

Bulloo Shire Council

FINANCIAL STATEMENTS
for the year ended 30 June 2022

Our Vision
Growth - Community - Local - Everyone



BULLOO SHIRE COUNCIL

Financial statements

For the year ended 30 June 2022

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BULLOO SHIRE COUNCIL**Statement of Comprehensive Income**
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	5,300,476	5,135,234
Fees and charges	3(b)	251,345	218,551
Sales revenue	3(c)	6,253,848	1,862,160
Grants, and subsidies	3(d)	15,185,464	13,778,435
Total recurrent revenue		<u>26,991,134</u>	<u>20,994,379</u>
Capital revenue			
Grants, and subsidies	3(d)	3,315,826	6,972,253
Total capital revenue		<u>3,315,826</u>	<u>6,972,253</u>
Rental income	4(a)	463,361	472,271
Interest received	4(b)	86,266	130,534
Other income	4(c)	130,888	312,522
Capital income	5	2,463	14,606
Total income		<u>30,989,937</u>	<u>28,896,566</u>
Expenses			
Recurrent expenses			
Employee benefits	6	6,844,257	6,388,873
Materials and services	7	14,789,233	10,286,083
Finance costs	8	5,390	23,897
Depreciation and amortisation	13	7,498,866	6,910,142
		<u>29,137,745</u>	<u>23,608,995</u>
Capital expenses	9	-	487,762
		<u>-</u>	<u>487,762</u>
Total expenses		<u>29,137,745</u>	<u>24,096,757</u>
Net result		<u>1,852,192</u>	<u>4,799,810</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	17	12,897,958	-
Total other comprehensive income for the year		<u>12,897,958</u>	<u>-</u>
Total comprehensive income for the year		<u>14,750,151</u>	<u>4,799,810</u>

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

BULLOO SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	10	21,815,010	19,227,995
Receivables	11	860,203	950,349
Inventories	12	803,237	859,022
Contract assets	14(a)	1,757,485	344,666
Total current assets		<u>25,235,935</u>	<u>21,382,032</u>
Non-current assets			
Receivables	11	41,336	55,800
Property, plant and equipment	13	212,462,182	198,698,462
Total non-current assets		<u>212,503,518</u>	<u>198,754,262</u>
TOTAL ASSETS		<u>237,739,453</u>	<u>220,136,294</u>
Current liabilities			
Contract liabilities	14(b)	1,447,359	1,187,116
Payables	15	3,192,658	854,180
Provisions	16	1,328,631	1,102,276
Total current liabilities		<u>5,968,648</u>	<u>3,143,572</u>
Non-current liabilities			
Provisions	16	130,244	102,311
Total non-current liabilities		<u>130,244</u>	<u>102,311</u>
TOTAL LIABILITIES		<u>6,098,892</u>	<u>3,245,883</u>
NET COMMUNITY ASSETS		<u>231,640,561</u>	<u>216,890,411</u>
Community equity			
Retained surplus		129,688,216	127,836,024
Asset revaluation surplus	17	101,952,345	89,054,387
TOTAL COMMUNITY EQUITY		<u>231,640,561</u>	<u>216,890,411</u>

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

BULLOD SHIRE COUNCIL

Statement of Changes in Equity
For the year ended 30 June 2022

	Total		Retained surplus		Asset revaluation surplus	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	216,890,411	212,080,801	127,836,024	123,036,214	89,054,387	89,054,387
Net result for the year	1,852,192	4,799,810	1,852,192	4,799,810	-	-
Increase/(decrease) to asset revaluation surplus:						
Property, plant & equipment	12,897,958	-	-	-	12,897,958	-
Total comprehensive income for year	14,750,151	4,799,810	1,852,192	4,799,810	12,897,958	-
Balance at end of year	231,640,561	216,890,411	129,688,216	127,836,024	101,952,345	89,054,387

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

BULLOO SHIRE COUNCIL**Statement of Cash Flows**

For the year ended 30 June 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		10,684,134	8,959,900
Payments to suppliers and employees		(18,785,871)	(19,668,489)
		(8,101,737)	(10,708,589)
Interest received		86,266	130,534
Rental income		463,361	472,271
Operating grants, subsidies and contributions		15,185,464	14,220,761
Borrowing costs		-	(23,070)
Net cash inflow from operating activities	22	7,633,354	4,091,907
Cash flows from investing activities			
Payments for property, plant and equipment		(8,576,235)	(12,176,788)
Capital grants, subsidies and contributions		3,315,826	6,972,253
Proceeds from sale of property plant and equipment	5	214,070	437,872
Net cash outflow from investing activities		(5,046,339)	(4,766,663)
Net increase/(decrease) in cash and cash equivalents held		2,587,015	(674,756)
Cash and cash equivalents at beginning of reporting year		19,227,995	19,902,750
Cash and cash equivalents at end of reporting year	10	21,815,010	19,227,995

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

BULLOO SHIRE COUNCIL

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

1 Information about these financial statements

1.A Basis of preparation

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

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

Council is a not-for-profit entity for financial reporting purposes and these financial statements complies with the 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 certain classes of property, plant and equipment which are measured at fair value.

1.B New and revised Accounting Standards adopted during the year

Council adopted all standards which became mandatory effective for annual reporting periods beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

IFRIC Agenda Decisions – Configuration or Customisation in a Cloud Computing Arrangement

The IFRS Interpretations Committee (IFRIC) issued a final agenda decision in relation to configuration or customisation costs in a cloud computing arrangement. The decision clarified some aspects of accounting for cloud-based software-as-a-service ("SaaS") arrangements, which could result in a change in accounting policy that would need to be retrospectively applied.

The agenda decision clarified that customisation and configuration costs of SaaS arrangements cannot be classified as intangible assets where the entity does not have ownership over the underlying software. Such costs must either be expensed immediately or treated as a prepayment, depending on whether they are distinct from the underlying SaaS arrangement.

1.C Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a material impact for Council then further information has been provided in this note.

BULLOO SHIRE COUNCIL

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

1.D Estimates and Judgements

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

Valuation of property, plant and equipment - Note 13
Impairment of property, plant and equipment - Note 13
Depreciation - Note 13
Provisions - Note 16
Contingent liabilities - Note 20
Revenue recognition - Note 3
Financial instruments and financial risk management - Note 23

1.E Rounding and Comparatives

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

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

1.F Volunteer services

Council has elected not to recognise volunteer services in the Financial Statements as they are not material in nature.

1.G Taxation

Council is exempt from Income Tax, however Council is subject to Fringe Benefits Tax ('FBT'), 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.

1.H COVID-19

The financial impacts for Council to date have been modest (2021/22 \$ 15,606; 2020/21 \$11,982). This financial year, there were a couple of employees who were paid the COVID leave payment. Council also claimed back from the government COVID related costs amounting to \$46,286.

BULLOO SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2022

2(a) Analysis of results by function

Components of Council functions

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

ADMINISTRATION

Management of Council operations generally including administrative support to Council and to other functions. This function includes finance, internal audit, communication and information technology services, insurances, strategic and operational planning, risk management, legal and administrative support. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meeting statutory requirements. The Mayor, Councillors and Chief Executive Officer are included in the Administration function.

ENGINEERING

Maintaining and improving the road network and other council infrastructure. The objects of the engineering program are:

- a) to ensure the community is serviced by a high quality and effective road network,
 - b) to ensure the community is serviced by quality and effective aerodromes and associated infrastructure.
- The function provides and maintains transport infrastructure including the maintenance and provision of the drainage network and aerodromes.

This functions includes activities and services related to town planning, workplace health and safety and quality assurance.

HEALTH AND ENVIRONMENT

Providing services and facilities to maintain the health of the community and protect the environment. The function provides refuse collection and disposal services, maintains public conveniences and cemeteries, animal control including registrations and environmental licences and approvals. The function also provides effective management of stock routes, animal and weed pests.

COMMUNITY AND CULTURE

The goal of Community and Culture is to ensure the Bulloo Shire is a healthy, vibrant, contemporary and connected community. Community and Culture provides well managed and maintained community facilities, and ensures the effective delivery of cultural, educational, tourism, sport and recreational services.

This function includes libraries, entertainment venues, sporting venues, education facilities, caravan parks and parks and gardens.

WATER AND SEWERAGE

The goal of this program is to support a healthy, safe community through sustainable water services by providing a potable water supply and system for the collection and disposal of waste water. The water function includes all activities relating to water, whilst the sewerage function protects and supports the health of our community by sustainably managing sewerage infrastructure.

ASSET AND RESOURCE MANAGEMENT

This function provides the management of Council's property, building and plant assets. As such this function also includes depot and workshop operations.

BULLOO SHIRE COUNCIL

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

2(b) Analysis of results by function

Income and expenses defined between recurring and capital have been attributed to the following functions:

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Assets
	Recurrent		Capital										
	Grants	Other	Grants	Other	Grants	Other							
	2022	2022	2022	2022	2022	2022							
2022	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Administration	8,983,353	5,166,318	818,428	-	-	14,968,099	(3,633,280)	-	(3,633,280)	10,516,391	11,334,820	24,829,527	
Engineering	5,766,167	6,261,614	927,017	-	-	12,954,798	(19,035,541)	-	(19,035,541)	(7,007,761)	(6,080,743)	200,170,629	
Health & environment	180,996	90,211	-	-	-	271,207	(1,153,023)	-	(1,153,023)	(881,816)	(881,816)	-	
Community & Culture	184,289	414,031	1,570,380	-	-	2,168,700	(3,026,044)	-	(3,026,044)	(2,427,724)	(857,344)	-	
Water & Sewerage	-	250,487	-	-	-	250,487	(1,261,242)	-	(1,261,242)	(1,010,755)	(1,010,755)	12,739,296	
Asset & resource management	70,659	303,523	-	2,463	-	376,645	(1,028,614)	-	(1,028,614)	(654,432)	(651,969)	-	
Total	15,185,464	12,486,184	3,315,826	2,463	-	30,989,937	(29,137,745)	-	(29,137,745)	(1,466,096)	1,852,192	237,739,453	

Functions	Gross Program Income					Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Assets
	Recurrent		Capital									
	Grants	Other	Grants	Other	Other							
	2021	\$	2021	\$	2021		\$					
2021												
Administration	6,564,650	5,272,994	-	-	11,837,644	(3,602,618)	-	(3,602,618)	8,235,026	8,235,025	22,527,656	
Engineering	6,666,926	1,880,303	3,723,794	-	12,271,023	(13,328,755)	(197,323)	(13,526,078)	(4,781,526)	(1,255,055)	186,033,036	
Health & environment	181,194	85,769	94,387	-	361,349	(1,059,790)	-	(1,059,790)	(792,827)	(698,440)	-	
Community & Culture	230,942	404,733	3,154,072	-	3,789,747	(4,116,056)	-	(4,116,056)	(3,480,380)	(326,308)	-	
Water & Sewerage	-	240,180	-	-	240,180	(987,406)	-	(987,406)	(747,227)	(747,227)	11,575,603	
Asset & resource management	134,724	247,293	-	14,606	396,623	(514,371)	(290,438)	(804,609)	(132,354)	(408,185)	-	
Total	13,778,435	8,131,272	6,972,253	14,606	28,896,567	(23,608,995)	(487,761)	(24,096,756)	(1,699,287)	4,799,810	220,136,294	

BULLOG SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022

	2022 \$	2021 \$
3 Revenue		
(a) Rates, levies and charges		
Rates, levies and charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General rates	5,147,132	4,992,584
Separate rates	5,655	5,827
Water	141,945	136,516
Sewerage	106,465	101,895
Garbage charges	51,242	47,786
Rates and utility charge revenue	5,452,439	5,284,608
Less: Discounts	(150,507)	(147,947)
Less: Remissions	(1,456)	(1,427)
Net rates and utility charges	5,300,476	5,135,234

(b) Fees and charges

Revenue arising from fees and charges are recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the 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 receipt of the service. There is no material obligation for Council in relation to refunds or returns.

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

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

Building and development fees	4,266	2,758
Infringements and impounding fees	1,263	245
Reserve fees	5,625	5,062
Licences and registrations	3,413	3,060
Dog registration	7,063	6,315
Tourism receipts	186,833	136,027
Other fees and charges	42,884	65,084
Total fees and charges	251,345	218,551

BULLOO SHIRE COUNCIL**Notes to the financial statements**

For the year ended 30 June 2022

	2022 \$	2021 \$
3 Revenue (continued)		
(c) Sales revenue		
Sale of goods revenue is recognised in the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.		
Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in contract liabilities and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.		
Rendering of services		
Contract and recoverable works	5,732,526	1,466,278
Private Works	117,652	99,480
Other sale of services	-	1,654
Total sale of services	<u>5,850,178</u>	<u>1,567,412</u>
Sale of goods		
Café	500	13,884
Aviation fuel	403,170	280,864
Total sale of goods	<u>403,670</u>	<u>294,748</u>
Total for sales revenue	<u><u>6,253,848</u></u>	<u><u>1,862,160</u></u>

(d) Grants and subsidies

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 and may include events to be held for the community and the provision of services. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, 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.

BULLOO SHIRE COUNCIL**Notes to the financial statements**

For the year ended 30 June 2022

	2022 \$	2021 \$
3 Revenue (continued)		
(d) Grants and subsidies (continued)		
Capital grants		
Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed.		
For construction projects, this is generally as the construction progresses in accordance with costs incurred.		
(i) Operating grants and subsidies		
General purpose grants	9,985,184	7,779,629
State government subsidies and grants	5,129,621	5,672,836
Commonwealth government subsidies and grants	70,659	325,970
Total operating grant revenue	<u>15,185,464</u>	<u>13,778,435</u>
(ii) Capital grants and subsidies		
Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and / or investment in new assets.		
(i) Monetary revenue designated for capital funding purposes:		
State government subsidies and grants	171,680	4,059,761
Commonwealth government subsidies and grants	3,144,146	2,912,492
Total capital grant revenue	<u>3,315,826</u>	<u>6,972,253</u>
(iii) Timing of revenue recognition for grants and subsidies		
Revenue recognised at a point in time		
Grants and subsidies	<u>10,436,303</u>	<u>13,778,435</u>
	<u>10,436,303</u>	<u>13,778,435</u>
Revenue recognised over time		
Grants and subsidies	<u>8,064,987</u>	<u>6,972,253</u>
	<u>8,064,987</u>	<u>6,972,253</u>
Total for grants and subsidies	<u>18,501,290</u>	<u>20,750,689</u>

BULLOO SHIRE COUNCIL**Notes to the financial statements**

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
4 Rental, Interest and other income			
(a) Rental income			
Rental income		463,361	472,271
Total rental income		<u>463,361</u>	<u>472,271</u>
(b) Interest received			
Interest received from Queensland Treasury Corporation (QTC) is recognised as income over the term of the investment.			
Interest is charged on outstanding rates at a rate of 8.03% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.			
Interest received from bank accounts		81,670	125,747
Interest received from other sources		-	596
Interest from overdue rates and utility charges		4,596	4,191
Total interest received		<u>86,266</u>	<u>130,534</u>
(c) Other income			
Recovered costs		72,340	303,550
Other		58,548	8,972
Total other income		<u>130,888</u>	<u>312,522</u>
5 Capital income			
Gain / (loss) on the disposal of non-current assets			
(a) Proceeds from disposal of land		-	2,455
Less: Carrying value of land disposed	13	<u>-</u>	<u>(6,756)</u>
		<u>-</u>	<u>(4,301)</u>
(b) Proceeds from disposal of property, plant and equipment		214,070	435,417
Less: Carrying value of property, plant and disposed	13	<u>(211,607)</u>	<u>(416,510)</u>
		<u>2,463</u>	<u>18,907</u>
Total capital income		<u>2,463</u>	<u>14,606</u>

BULLOO SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
6 Employee benefits			
Employee benefit expenses are recorded when the service has been provided by the employee.			
Staff wages and salaries		5,276,737	4,573,102
Councillors' remuneration		329,981	337,145
Annual, sick and long service leave entitlements		1,224,037	1,036,876
Superannuation	21	556,537	536,153
		<u>7,387,292</u>	<u>6,483,276</u>
Other employee related expenses		324,163	306,693
		<u>7,711,455</u>	<u>6,789,969</u>
Less: Capitalised employee expenses		<u>(867,198)</u>	<u>(401,096)</u>
		<u><u>6,844,257</u></u>	<u><u>6,388,873</u></u>

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

	2022 Number	2021 Number
Total employees at the reporting date		
Elected members	5	5
Administration staff	28	27
Depot and outdoors staff	33	34
Total full time equivalent employees	<u>66</u>	<u>66</u>

7 Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

Advertising and marketing	12,556	75,640
Administration supplies and consumables	357,751	268,668
Audit of annual financial statements by the Auditor-General of Queensland	118,126	58,499
Communications and IT	393,691	473,728
Consultants	232,055	505,061
Coronavirus (COVID-19)	15,606	8,169
Donations paid	114,355	94,297
Insurance	289,038	251,914
Repairs and maintenance	12,455,928	7,221,383
Other materials and services	800,128	1,328,724
	<u>14,789,233</u>	<u>10,286,083</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$72,300 (2021: \$67,800).

8 Finance costs

Bank charges	5,655	13,317
Impairment of receivables	(265)	10,580
	<u>5,390</u>	<u>23,897</u>

BULLOO SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
9 Capital expenses			
Impairment loss on the write-off of buildings		-	290,438
Impairment loss on the write-off of road, drainage and bridge network		-	197,324
Total impairment loss	13	-	487,762

10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank and on hand	2,903,540	393,617
Deposits at call	18,911,470	18,834,378
Balance as per statement of cash flows	21,815,010	19,227,995

Council is exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Council's cash, cash equivalents and investments are subject to a number of externally imposed expenditure restrictions that limit the amount available for discretionary or future use at the reporting date. These restrictions relate to the following cash assets:

Unspent government grants and subsidies	1,447,359	1,187,116
Total externally imposed restrictions on cash assets	1,447,359	1,187,116

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include monies held in trust for the Burke and Wills Dig Tree activities as well as contract deposits, paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	42,603	27,785
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BULLOO SHIRE COUNCIL

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

	Note	2022 \$	2021 \$
11 Receivables			
<p>Receivables are amounts owed to Council at year end. They are recognised at the amounts due at the time of sale or service delivery. Settlement of receivables, except for deferred house sale payments, is required within 30 days after the invoice is issued. Deferred house sale payments represents amounts owing by Council employees for the land and buildings sold by Council to the employees. Under the sale agreement staff are provided extended repayment terms of 5 Years. Council has the right to the land and buildings in the event the amounts are not paid by the employee.</p> <p>Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.</p> <p>As Council has the power under the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council will only impair rate receivables when outstanding debt exceeds unimproved capital values.</p> <p>The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.</p>			
Receivables by type			
Current			
Rates and charges		46,001	67,520
Other debtors		594,280	425,143
GST recoverable		155,893	378,218
Deferred house sale payments		68,850	92,080
		<u>865,024</u>	<u>962,961</u>
Less: loss allowance		(4,821)	(12,612)
Total current receivables		<u><u>860,203</u></u>	<u><u>950,349</u></u>
Non-current			
Deferred house sale payments		41,336	55,800
Total non-current receivables		<u><u>41,336</u></u>	<u><u>55,800</u></u>

Interest is charged on outstanding rates of 8.03% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

There is some geographical concentration of risk in Council's jurisdiction in terms of the production (extraction) of oil, gas and petroleum.

The Council does not require collateral in respect of trade and other receivables.

BULLOO SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
12 Inventories			
Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.			
Inventories :			
- 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.			
Inventories			
Quarry and road materials		329,931	429,609
Plant and general equipment and consumables		470,670	429,413
Land held for development/sale		2,636	-
		<u>803,237</u>	<u>859,022</u>

BULLOO SHIRE COUNCIL

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

13 (a) Property, plant and equipment

Basis of measurement Fair value category	Land	Buildings	Other Structures	Plant and equipment	Office equipment and furniture	Roads, drainage and bridges network	Water infrastructure	Sewerage infrastructure	Work in Progress	Total
	Fair value Level 2	Fair value Level 3	Fair value Level 3	Cost	Cost	Fair value Level 3	Fair value Level 3	Fair value Level 3	Cost	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2021	569,575	33,376,948	12,609,778	12,816,393	828,398	197,917,789	12,094,631	3,812,764	1,715,607	275,741,883
Adjustment to opening value	-	-	-	-	-	-	(147,865)	147,865	-	-
Additions	-	-	-	-	-	-	-	-	8,576,235	8,576,235
Transfers between classes	-	(284,428)	323,419	(38,991)	-	-	-	-	-	-
Transfers from work in progress	150,700	268,142	297,432	1,262,705	-	2,085,208	531,497	311,048	(4,906,732)	-
Disposals	-	(389,883)	-	(263,422)	-	-	-	-	-	(653,305)
Revaluation increase/(decrease) to asset	246,474	3,143,422	(411,346)	-	-	14,908,038	968,400	329,353	-	19,184,341
Revaluation surplus	-	-	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-	-	-
Closing gross value as at 30 June 2022	966,749	36,114,201	12,819,283	13,776,685	828,398	214,911,035	13,446,663	4,601,030	5,385,110	302,849,154

Accumulated depreciation and impairment

Opening balance as at 1 July 2021	-	13,426,795	4,009,031	6,961,500	308,151	48,006,152	3,036,397	1,295,395	-	77,043,421
Depreciation expense	-	856,985	469,518	981,099	54,563	4,553,323	453,876	129,512	-	7,498,866
Depreciation on disposals	-	(240,849)	-	(200,849)	-	-	-	-	-	(441,698)
Revaluation increase/(decrease) to asset	-	1,855,903	213,422	-	-	3,823,840	277,976	115,242	-	6,286,383
Revaluation surplus	-	-	-	(32,971)	-	-	(3,592)	3,592	-	-
Transfers between classes	-	16,266	16,705	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2022	-	15,915,100	4,708,676	7,708,769	362,714	56,383,315	3,764,657	1,543,741	-	90,336,972

Total written down value at 30 June 2022	966,749	20,199,101	8,110,607	6,067,916	465,684	158,527,720	9,682,006	3,057,289	5,385,110	212,452,182
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Range of estimated useful life in years

Not depreciated	10 - 100	10 - 150	2 - 30	2 - 15	7 - 150	5 - 115	10 - 100	Not depreciated
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Asset additions comprise

Asset renewals	-	287,116	270,382	-	-	2,202,318	-9,263	-	-	2,730,553
Other additions	150,700	4,296,401	63,064	1,239,440	47,027	-	37,090	-8,038	-	5,835,684
Total asset additions	150,700	4,583,517	333,446	1,239,440	47,027	2,202,318	27,827	-8,038	-	8,576,237

BULLOO SHIRE COUNCIL

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

13 (b) Property, plant and equipment - prior year

30 June 2021			Land	Buildings	Other Structures	Plant and equipment	Office equipment and furniture	Roads, drainage and bridges network	Water infrastructure	Sewerage infrastructure	Work in Progress	Total
Basis of measurement			Fair value	Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Cost	
Fair value category			Level 2	Level 3	Level 3			Level 3	Level 3	Level 3		
Asset values		Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2020			570,742	33,767,992	11,040,485	12,681,914	793,082	190,752,844	8,818,135	3,763,824	4,057,480	266,246,497
Adjustment to opening value												
Additions new			5,590	-	-	-	-	-	-	-	12,171,200	12,176,789
Transfers between classes			-	853,823	1,569,293	1,184,202	90,007	7,490,312	3,276,496	48,940	(14,573,072)	-
Disposals		5,9	(6,756)	-	-	(1,049,723)	(54,691)	(28,249)	-	-	-	(1,139,418)
Write offs		5,9	-	(1,244,866)	-	-	-	(297,118)	-	-	-	(1,541,984)
Closing gross value as at 30 June 2021			569,575	33,376,948	12,609,778	12,816,393	828,398	197,917,789	12,094,631	3,812,764	1,775,607	275,741,883

Accumulated depreciation and impairment

Opening balance as at 1 July 2020	-	13,535,067	3,562,297	6,590,341	313,089	44,039,800	2,644,671	1,218,389	-	-	-	71,903,654
Depreciation expense	-	846,156	446,734	1,004,372	49,753	4,094,395	391,725	77,007	-	-	-	6,910,142
Depreciation on disposals	5,9	-	-	(633,213)	(54,691)	-	-	-	-	-	-	(687,904)
Depreciation on write offs	5,9	(954,428)	-	-	-	(128,043)	-	-	-	-	-	(1,082,471)
Accumulated depreciation as at 30 June 2021	-	13,426,795	4,009,031	6,961,500	308,151	48,006,152	3,036,397	1,295,395	-	-	-	77,043,420

Total written down value at 30 June 2021	569,575	19,950,153	8,600,747	5,854,893	520,247	149,911,637	9,056,234	2,517,368	1,775,607	198,698,462
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Asset additions comprise												
Asset renewals	-	88,207	47,734	1,184,202	21,917	2,298,255	-	320,086	-	-	-	3,960,401
Other additions	-	1,021,119	1,147,179	22,624	-	3,359,830	2,660,047	-	-	-	-	8,210,789
Total asset additions	-	1,109,326	1,194,913	1,206,826	21,917	5,658,085	2,660,047	320,086	-	-	-	12,171,200

BULLOO SHIRE COUNCIL

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

13 Property, plant and equipment (continued)

(c) 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 they form part of an integrated function.

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 Council's financial statements.

(d) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Direct labour and materials and an appropriate proportion 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 revenues at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment.

(e) Depreciation

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

Land assets and work in progress 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 Council assets.

Where assets have separately identifiable 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.

Key judgements and estimates:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected future performance of the assets.

BULLOO SHIRE COUNCIL

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

13 Property, plant and equipment (continued)

(f) Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, 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.

(g) Valuation

Valuation Processes

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 5 years Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer or suitably qualified internal staff.

In the intervening years, Council utilises a combination of internal and external sources of information, as appropriate, in a structured manner in order to determine if there has been any potential material movement in the fair value of assets. Where this is indicated the relevant assets will be revalued by indexation or a desktop valuation as appropriate. A "desktop" valuation may involve management providing updated information to the valuer regarding additions, deletions 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.

Key judgements and estimates:

Australis Asset Advisory Group performed an indexation exercise of Council assets for 30 June 2022. Council officers evaluated the findings of the indexation report by Australis Asset Advisory Group, and deemed the outcomes to be appropriate for the circumstances of Council. The indexation increases were considered material by Council, and as such the indexation increases were implemented for 30 June 2022.

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

Fair values are classified into three levels as follows:

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

There were no transfers between levels of the hierarchy during the year.

BULLOO SHIRE COUNCIL

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

13(g). Property, plant and equipment

Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Land (level 2) 2022: \$966,749 2021: \$568,575	Market value	30 June 2022	Australls Asset Advisory Group	Sales prices (database of recent sales) of comparable properties adjusted for differences in key attributes such as property size and other factors including restrictive use for special purposes	Nil	Nil
Other structures (level 3) 2022: \$8,110,607 2021: \$8,600,747	Current replacement cost	30 June 2022	Australls Asset Advisory Group	Current replacement cost (rate per square metre) based on cost guides, unit rate databases and available market and construction data of modern equivalent assets Condition assessments and useful life information	Nil	Nil
Buildings (level 3) 2022: \$20,199,101 2021: \$19,950,153	Current replacement cost	30 June 2022	Australls Asset Advisory Group	Current replacement cost (rate per square metre) based on cost guides, unit rate databases and available market and construction data of modern equivalent assets Condition assessments and useful life information	Nil	Nil
Roads, drainage and bridges networks (level 3) 2022: \$158,527,720 2021: \$148,911,637	Current replacement cost	30 June 2018	Australls Asset Advisory Group	Gross replacement cost. Unit rates were developed using combination of sources, cost guides, historical costs, contractor rates, future works and regional information including overheads and source of raw materials, asset linear and area specifications. Remaining useful life is also considered. There is no active market and are subject to restrictions as to use of this asset class, therefore fair value is measured using cost approach, level 3.	7.63%	Nil
Water and Sewerage (level 3) 2022: \$12,739,295 2021: \$11,575,603	Current replacement cost	30 June 2018	Australls Asset Advisory Group	Gross replacement cost. Inputs used being a rate per square metre or per unit using council historical construction price and renewal records, construction cost guides, feedback from council staff and local contractor information. Remaining useful life is also considered. There is no active market and are subject to restrictions as to use of the asset, therefore fair value is measured using cost approach, level 3.	8.13% and 8.35%	Nil

BULLOO SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022

	2022 \$	2021 \$
14 Contract balances		
Contract assets represents the excess of costs incurred in relation to a contract with a customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.		
(a) Contract assets	<u>1,757,485</u>	<u>344,666</u>
(b) Contract liabilities		
Non-capital performance obligations not yet satisfied	154,004	79,479
Funds received upfront to construct Council controlled assets	<u>1,293,355</u>	<u>1,107,637</u>
	<u>1,447,359</u>	<u>1,187,116</u>
Deposits received in advance mostly relate to State and Federal Government grants.		
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Non-capital performance obligations	79,479	-
Funds to construct Council controlled assets	<u>1,107,637</u>	<u>481,936</u>
	<u>1,187,116</u>	<u>481,936</u>
(c) Significant changes in contract balances		
The increase in contract liabilities and contract assets mostly relates to funds used for the construction of the Bulloo Independent Living units and the receipt of Local Road and Community Infrastructure (LRCI) 3 funding.		
15 Payables		
Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.		
Current		
Creditors	38,003	100,807
Accrued expenses	3,100,703	709,076
Prepaid rates	24,432	20,199
Employee entitlements	26,554	21,893
Other creditors	<u>2,965</u>	<u>2,205</u>
	<u>3,192,658</u>	<u>854,180</u>

BULLOO SHIRE COUNCIL

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

	Note	2022 \$	2021 \$
16 Provisions			
Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date.			
Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.			
<i>Long Service Leave</i>			
The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates as published on the Department of State Development, Infrastructure, Local Government and Planning website.			
Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability. Otherwise it is classified as non-current.			
Current			
Annual leave		574,307	486,608
Long service leave		754,324	615,668
		<u>1,328,631</u>	<u>1,102,276</u>
Non-current			
Long service leave		130,244	102,311
		<u>130,244</u>	<u>102,311</u>

17 Asset revaluation surplus

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

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

BULLOO SHIRE COUNCIL**Notes to the financial statements**

For the year ended 30 June 2022

17 Asset revaluation surplus (Continued)

	Note	2022 \$	2021 \$
(i) Movements in the asset revaluation surplus were as follows:			
Balance at the beginning of financial year		89,054,387	89,054,387
Net adjustment to non-current assets at end of period to reflect a change in:			
Land		246,474	-
Buildings		1,287,519	-
Other Structures		(624,768)	-
Roads, drainage and bridges network		11,084,198	-
Water infrastructure		690,424	-
Sewerage infrastructure		214,111	-
Movements total		<u>12,897,958</u>	<u>-</u>
Balance at end of the financial year		<u>101,952,345</u>	<u>89,054,387</u>

(ii) Asset revaluation surplus analysis:

The closing balance of the asset revaluation surplus is comprised of the following asset categories:

Land	637,242	390,768
Buildings	6,329,932	5,042,413
Other Structures	1,768,076	2,392,844
Roads, drainage and bridges network	89,882,202	78,798,004
Water infrastructure	2,939,151	2,248,727
Sewerage Infrastructure	395,740	181,629
Balance at end of the financial year	<u>101,952,345</u>	<u>89,054,387</u>

18 Commitments for expenditure**Contractual commitments**

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

Thargomindah swimming pool	162,500	260,000
Explorers Caravan Park	-	89,668
ICT management and support contract	108,000	198,000
Airport security services	228,150	-
Thargomindah airport	187,214	538,200
Other	161,975	207,959
	<u>847,839</u>	<u>1,293,827</u>

BULLOO SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022**18 Commitments for expenditure (continued)**

	Note	2022	2021
		\$	\$
Capital commitments			
Plant and fleet and housing		2,727,092	751,594
		<u>2,727,092</u>	<u>751,594</u>
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Within one year		3,401,364	1,562,621
Within 2-5 years		173,567	482,800
		<u>3,574,931</u>	<u>2,045,421</u>

19 Events after the reporting period

There were no other material adjusting or non-adjusting events after 30 June 2022.

20 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 2022 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$109,892 (2021: \$95,834).

21 Superannuation - Regional Defined Benefit Fund

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

BULLOO SHIRE COUNCIL

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

21 Superannuation - Regional Defined Benefit Fund (Continued)

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date. The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2024.

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

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

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

	Note	2022 \$	2021 \$
Superannuation contributions made to the Regional Defined Benefits Fund		11,404	11,519
Other superannuation contributions for employees	6	<u>545,133</u>	<u>524,634</u>
		<u>556,537</u>	<u>536,153</u>

BULLOO SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
22 Reconciliation of net result attributable to Council to net cash flow from operating activities			
Net result		1,852,192	4,799,810
Non-cash operating items:			
Depreciation and amortisation		<u>7,498,866</u>	<u>6,910,142</u>
		<u>7,498,866</u>	<u>6,910,142</u>
Investing and development activities:			
Net (profit)/loss on disposal of assets		(2,463)	(14,606)
Capital grants, subsidies and contributions		(3,315,826)	(6,972,253)
Impairment loss on write-off of assets		<u>-</u>	<u>487,762</u>
		<u>(3,318,289)</u>	<u>(6,499,097)</u>
Changes in operating assets and liabilities:			
(increase)/decrease in receivables		112,400	(69,360)
Increase/(decrease) in allowance for expected credit losses		(7,791)	209
(increase)/decrease in inventories		55,786	(303,885)
(increase)/decrease in contract assets		(1,412,819)	(344,666)
Increase/(decrease) in payables		2,338,478	(1,165,643)
Increase/(decrease) in contract liabilities		260,242	705,180
Increase/(decrease) in employee leave entitlements		<u>254,288</u>	<u>59,218</u>
		<u>1,600,585</u>	<u>(1,118,947)</u>
Net cash inflow from operating activities		<u><u>7,633,354</u></u>	<u><u>4,091,907</u></u>

BULLOO SHIRE COUNCIL

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

23 Financial instruments and financial risk management

Council's activities expose it to a variety of financial risks including; credit risk, liquidity risk and market risk.

Risk management framework

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

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

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. Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council's audit committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by Council. Council's 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.

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 Council's investments and receivables.

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 Council.

The carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk.

Liquidity risk

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

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 Council's reputation.

BULLOO SHIRE COUNCIL**Notes to the financial statements**
For the year ended 30 June 2022

23 Financial instruments and financial risk management (continued)*Exposure to liquidity risk*

Council is exposed to liquidity risk through its normal course of business. Council currently does not have borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. There are no additional facilities or lines of credit available.

The following table sets out the liquidity risk in relation to financial liabilities held by 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:

	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
2022					
Payables	3,192,658	-	-	3,192,658	3,192,658
	<u>3,192,658</u>	<u>-</u>	<u>-</u>	<u>3,192,658</u>	<u>3,192,658</u>
2021					
Payables	854,180	-	-	854,180	854,180
	<u>854,180</u>	<u>-</u>	<u>-</u>	<u>854,180</u>	<u>854,180</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 indices, such as interest rate, will affect Council's income or the value of its holdings of financial instruments.

Interest rate risk

Council is exposed to interest rate risk through investments with QTC and investments held with other financial institutions.

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

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 profit or loss. Sensitivity calculations have not been done as they are deemed not to be material.

Council does not have any loans or borrowings with QTC currently.

BULLOO SHIRE COUNCIL

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

23 Financial instruments and financial risk management (continued)

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.

24 National Competition Policy

Council has reviewed its operations and has identified road activity as a business activity. This activity relates recoverables works from Transport and Main Roads as shown in the table.

	Roads 2022 \$
Revenue for services provided to external clients	<u>5,732,526</u>
	5,732,526
Less : Expenditure	<u>(5,380,835)</u>
Surplus/(deficit)	<u>351,691</u>

BULLOO SHIRE COUNCIL

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

25 Transactions with related parties

(a) Remuneration for Key Management Personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP comprises:

Details of benefits	2022	2021
	\$	\$
Short-term employee benefits	1,082,982	1,301,174
Post-employment benefits	82,780	103,447
Long-term benefits	36,647	(34,076)
Termination benefits	-	69,045
Total	<u>1,202,409</u>	<u>1,439,590</u>

(i) Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with KMP and other related parties

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

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

Details of transactions	2022	2021
	\$	\$
Fees and charges charged by Council to KMP and other related parties	26,361	25,095
Employee expenses paid by Council for close family members of KMP	1,205,170	1,294,483
Purchase of materials and services by Council from other related parties	<u>2,149,689</u>	<u>3,484,436</u>
	<u>3,381,220</u>	<u>4,804,014</u>

(i) The fees and charges charged to KMP and related parties of KMP were on an arm's length basis in accordance with the schedule of fees and charges adopted by Council.

(ii) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award (or contract if applicable) for the job they perform. Council employs 61 employees (61 in 2021) of which 15 (19 in 2021) are close family members of key management personnel.

BULLOO SHIRE COUNCIL

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

25 Transactions with related parties (continued)

(iii) Council purchased the following materials and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations:

Details of materials and services purchased	2022	2021
	\$	\$
Purchase of accommodation	74,812	19,852
Purchase of goods - Thargomindah General Store	149,089	142,793
Purchase of goods - other	190,405	5,297
Purchase of mechanical services - Turnouts Mechanical Services	610,233	299,764
Purchase of goods and maintenance services - Ago Vires Pty Ltd	1,121,063	2,827,150
Purchase of goods and maintenance services - other	4,087	216,614
	<u>2,149,689</u>	<u>3,511,470</u>

The managers/owners of Ago Vires Pty Ltd and Turnouts Mechanical Services are sons-in-law of the Mayor of Council. Both are also related parties to the Corporate Services Manager, another KMP of Council, the second being married to her, and the first being married to her sister, who was employed by Council until March 2021.

Council sold materials and services to entities that are controlled by related parties of key management personnel. These sales related to private works and stores issues. All sales were at arm's length and were in the normal course of Council's operations.

(c) Outstanding balances

Council owed \$1,926 (2021: \$87,722) to related parties for supplies, while related parties owed \$7,226 (2021: \$3,341) to Council, at the end of the financial year.

(d) Loans and guarantees to / from related parties

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

(e) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Bulloo Shire Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of regional swimming pools
- Dog registration
- Borrowing books from a Council library

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

BULLOO SHIRE COUNCIL

Financial statements

For the year ended 30 June 2022


Management Certificate

For the year ended 30 June 2022

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 32, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Shirley Girdler
Deputy Mayor

Date: 28 October 2022



Donna Hobbs
Acting Chief Executive Officer

Date: 28 October 2022

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Bulloo Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of *Bulloo Shire Council*

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express 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 2022:

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

Prescribed requirements scope

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



Michael Claydon
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office
Brisbane

BULLOO SHIRE COUNCIL

Current-year Financial Sustainability Statement For the year ended 30 June 2022

Measures of Financial Sustainability

Council's performance at 30 June 2022 against key financial ratios and targets:	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	(5.3%)	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	42.6%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	(69.2%)	Not greater than 60%

Note 1 - Basis of Preparation

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


Certificate of Accuracy For the year ended 30 June 2022

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

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


Shirley Girdler
Deputy Mayor

Date: 28 October 2022


Donna Hobbs
Acting Chief Executive Officer

Date: 28 October 2022

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Bulloo Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Bulloo Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Deputy Mayor and the Acting 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 Bulloo Shire Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

- 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.

M. Claydon

31 October 2022

Michael Claydon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

BULLOCH SHIRE COUNCIL

Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2022

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2022	Projected for the years ended:									
				30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	(5.3%)	(20.2%)	(20.2%)	(27.3%)	(26.2%)	(25.6%)	(22.9%)	(20.4%)	(19.0%)	(19.5%)	(19.1%)
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 80%	42.6%	102.7%	67.9%	67.5%	68.2%	68.8%	73.0%	77.7%	78.2%	78.6%	78.9%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	(80.2%)	(106.6%)	(95.7%)	(90.8%)	(85.7%)	(80.4%)	(75.0%)	(69.5%)	(63.9%)	(58.5%)	(53.1%)

Council's Financial Management Strategy

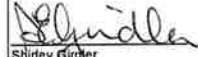
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

Certificate of Accuracy

For the long-term financial sustainability statement as at 30 June 2022

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

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


Shirley Girdler
Deputy Mayor

Date: 28 October 2022


Donna Hobbs
Acting Chief Executive Officer

Date: 28 October 2022