Wayne Butcher Enterprises	-	4,565
Sale of materials & services	Gray Ochre	3,464	7,496
Sale of materials & services	Keith Cook	-	77
Total		6,067	16,883

(d) Outstanding balances

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

Trade and other receivables	Amounts owed by entities controlled by KMP	
	\$	\$
Not past due	1,798	-
Past due 31-60 days	5,137	-
Past due 61-90 days	1,694	370
More than 90 days overdue	3,519	-
Total owing	12,148	370

Trade and other payables	Amounts owing to entities controlled by KMP	
	\$	\$
Not past due	42,995	92,347
Past due 31-60 days	-	-
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total owing	42,995	92,347

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

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

(f) Commitments to/from other related parties

Consolidated entity 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 Consolidated entity live and operate within the Lockhart River Aboriginal Shire. Therefore, on a regular basis ordinary citizen transactions occur at arm's length between Consolidated entity 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

Consolidated entity 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 2023

Management Certificate
For the year ended 30 June 2023

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

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

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

Date: 06 / 11 / 2023



Chief Executive Officer
Name

Date: 06 / 11 / 2023

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 accompanying financial report of Lockhart River Aboriginal Shire Council (the council) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and group's financial position as at 30 June 2023, and of their 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 statements of financial position as at 30 June 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

I am independent of the council and group 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 2023 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal controls 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 and group'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 group.

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 forming an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's and group'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 group'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 group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to form an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, 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 and group's transactions and account balances to enable the preparation of a true and fair financial report.

Jacques Coetzee

14 November 2023

Jacques Coetzee
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

**Lockhart River Aboriginal Shire Council
Current-year Financial Sustainability
For the year ended 30 June 2023**

Measures of Financial Sustainability	How the measure is calculated	Actual - Consolidated	Actual - Council	Target
Council's performance at 30 June 2023 against key financial ratios and targets:				
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-1%	0%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	151%	163%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-46%	-42%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2023.

Certificate of Accuracy
For the year ended 30 June 2023

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

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



Mayor

Name

Date: 06 / 11 / 2023



Chief Executive Officer

Name

Date: 06 / 11 / 2023

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 2023, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s. 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Lockhart River Aboriginal Shire Council for the year ended 30 June 2023 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Lockhart River Aboriginal Shire Council's annual report for the year ended 30 June 2023 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 formed 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.

● *Queensland*
● ● **Audit Office**

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- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

Jacques Coetzee

14 November 2023

Jacques Coetzee
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Lockhart River Aboriginal Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2023

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2023	Projected for the years ended								
				30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
Consolidated												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-0.7%	0.1%	-1.3%	-0.9%	-0.2%	0.9%	1.2%	1.6%	1.8%	2.1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	151.1%	44.0%	46.9%	142.3%	83.1%	72.7%	58.0%	67.3%	84.0%	38.2%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-46.1%	-43.6%	-46.9%	-39.9%	-40.5%	-40.6%	-42.6%	-38.3%	-39.0%	-35.8%
Council												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	0.2%	0.9%	-0.7%	-0.3%	0.4%	1.5%	1.8%	2.1%	2.3%	2.6%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	163.0%	39.1%	48.8%	151.6%	81.1%	31.4%	54.7%	54.4%	85.7%	26.1%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-42.3%	-42.2%	-45.6%	-37.6%	-37.6%	-40.9%	-42.9%	-37.6%	-38.5%	-35.9%

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 2023

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

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



Mayor
Name

Date: 06 / 11 / 2023



Chief Executive Officer
Name

Date: 06 / 11 / 2023