

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2021



Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2021

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Pormpuraaw Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2021

	2021	2020
Note	\$	\$
Income		
Revenue		
Recurrent revenue		
Levies and charges	3(a) 394,295	317,810
Fees and charges	3(b) 850,664	432,764
Rental income	14 1,240,970	1,040,560
Interest received	248,092	446,311
Sales revenue	3(c) 5,119,090	6,708,862
Other income	3(d) 1,694,383	781,263
Grants, subsidies, contributions and donations	4 7,202,558	6,421,203
Total recurrent revenue	<u>16,750,052</u>	<u>16,148,773</u>
Capital revenue		
Grants, subsidies, contributions and donations	4 8,674,119	5,181,683
Total revenue	<u>25,424,171</u>	<u>21,330,456</u>
Total income	<u>25,424,171</u>	<u>21,330,456</u>
Expenses		
Recurrent expenses		
Employee benefits	5 (3,755,608)	(3,685,911)
Materials and services	6 (5,637,277)	(7,232,836)
Finance costs	(52,286)	(43,452)
Depreciation and amortisation		
Property, plant and equipment	11 (5,618,219)	(5,455,938)
Other expenses	16 -	(7,082)
	<u>(15,063,390)</u>	<u>(16,425,219)</u>
Capital expenses		
	7 (1,765,923)	-
Total expenses	<u>(16,829,313)</u>	<u>(16,425,219)</u>
Net result	<u>8,594,858</u>	<u>4,905,237</u>
Other comprehensive income		
Items that will not be reclassified to net result		
Increase/(decrease) in asset revaluation surplus	17 (3,291,539)	992,674
Total other comprehensive income for the year	<u>(3,291,539)</u>	<u>992,674</u>
Total comprehensive income for the year	<u>5,303,319</u>	<u>5,897,911</u>

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

Pormpuraaw Aboriginal Shire Council
Statement of Financial Position
As at 30 June 2021

	Note	2021	2020
		\$	\$
Current assets			
Cash and cash equivalents	8	35,751,906	33,188,571
Receivables	9	1,568,327	827,320
Inventories	10	424,734	347,734
Contract assets	13	1,241,164	207,494
Other assets		31,679	54,899
Other financial assets	14	418,464	400,183
Total current assets		<u>39,436,274</u>	<u>35,026,201</u>
Non-current assets			
Property, plant and equipment	11	117,115,689	119,404,429
Other financial assets	14	14,283,377	12,521,959
Total non-current assets		<u>131,399,066</u>	<u>131,926,388</u>
Total assets		<u>170,835,340</u>	<u>166,952,589</u>
Current liabilities			
Payables	15	1,491,283	1,964,684
Contract liabilities	13	1,545,755	2,534,497
Provisions	16	537,981	464,260
Total current liabilities		<u>3,575,019</u>	<u>4,963,441</u>
Non-current liabilities			
Provisions	16	226,731	258,877
Total non-current liabilities		<u>226,731</u>	<u>258,877</u>
Total liabilities		<u>3,801,750</u>	<u>5,222,318</u>
Net community assets		<u>167,033,590</u>	<u>161,730,271</u>
Community equity			
Asset revaluation surplus	17	95,872,043	99,163,582
Retained surplus		71,161,547	62,566,689
Total community equity		<u>167,033,590</u>	<u>161,730,271</u>

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

Pormpuraaw Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2021

	Asset revaluation surplus	Retained Surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2020	99,163,582	62,566,689	161,730,271
Net result	-	8,594,858	8,594,858
Other comprehensive income for the year			
Decrease in asset revaluation surplus	(3,291,539)	-	(3,291,539)
Total comprehensive income for the year	<u>(3,291,539)</u>	<u>8,594,858</u>	<u>5,303,319</u>
Balance as at 30 June 2021	<u>95,872,043</u>	<u>71,161,547</u>	<u>167,033,590</u>
Balance as at 1 July 2019	98,170,908	57,830,708	156,001,616
Adjustment on initial application of AASB 15 / AASB 1058		(169,256)	(169,256)
Net result	-	4,905,237	4,905,237
Other comprehensive income for the year			
Increase in asset revaluation surplus	992,674	-	992,674
Total comprehensive income for the year	<u>992,674</u>	<u>4,735,981</u>	<u>5,728,655</u>
Balance as at 30 June 2020	<u>99,163,582</u>	<u>62,566,689</u>	<u>161,730,271</u>

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

Pormpuraaw Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		7,042,219	9,301,990
Payments to suppliers and employees		<u>(11,252,252)</u>	<u>(11,565,685)</u>
		(4,210,033)	(2,263,695)
Interest received		248,092	446,311
Rental income		1,240,970	1,040,560
Non capital grants and contributions		<u>7,202,558</u>	<u>6,421,203</u>
Net cash inflow/(outflow) from operating activities	22	<u>4,481,587</u>	<u>5,644,379</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(8,425,201)	(5,521,949)
Finance lease receipts	14	406,259	392,951
Grants, subsidies, contributions and donations		<u>6,100,690</u>	<u>6,120,588</u>
Net cash inflow (outflow) from investing activities		<u>(1,918,252)</u>	<u>991,590</u>
Net increase (decrease) in cash and cash equivalent held		<u>2,563,335</u>	<u>6,635,969</u>
Cash and cash equivalents at the beginning of the financial year		33,188,571	26,552,602
Cash and cash equivalents at end of the financial year	8	<u>35,751,906</u>	<u>33,188,571</u>

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

1 Information about these financial statements

1.A Basis of preparation

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

The general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

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

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

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

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 2021, 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 significant impact for Council then further information has been provided in this note.

The following list identifies the new Australian Accounting Standards that were issued but not yet effective at the time of preparing these financial statements that could be applicable to Council.

**Effective for NFP
annual report
periods beginning
on or after:**

AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards* 1 January 2020

1.D Estimates and judgements

Council make 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:

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 11 and Note 12

Impairment of property, plant and equipment - Note 11

Valuation of financial assets - Note 14

Contract assets and liabilities - Note 13

Provisions - Note 16

Contingent liabilities - Note 19

Revenue recognition - Note 3 and 4

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

1 Information about these financial statements

1.E Rounding and comparatives

The Council uses the Australian dollar as its functional currency and its presentation currency and rounds to the nearest dollar.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard/Comparative information is prepared on the same basis as prior year.

1.F Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Pormpuraaw Aboriginal Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 8)

Receivables - measured at amortised cost (Note 9)

Other financial assets - measured at fair value (Note 14)

Financial liabilities

Payables - measured at amortised cost (Note 15)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

1.G Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation. Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). 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

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. Refer to Note 23 and 24 for more details.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

2 Analysis of results by function

2 (a) Components of Council functions

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

Community Services – The Way We Want To Live Together

The key objective is to promote outcomes which encourage a healthy, supportive, contributing and proactive community where appropriate services and facilities are available and accessible by all. This function advocates and supports: participation of men in community programs; sport, art & culture; aged community members are provided with quality of life; and community access to justice through an active Justice Group.

The community function includes:

- Work and support programs of education, training and rehabilitation;
- Increase community awareness and engagement in public activities and special events;
- Encouraging leadership and stewardship through regular community discussions; and
- Providing quality aged care facilities by highly trained staff.

Built Environment – Shaping Our Surroundings

The key objective is to plan for the future development of the community in ways which actively value the heritage and the character of our community with access for all.

This function manages and provides, to a standard that ensures a minimum legislative compliance and equitable standard:

- Development and maintenance of urban and rural roads;
- Maintain and extend the program for roads, drainage and pathways;
- Advocate and supports the development of housing & the refurbishment of existing housing.

Natural Environment – It Begins With Each Of Us

The key objective is to ensure the natural environment is protected in a way that is not compromised for future generations and is managed so as to minimise our impact on non renewable resources.

This function manages and provides:

- The Land & Sea Ranger programs;
- Supports and develops feral animal and plant pest control;
- Public Health programs:
- The development and monitoring of the West Coast Turtle Threat Abatement Program; and
- Water, waste and sewerage services.

Economy – Creating Our Future

The key objective is to facilitate a vibrant local economy which enjoys sustainable business investments and the benefits of a skilled and diverse workforce.

The goal of this function is to advocate and develop:

- Tourism infrastructure, a local tourism economy and employment opportunities;
- Diverse sustainable business opportunities;
- New businesses are established and/or developed in Pormpuraaw which generate a substantial flow of funds into the community; and
- the increase of training and employment opportunities for residents.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

2 Analysis of results by function

2 (a) Components of Council functions (continued)

Organisation – Developing Our Capacity

The key objective is to strengthen the capacity of the council organisation and its people to serve our community and to pursue positive outcomes in partnership with community business and government bodies.

This function manages and provides:

- The longevity and sustainability of local government and its benefits to the community;
- Councillors that are actively engaged in the affairs of the community;
- Value the benefits of good financial management and accountability; and
- Community benefits which result from good governance.

The organisation function achieves its objectives by: transparency and accountability in business dealings, probity in purchasing; adhering to reporting timeframes and active communication to our stakeholders.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

2 Analysis of results by function

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

Year ended 30 June 2021

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Community Services	1,756,318	617,807	-	-	2,374,125	(1,476,132)	-	(1,476,132)	897,993	897,993	5,120,914
Built Environment	310,499	4,687,444	7,204,229	-	12,202,172	(10,151,841)	-	(10,151,841)	(5,153,897)	2,050,331	88,603,585
Natural Environment	1,181,149	243,628	1,469,891	-	2,894,668	(1,294,105)	-	(1,294,105)	130,672	1,600,563	20,841,388
Economy	-	1,969,115	-	-	1,969,115	(1,741,836)	-	(1,741,836)	227,278	227,278	17,343,633
Organisation	3,954,592	2,029,500	-	-	5,984,092	(399,476)	(1,765,923)	(2,165,399)	5,584,616	3,818,693	38,925,818
Total	7,202,558	9,547,494	8,674,119	-	25,424,171	(15,063,390)	(1,765,923)	(16,829,313)	1,686,662	8,594,858	170,835,340

Year ended 30 June 2020

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Community Services	1,440,880	203,408	224,203	-	1,868,492	(1,376,493)	-	(1,376,493)	267,796	491,999	5,163,005
Built Environment	98,903	6,340,133	4,957,480	-	11,396,516	(11,508,519)	-	(11,508,519)	(5,069,483)	(112,003)	88,188,339
Natural Environment	930,336	278,133	-	-	1,208,469	(1,090,674)	-	(1,090,674)	117,794	117,794	19,847,935
Economy	-	1,613,937	-	-	1,613,937	(1,805,329)	-	(1,805,329)	(191,392)	(191,392)	17,634,187
Organisation	3,951,083	1,291,959	-	-	5,243,042	(644,204)	-	(644,204)	4,598,839	4,598,839	36,119,123
Total	6,421,203	9,727,570	5,181,683	-	21,330,456	(16,425,219)	-	(16,425,219)	(276,446)	4,905,237	166,952,589

Porpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

3 Revenue	2021	2020
	\$	\$
(a) Levies and charges		
Service levies	394,295	317,810
	<u>394,295</u>	<u>317,810</u>

Service levies are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid service levies are recognised as a financial liability until the beginning of the rating period.

(b) Fees and charges		
Fees and charges	72,613	98,807
Commissions	95,328	100,520
Other revenue	682,723	233,437
	<u>850,664</u>	<u>432,764</u>

Revenue arising from fees and charges is 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 arrival. 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.

(c) Sales revenue		
Rendering of services		
Housing maintenance	3,736,872	5,426,179
Workshop	10,229	11,082
Powercard sales	19,218	23,298
Aged care	77,439	89,142
Other	199,218	197,640
	<u>4,042,976</u>	<u>5,747,341</u>
Sale of goods		
Fuel	690,868	519,795
Other	385,246	441,726
	<u>1,076,114</u>	<u>961,521</u>
Total sales revenue	<u>5,119,090</u>	<u>6,708,862</u>

The Council generates revenues from a number of services including housing maintenance, fuel sales and powercard sales. Revenue from housing maintenance generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. 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.

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in the goods.

(d) Other income		
Gain on revaluation of financial assets	14	1,687,573
Insurance claim		774,328
		<u>6,810</u>
		<u>1,694,383</u>
		<u>781,263</u>

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

4 Grants, subsidies, contributions and donations

	2021	2020
	\$	\$
(i) Operating		
State government subsidies and grants	4,185,946	5,244,564
Commonwealth government subsidies and grants	2,950,612	1,130,324
Other operating grants	62,000	21,100
Contributions	4,000	25,215
	<u>7,202,558</u>	<u>6,421,203</u>
(ii) Capital		
Commonwealth subsidies and grants	606,880	226,435
State Government grants	7,607,112	3,823,391
Donated assets and non-cash grants	460,127	1,131,857
	<u>8,674,119</u>	<u>5,181,683</u>

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

	2021		2020	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
	Note	\$	\$	\$
	4			
Grants and subsidies		6,645,651	8,704,899	5,705,023
Other operating grants		62,000	-	21,100
Contributions		4,000	-	25,215
Donated assets and non-cash grants		460,127	-	1,131,857
		<u>7,171,778</u>	<u>8,704,899</u>	<u>6,883,195</u>
				<u>4,719,691</u>

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and conditions sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations are varied based on the agreement but include events, disability support services, purchase of a property, plant and equipment, etc. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grant received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue 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 since this is deemed to be the most appropriate measure of the completeness of the construction project as the is no profit margin.

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

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
5 Employee benefits			
Employee benefit expenses are recorded when the service has been provided by the employee.			
Total staff wages, salaries and entitlements		3,107,226	3,107,374
Councillors' remuneration		365,574	340,400
Superannuation	20	<u>341,212</u>	<u>341,609</u>
		3,814,012	3,789,383
Other employee related expenses		<u>149,382</u>	<u>99,581</u>
		3,963,394	3,888,964
Less: Capitalised employee expenses		<u>(207,786)</u>	<u>(203,053)</u>
		<u><u>3,755,608</u></u>	<u><u>3,685,911</u></u>

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

Total Council employees at the reporting date:	<u>2021</u>	<u>2020</u>
Elected members	5	5
Administration staff	22	23
Depot and outdoors staff	44	49
Total full time equivalent employees	<u>71</u>	<u>77</u>

6 Materials and services

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

Cost of enterprise sales	556,553	598,587
Administration supplies and consumables	359,130	488,227
Audit of annual financial statements by the Auditor-General of Queensland*	55,500	51,500
Communications and IT	231,231	32,052
Consultants	143,609	168,266
Contractors	411,874	152,268
Freight	157,869	136,255
Insurance	630,570	506,022
Plant hire	-	29,795
Power	190,674	205,755
Repairs and maintenance	2,036,462	3,882,902
Subscriptions, fees and licences	133,478	156,706
Travel	15,664	10,442
Vehicle operating costs	66,187	78,578
Other materials and services	<u>648,476</u>	<u>735,481</u>
	<u><u>5,637,277</u></u>	<u><u>7,232,836</u></u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$55,500 (2019-20 actual: \$54,500).

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

7 Capital expenses	Note	2021	2020
		\$	\$
Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		-	-
Less: Carrying value of disposed property, plant and equipment		125,271	-
		<u>125,271</u>	<u>-</u>
Loss on transfer of assets via finance lease			
Carrying value of property, plant and equipment transferred		2,139,036	-
Less: Initial recognition of finance leases		(498,384)	-
		<u>1,640,652</u>	<u>-</u>
		<u>1,765,923</u>	<u>-</u>
Total capital expenses		<u>1,765,923</u>	<u>-</u>
8 Cash and cash equivalents			
Cash at bank and on hand		1,048,602	1,941,793
Deposits at call		34,703,304	31,246,778
Balance per Statement of Cash Flows		<u>35,751,906</u>	<u>33,188,571</u>
Cash and cash equivalents		35,751,906	33,188,571
Less: Externally imposed restrictions on cash		(1,640,988)	(2,707,376)
Unrestricted cash		<u>34,110,918</u>	<u>30,481,195</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:

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

Unspent government grants and subsidies	(1,640,988)	(2,707,376)
Total unspent restricted cash	<u>(1,640,988)</u>	<u>(2,707,376)</u>

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

The Council may be exposed to credit risk through its investments in the QTC Cash Fund or other financial institutions in Australia. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Other bank accounts are held with financial institutions, which are rated AA- based on rating agency Fitch Ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote. 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.

Porpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

9 Receivables	Note	2021 \$	2020 \$
Receivables		1,174,050	665,267
Less impairment		(2,934)	(1,224)
Accrued income		397,211	163,277
		<u>1,568,327</u>	<u>827,320</u>

Receivables and advances are amounts owed to Council at year end. They are recognised at the amounts due at the time of sale or service delivery or advance. Settlement of these amounts is required within 30 days from invoice date.

No collateral is held as security relating to the financial assets held by Porpuraaw Aboriginal Shire Council.

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.

The loss is recognised in finance costs. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

No interest is charged on receivables.

Expected credit loss assessment

The Council uses an allowance matrix to measure the expected credit losses of trade and other receivables from individual customers, which comprise a very large number of small balances. Council believes the impact to be not material due to the current impairments of the trade and other debtors balance.

Impairment of receivables is not considered to be material.

10 Inventories

Inventories held for sale

Fuel	239,198	148,357
Other trading stocks	20,354	15,512
	<u>259,552</u>	<u>163,869</u>

Inventories held for distribution

Plant and equipment stores	165,182	183,865
	<u>165,182</u>	<u>183,865</u>
	<u>424,734</u>	<u>347,734</u>

Stores, fuel and other inventory 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 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.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11 Property, plant and equipment
30 June 2021

Basis of measurement
Fair value category

Asset values

Opening gross value as at 1 July 2020

Additions

- Renewals

- Other additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfers from work in progress

Closing gross value as at 30 June 2021

Accumulated depreciation and impairment

Opening balance as at 1 July 2020

Depreciation expense

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Impairment adjustment to asset revaluation surplus (i)

Accumulated depreciation as at 30 June 2021

Total written down value as at 30 June 2021

Range of estimated useful life in years

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in Progress	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	Level 3	Level 2 & 3	Level 3	Level 3	Level 3	Level 3			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	416,116	70,724,326	7,075,565	8,624,251	12,344,803	79,402,443	378,896	2,001,182	180,967,543
	-	160,788	-	43,646	11,885	2,804,847	-	216,530	3,237,696
	-	3,359,906	210,586	214,075	364,269	426,591	-	1,072,205	5,647,632
	-	(2,662,440)	-	-	-	-	-	-	(2,662,440)
7	-	1,039,049	-	53,470	76,538	228,788	6,630	-	1,404,475
17	-	76,173	14,756	302,890	164,401	982,504	-	(1,580,724)	-
	416,116	72,697,802	7,300,907	9,238,332	12,961,896	83,855,173	385,486	1,739,193	188,594,905
	400,956	39,726,663	4,279,807	2,064,343	2,194,821	12,896,485	-	-	61,563,114
	6,301	2,522,236	529,415	163,677	215,312	2,181,278	-	-	5,618,219
7	-	(398,132)	-	-	-	-	-	-	(398,132)
17	-	623,820	-	13,814	14,943	43,437	-	-	696,014
17	-	-	-	-	-	4,000,000	-	-	4,000,000
	407,297	42,474,587	4,809,222	2,241,834	2,425,076	19,121,200	-	-	71,479,216
	8,819	30,223,215	2,491,685	6,996,498	10,536,820	64,733,973	385,486	1,739,193	117,115,689
	3 - 5	15 - 40	5 - 15	5 - 80	10 - 120	10 - 100	-	-	-

(i) The adjustment of \$4,000,000 relates to road damage as a result of weather events in early 2021. As at 30 June 2021, the level of damage has been assessed by the Queensland Reconstruction Authority but the work has not yet been undertaken to restore the road.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11

Property, plant and equipment

30 June 2020

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2019

Additions

- Renewals

- Other additions

Revaluation adjustment to asset revaluation surplus

Transfers from work in progress

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Depreciation expense

Revaluation adjustment to asset revaluation

Accumulated depreciation as at 30 June 2020

Total written down value as at 30 June 2020

Range of estimated useful life in years

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in Progress	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	Level 3	Level 3	Level 2 & 3	Level 3	Level 3	Level 3			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	416,116	68,983,950	6,437,219	8,556,653	12,245,613	75,298,891	374,179	206,449	172,519,071
	-	200,555	-	-	-	815,443	-	998,160	2,014,159
	-	292,095	638,348	-	-	2,734,065	-	975,141	4,639,647
	-	1,247,725	-	67,598	99,190	375,476	4,677	-	1,794,666
	-	-	-	-	-	178,568	-	(178,568)	-
	416,116	70,724,326	7,075,565	8,624,251	12,344,803	79,402,443	378,856	2,001,182	180,967,543
	391,704	36,561,583	3,738,050	1,869,248	1,963,601	10,780,999	-	-	55,305,185
	9,292	2,460,872	541,757	178,915	213,585	2,051,517	-	-	5,455,938
	-	704,208	-	16,180	17,635	63,989	-	-	801,992
	400,996	39,726,663	4,279,807	2,064,343	2,194,821	12,896,485	-	-	61,563,114
	15,120	30,997,663	2,795,758	6,559,908	10,149,982	66,505,958	378,856	2,001,182	119,404,429
	3 - 5	15 - 40	5 - 15	5 - 80	10 - 120	10 - 100	-	-	-

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11 Property, plant and equipment (Continued)

(a) Recognition

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

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the components of parks.

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Deed of Grant in Trust Land

The Council is 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 466,000 hectares.

The land is administered by the Department of the Environment and Resource Management 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.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11 Property, plant and equipment (Continued)

(c) Depreciation

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

Land is not depreciated as it has an unlimited useful life. Depreciation on property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in the table in this note.

Key judgments and estimates:

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(d) Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Property, plant and equipment 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

11 Property, plant and equipment (Continued)

(e) Valuation

Key judgments and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

Buildings, Land, Water, Sewerage and other infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant & Equipment, Furniture & Fittings and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management engage independent, professionally qualified valuers to perform a desktop valuation. A desktop valuation involves 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.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

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. Refer to Note 17 for further details.

Details of valuers and methods of valuations are disclosed in Note 12.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Fair value measurements

Key judgements and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

(i) Recognised fair value measurements

In accordance with AASB 13 fair value measurements are categorised on the following basis:

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

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council buildings and infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

Accordingly all Council assets included in property, plant and equipment classes shown at fair value are categorised as level 3 (2020: 100% level 3). There were no transfers between categories during the year (2020: Nil). Council's policy is to recognise transfers in and out of the fair value hierarchy as at the end of the reporting period.

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

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
Buildings (level 3)	Current replacement cost (CRC)	30 June 2019	Australis Asset Advisory Group	<p>With the exception of the property at 28 Scott Street, Cairns, there is no market for Council's buildings as these assets are of a specialist nature and there is no active market as they are held to provide essential services to the community. For the purpose of assessing the fair value for financial reporting purposes value has been determined primarily by using the current replacement cost methodology. This involved determining a replacement cost for the asset and making an assessment on the condition, age and remaining life of the asset. The approach determines the cost to acquire or construct a substitute asset of comparable utility or service potential, adjusted for obsolescence.</p> <p>The fair value for the property at Scott Street has been determined by reference to market value.</p> <p>Considerations in the calculations have been the type and the size of the structure, construction materials used, level of finish, fixtures installed within, and the location of the asset. As the subject structures are located in a regional area, somewhat removed from the nearest provincial city of Cairns, and far removed from Queensland's capital city of Brisbane, a cost increase over and above that applicable to the nearest provincial city or in relation to Brisbane Cost Index is necessary to account for the increase in replacement cost due to transportation of labour and materials from the nearest supply centre and also the cost of housing specialised labour and contractors necessary for the construction work.</p>	Residential: 1.55% Commercial: 1.35% Cairns office: 1.75%	N/A

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Fair value measurements (Continued)

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
Infrastructure assets - other (level 3)	Current replacement cost (CRC)	30 June 2019	Australis Asset Advisory Group	<p>There is no market for Council's water and sewerage assets and other infrastructure assets (including roads) as these are held to provide essential services to the community. For the purpose of assessing the fair value for financial reporting purposes value has been determined primarily by using the current replacement cost methodology. Considerations in the calculations have been the type and the size of the individual infrastructure assets, construction materials used, level of finish, fixtures installed within, and the location of the assets. As the subject assets are located in a regional area, somewhat removed from the nearest provincial city of Cairns, and far removed from Queensland's capital city of Brisbane, a cost increase over and above that applicable to the nearest provincial city or in relation to a Brisbane Cost Index is necessary to account for the increase in replacement cost due to transportation of labour and materials from the nearest supply centre, and also the cost of specialised labour and contractors necessary for the construction work.</p> <p>In determining the most appropriate replacement cost of an asset, the nature of the asset, the nature of available comparative cost data and the purpose of the valuation has been taken into consideration along with the application of Greenfield unit rates and project cost assumptions.</p> <p>Replacement cost has been calculated with reference to unit rates by the valuers in consultation with Council. The rates have been developed from a combination of sources, cost guides, contractor rates, future works and regional information.</p>	Other infrastructure: 0.28% Airport: 0.34%	N/A
Infrastructure assets - water (level 3)	Current replacement cost (CRC)	30 June 2019	Australis Asset Advisory Group	<p>Reference asset replacement costs for the water and sewerage and other infrastructure assets have been compiled by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North Queensland Region, and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed.</p> <p>Unit rates have been developed by summing each component which goes into producing a unit (be it metres, square metres, tonnes, etc.) of an asset. The major components of any asset are the raw materials, plant, labour and intangibles. These unit costs have then been applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the fair value.</p>	0.62%	N/A

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

12 Fair value measurements (Continued)

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
Infrastructure assets - sewerage (level 3)	Current replacement cost (CRC)	30 June 2019	Australis Asset Advisory Group	<p>Reference asset replacement costs for the water and sewerage and other infrastructure assets have been compiled by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North Queensland Region, and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed.</p> <p>Sewerage assets are segregated into active and passive assets; passive assets are not further componentised and consist primarily of mains. Unit rates are applied based on similar recent project costs from other entities, unit rate databases, indices, Rawlinson's Construction rates and quotations.</p> <p>Consistent with roads, it is assumed that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date.</p>	0.62%	N/A
Land (level 2)	Market value	30 June 2019	Australis Asset Advisory Group	<p>Land was acquired in the year ended 30 June 2019 and fair values were determined by reference to the market value. A desktop valuation has been performed independently by Australis Asset Advisory Group, registered valuers for the years ended 30 June 2020 and 2021 with an assessment performed to ensure that material changes in the condition of assets have been captured and recorded.</p> <p>Level 2 valuation inputs were used to value land. Sales prices of comparable land are adjusted for differences in key attributes such as property size, location, topography, and other inherent attributes.</p>	1.75%	N/A

Finance lease assets (Level 3)

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). Council's current policy for the valuation of finance leases is set out in Note 14.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

There have been no transfers between level 1, 2 or 3 measurements during the year.

(iv) Valuation

Council's valuation policies and procedures are set by the executive management team. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 12. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

13 Contract balances

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

	2021 \$	2020 \$
(a) Contract assets	<u>1,241,164</u>	<u>207,494</u>
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	1,155,972	2,377,547
Non-capital performance obligations not yet satisfied	<u>389,783</u>	<u>156,950</u>
	<u>1,545,755</u>	<u>2,534,497</u>
Current contract liabilities	<u>1,545,755</u>	<u>2,534,497</u>
	<u>1,545,755</u>	<u>2,534,497</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	1,950,853	760,000
Non-capital performance obligations	<u>49,492</u>	<u>69,965</u>
	<u>2,000,345</u>	<u>829,965</u>

(c) Significant changes in contract balances

Significant movements in contract assets and contract liabilities that have occurred during the year were due to the change in the timing of the work, impairment of a contract asset and significant monies received in advance.

14 Leases

Council as a lessee

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is 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.

There are currently no existing leases in place.

Exception to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 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 / peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

14 Leases (Continued)

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 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.

Finance leases

Leases of property under which the Council as lessor transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases.

Council has leased 128 dwellings and 1 lot as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year ranged between \$2,800 and \$3,190 (\$2,817 and \$3,132 for 2019-20) and \$6,203 (\$6,090 for 2019-20) for the Pormpuraaw Women's Centre. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (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).

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Current			
Finance leases		418,464	400,183
		<u>418,464</u>	<u>400,183</u>
Non-current			
Finance leases		14,283,377	12,521,959
		<u>14,283,377</u>	<u>12,521,959</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:			
Not later than one year		418,464	400,183
Later than one year but not later than five years		1,673,855	1,600,733
Later than five years		11,428,960	11,249,809
		<u>13,521,279</u>	<u>13,250,725</u>
Add: Estimated contingent rent		6,939,873	5,958,327
Less: Present value adjustment		(5,759,312)	(6,286,910)
Fair value of lease payments		<u>14,701,840</u>	<u>12,922,142</u>

The fair value of lease payments are receivable as follows:

Not later than one year		418,464	400,183
Between one and two years		420,721	399,598
Between two and three years		422,991	399,011
Between three and four years		425,273	398,426
Between four and five years		427,567	397,842
Later than five years		12,586,824	10,927,082
		<u>14,701,840</u>	<u>12,922,142</u>

Movements in finance leases were as follows:

Opening balance		12,922,141	12,540,764
Add: Initial recognition of new leases		498,385	-
Less: Lease receipts		(406,259)	(392,951)
Add: Gain on revaluation	3(d)	1,687,573	774,328
Closing balance		<u>14,701,840</u>	<u>12,922,141</u>

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

14 Leases (Continued)

The calculation of fair value has included an estimate of average annual CPI increases of 2.50% (2020: 2.20%) and a discount rate of 1.95% (2020: 2.35%).

Finance leases are to the State of Queensland, represented by the Department of Housing and Public Works. The likelihood of this counterparty not having capacity to meet its financial commitments is considered low.

Movements on revaluation of finance lease assets are recognised as other income/expenses.

Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases.

Rent from Council's commercial buildings and offices is recognised as income on a periodic straight line basis over the lease term.

	2021 \$	2020 \$
Property income (excluding variable lease payments not dependent on an index or rate)	1,240,970	1,040,560
	<u>1,240,970</u>	<u>1,040,560</u>

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

As mentioned above, Council leases out a number of commercial buildings and offices to third parties. As at 30 June 2021 the lease agreements are currently being reviewed and renegotiated. There is only one signed agreement in place related to the leased commercial building at the year end. The minimum lease receipts in relation to it are as follows:

Not later than one year	38,051	-
	<u>38,051</u>	<u>-</u>
	2021	2020
	\$	\$

15 Payables

Current

Creditors and accruals	1,424,983	1,914,850
Others	66,300	49,834
	<u>1,491,283</u>	<u>1,964,684</u>

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 as a payable.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

	2021 \$	2020 \$
16 Provisions		
Current		
Annual leave	212,470	220,704
Long service leave	325,511	243,556
	<u>537,981</u>	<u>464,260</u>
Non-current		
Landfill restoration	201,886	208,116
Long service leave	24,845	50,761
	<u>226,731</u>	<u>258,877</u>
Landfill restoration		
Balance at end of financial year	208,116	201,034
Increase/(decrease) in provision due to change in discount rate	(6,230)	7,082
Balance at end of financial year	<u>201,886</u>	<u>208,116</u>

Annual leave

Liabilities are recognised for employee benefits such as wages and salaries, sick and annual leave in respect of services provided by the employees up to the reporting date.

A liability for annual leave is recognised. Short-term benefits which are expected to be wholly settled within 12 months are calculated on current wage and salary levels and include 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, if considered material. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability. This liability represents an accrued expense and is reported as a payable.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported as a provision.

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 provision. Otherwise it is classified as non-current.

Landfill restoration provision

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities.

The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions. 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 landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

The total projected cost of \$201,886 is expected to be incurred between 2037 and 2067. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

	2021 \$	2020 \$
17 Asset revaluation surplus		
The closing balance of the asset revaluation surplus comprises the		
Land	11,307	4,677
Furniture & Fittings	434,944	434,944
Buildings	36,423,100	36,007,871
Infrastructure assets - Other	53,617,470	57,432,118
Infrastructure assets - Water	340,348	300,692
Infrastructure assets - Sewerage	2,821,969	2,760,374
Plant & equipment	2,222,905	2,222,905
	<u>95,872,043</u>	<u>99,163,582</u>

18 Commitments for expenditure

Contractual commitments

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

IT management services	<u>66,878</u>	<u>101,524</u>
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19 Contingent liabilities

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

Local Government Mutual

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

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

20 Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIAsuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

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.

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

20 Superannuation (Continued)

No changes have been made to prescribed employer contributions which remain at 9.5% for new employees on their first year of service and 12% on the following year of service for employee assets as per legislation, and there are no known requirements to change the rate of contributions.

The next actuarial investigation is recommended to be conducted prior to 1 July 2021.

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.

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Superannuation contributions made to the Regional Defined Benefits Fund	5	341,212	341,609
Total superannuation contributions paid by Council for employees		<u>341,212</u>	<u>341,609</u>
		<u>2021</u> \$	<u>2020</u> \$
Trust funds held for outside parties		144,395	44,094
		<u>144,395</u>	<u>44,094</u>

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 of outside parties. The funds held in trust relate to building retention amounts and commercial lease bonds. 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 brought to account in the financial statements since Council has no control over the assets.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

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

Net result	8,594,858	4,905,237
Non-cash items:		
Depreciation	5,618,219	5,455,938
Impairment of debts	2,180	(1,773)
Non cash grants	(460,127)	(1,131,857)
(Gain)/Loss on revaluation of finance leases	(1,687,573)	(774,328)
	<u>3,472,699</u>	<u>3,547,980</u>
Investing and development activities (non-cash):		
Net (profit)/loss on disposal of non-current assets	125,271	-
Loss on transfer of assets via finance lease	1,640,652	-
Capital grants and contributions	(8,213,992)	(4,049,826)
	<u>(6,448,069)</u>	<u>(4,049,826)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(743,186)	643,853
(Increase)/decrease in inventory	(77,000)	88,412
(Increase)/decrease in contract assets	(141,943)	-
(Increase)/decrease in other assets	23,220	(33,768)
Increase/(decrease) in payables	(473,401)	400,696
Increase/(decrease) in contract liabilities	232,833	86,985
Increase/(decrease) in other provisions	41,576	54,810
	<u>(1,137,901)</u>	<u>1,240,988</u>
Net cash inflow from operating activities	<u>4,481,587</u>	<u>5,644,379</u>

23 Events after the reporting period

The global COVID-19 pandemic and the subsequent restrictions imposed by the Commonwealth and Queensland governments have caused disruption to business and economic activity. As at the date of signing these financial statements, given the evolving circumstances of COVID-19, the ongoing impact on Council cannot be reliably estimated for future financial periods. This is considered a non-adjusting event for financial reporting and disclosure purposes.

To the best of Council's knowledge at the date of this financial report, there are no other post balance date events that are likely to have a material impact on the financial statements.

24 Impact of COVID-19 on the financial statements as at 30 June 2021

As a result of the pandemic, there was a significant decrease in the level of housing maintenance revenue towards the end of the 2019-20 financial year which has continued into the 2020-21 financial year. There has been no scoping of new projects performed by the Departments of Housing since the start of the pandemic which has resulted in delays in the release of new contracts for housing maintenance work. As a result of travel restrictions imposed and Council's decision to keep the community closed to tourism, there has been no tourism income for 2020/21. It is noted that until vaccines have been rolled out, Council will continue to keep the community closed to non-essential visitors. The decrease in sales revenue, combined with low interest rates, has also resulted in a decrease in interest income from the QTC Cash Fund. The decrease in sales and interest revenue has been reflected in the financial statements. It is not possible to accurately quantify the decrease due to the inconsistent nature of the contracts and recoverable works.

There have not been any other significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and it is confirmed that any known impacts have been reflected in the financial statements.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

25 Transactions with related parties

(a) Transactions with key management personnel (KMP)

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and executive management. The compensation paid to KMP for 2020/21 comprises:

	2021 \$	2020 \$
Short-term employee benefits	980,141	973,432
Post-employment benefits	105,828	112,810
Long-term benefits	26,567	16,214
Termination benefits	5,385	39,532
Total	1,117,920	1,141,988

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2021 \$	2020 \$
Rental income charged to entities controlled by KMP	24(b)(i)	-	24,244
Sale of goods & services to related parties	24(b)(f)	70,763	89,177
Service levies to related parties	24(b)(i)	44,221	-
Employee expenses for close family members of key management personnel	24(b)(ii)	118,354	364,814
Purchase of material and services to close family members and entities controlled by KMP	24(b)(iii)	-	17,405
Donations from entities controlled by KMP	24(b)(iv)	2,500	15,500
ILUA payments to entity controlled by KMP	24(b)(v)	-	26,330
Other income from entities controlled by KMP	24(b)(vi)	-	110,000.00

(i) Rental income, sales income and services levies charged to entities controlled by key management personnel and related parties were on an arm's length basis in accordance with the agreement or the terms of the sale.

(ii) 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.

Council employs 71 (72 for 2019-20) staff of which only 3 (14 for 2019-20) are close family members of key management personnel.

(iii) The Council purchased material and services from a related party of members of key management personnel. All purchases were at arm's length and were in the normal course of council operations.

(iv) In 2020-21, Council received a receipt of \$2,500 from NWAC which was for a voluntary contribution for a community event where shirts were purchased in January 2021. In 2019-20, sponsorships were received for Pormpuraaw's Cultural Festival and Bullride held from the 21st and 22nd of September 2019. All sponsorships made were on a voluntary basis.

(v) Indigenous Land Use Agreement (ILUA) payments are to be paid as per the 'Pormpuraaw Township Community Development Land Use Agreement' that are payable to the representative body as per agreement. Under the ILUA agreement, it is the Traditional Owners Implementation Group that acts as the agent for traditional owners. One Council KMP was identified as a member of the Traditional Owners Implementation Group (TOIG) in the 2019-20 financial year.

(vi) Council entered into arrangement with Jobfind Centres Australia Pty Limited trading as RISE Ventures to work together to improve the education, training and employment outcomes for job seekers in the Pormpuraaw community, in which Council receives a contribution. We note that the related KMP ceased to be a KMP after the election in 2020.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

25 Transactions with related parties

25 Transactions with related parties (continued)

(c) Outstanding balances

There are no material outstanding balances at the end of the reporting period in relation to transactions with related parties.

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council does not have any commitments to/from related parties.

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

The majority of the entities and people that are related parties of Council live and operate within the Pormpuraaw community. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges, fees and charges and rental charges are considered to be an ordinary citizen transaction.

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

26 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

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 managements framework in relation to the risks faced by the Council. The 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.

Pormpuraaw 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 investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

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 Pormpuraaw 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

Refer to Note 8 for further details.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

26 Financial instruments and financial risk management (Continued)

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.

By the nature of the Council's operations, there is a geographical concentration of risk in respect of receivables in the Council's area.

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

Refer to Note 9 for further details.

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

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 and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows 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 contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2021					
Payables	1,424,983	-	-	1,424,983	1,424,983
	<u>1,424,983</u>	<u>-</u>	<u>-</u>	<u>1,424,983</u>	<u>1,424,983</u>
2020					
Payables	1,914,850	-	-	1,914,850	1,914,850
	<u>1,914,850</u>	<u>-</u>	<u>-</u>	<u>1,914,850</u>	<u>1,914,850</u>

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

26 Financial instruments and financial risk management (Continued)

Market risk

Market risk is the risk that changes in market indices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

Pormpuraaw Aboriginal Shire Council is exposed to interest rate risk through investments with QTC.

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

Sensitivity

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

The 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.

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

	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2021					
Deposits at call	34,703,304	347,033	(347,033)	347,033	(347,033)
Total	(34,703,304)	(347,033)	347,033	(347,033)	347,033
2020					
Deposits at call	31,246,778	312,468	(312,468)	312,468	(312,468)
Total	(31,246,778)	(312,468)	312,468	(312,468)	312,468

(b) Fair value

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

27 Tied Grants by Project

	Balance 1/07/2020	Revenue	Council Contribution	Expense	Balance 30/06/2021
	\$	\$	\$	\$	\$
Commonwealth Government Grants					
Department of Infrastructure, Transport, Regional Development & Communications					
<i>Financial Assistance Grant</i>	-	1,844,933	-	(1,844,933)	-
<i>Roads to Recovery</i>	94,768	282,178	-	(319,136)	57,810
<i>Local Roads & Community Infrastructure Program</i>	-	186,842	-	(247,744)	(60,902)
Total	94,768	2,313,953	-	(2,411,813)	(3,092)
Department of Health					
<i>Consumer Directed Care Packages</i>	61,821	200,118	157	(178,511)	83,585
<i>CHSP Home Support Programme (HACC)</i>	2,449	319,921	-	(211,385)	110,985
<i>Indigenous Employment Initiative (IEI) - Aged Care</i>	31,694	663,120	-	(460,451)	234,363
Total	95,964	1,183,159	157	(850,347)	428,933
Services Australia					
<i>Centrelink Agent</i>	-	44,852	-	(44,852)	-
Total	-	44,852	-	(44,852)	-
Department of the Prime Minister & Cabinet					
<i>RAS - Pormpuraaw Cafe & Bakery</i>	180,170	-	-	(180,170)	-
<i>IAS - Playground Project</i>	40,000	-	-	(40,000)	-
Total	220,170	-	-	(220,170)	-
Total - Commonwealth Govt Grants	410,902	3,541,964	157	(3,527,182)	425,841
State Government Grants					
Department of Environment & Science					
<i>QIL&S Ranger Program</i>	5,704	747,323	-	(677,508)	75,519
Total	5,704	747,323	-	(677,508)	75,519
Queensland Fire and Emergency Services					
<i>State Emergency Services</i>	-	13,551	-	(13,551)	-
Total	-	13,551	-	(13,551)	-
Department of Justice & Attorney-General					
<i>Community Justice Group</i>	63,895	122,443	-	(92,159)	94,179
<i>CJG DJV Funding</i>	75,000	-	-	(34,583)	40,417
<i>Gambling Community Benefit Fund</i>	-	35,000	-	-	35,000
Total	138,895	157,443	-	(126,742)	169,596
State Library of Queensland					
<i>Tech Savvy Seniors Grant</i>	10,000	-	-	(2,044)	7,956
<i>Indigenous Libraries</i>	-	18,500	21,006	(39,506)	-
<i>Library Refurbishment</i>	14,909	-	4,395	(19,304)	-
<i>First Five Forever Program</i>	372	3,000	-	-	3,372
<i>Deadly Digital Communities</i>	3,840	-	-	-	3,840
Total	29,121	21,500	25,401	(60,854)	15,168

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

27 Tied Grants by Project

	Balance 1/07/2020	Revenue	Council Contribution	Expense	Balance 30/06/2021
	\$	\$	\$	\$	\$
Department of Transport and Main Roads					
<i>ATSI TIDS Projects</i>	(207,494)	1,019,709	-	(822,874)	(10,659)
Total	(207,494)	1,019,709	-	(822,874)	(10,659)
Department of Health					
<i>ATSI Public Health Program</i>	-	176,018	-	(176,018)	-
Total	-	176,018	-	(176,018)	-
Queensland Reconstruction Authority					
<i>DRFA - CAT D Betterment Program</i>	-	566,974	-	(9,641)	557,333
<i>DRFA - CAT D Flood Warning Infrastructure</i>	-	6,000	-	-	6,000
<i>DRFA 2021 Emergent Works</i>	-	-	-	(32,744)	(32,744)
<i>DRFA 2019 Restoration</i>	266,282	1,438,162	-	(1,792,284)	(87,840)
<i>Get Ready Qld</i>	(678)	6,780	-	(3,106)	2,996
Total	265,604	2,017,916	-	(1,837,775)	445,745
Department of Education & Training					
<i>First Start Program</i>	15,000	15,000	-	-	30,000
Total	15,000	15,000	-	-	30,000
Department of Seniors, Disability Services and Aboriginal & Torres Strait Islander Partnerships					
<i>Splashpark</i>	-	262,500	-	(262,500)	-
<i>DAT Pormpuraaw AMP Community Safety Plan 2020</i>	50,000	-	-	-	50,000
Total	50,000	262,500	-	(262,500)	50,000
Department of Communities, Disability Services & Seniors					
<i>Qld Community Support Scheme</i>	-	26,130	-	(33,551)	(7,421)
<i>Community Transport</i>	-	5,000	4,646	(14,646)	(5,000)
<i>FNQ-NQ Monsoon Trough R2 Funding</i>	-	130,822	-	-	130,822
Total	-	161,952	4,646	(48,197)	118,401
Department of Housing & Public Works					
<i>Interim Remote Capital Program (Community Housing)</i>	583,252	1,497,325	-	(2,080,577)	-
Total	583,252	1,497,325	-	(2,080,577)	-
State Development, Infrastructure, Local Government and Planning					
<i>State Govt Financial Assistance</i>	-	1,533,659	-	(1,533,659)	-
<i>Revenue Replacement Program</i>	-	477,000	-	(477,000)	-
<i>Indigenous Employment Development</i>	-	80,000	-	(80,000)	-
<i>Works for Queensland 2019-2021</i>	674,229	-	-	(1,231,030)	(556,801)
<i>Works for Queensland COVID</i>	-	695,000	-	(621,864)	73,136
<i>ICCIP</i>	529,964	1,010,630	-	(1,496,919)	43,675
Total	1,204,193	3,796,289	-	(5,440,473)	(439,990)
Total - State Govt Grants	2,084,275	9,886,526	30,047	(11,547,068)	453,780

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

27 Tied Grants by Project

	Balance 1/07/2020	Revenue	Council Contribution	Expense	Balance 30/06/2021
	\$	\$	\$	\$	\$
Other Grant Providers					
Cape York Natural Resource Management					
<i>Nest to Ocean (Turtle Program) CY219 R4</i>	4,027	2,000	-	(6,027)	-
<i>Nest to Ocean (Turtle Program) CY282 R5</i>	-	60,000	-	(60,000)	-
Total	4,027	62,000	-	(66,027)	-
Total Other Grant Providers	4,027	62,000	-	(66,027)	-
Total Grants	2,499,204	13,490,490	30,203	(15,140,277)	879,620
Add back negative (unclaimed) grant balances	208,172				761,367
Unspent grant revenue	2,707,376				1,640,988
Total Grants		13,490,490			
Adjustments as a result of the implementation of the New Accounting Standards		1,922,061			
Total Grants as Adjusted		15,412,551			

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2021

Management Certificate
For the year ended 30 June 2021

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 3 to 39, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Richard Tarpencha
Date: 9, 9, 21



Chief Executive Officer
Edward Natara
Date: 9, 9, 21

INDEPENDENT AUDITOR'S REPORT

To the councillors of Pormpuraaw Aboriginal Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Pormpuraaw Aboriginal Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



Sri Narasimhan
as delegate of the Auditor-General

14 September 2021

Queensland Audit Office
Brisbane

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2021

Measures of Financial Sustainability

- 1 Current Year Financial Sustainability Statement
- 2 Current Year Certificate of Accuracy
- 3 Independent Auditors Report (Current Year Financial Sustainability Statement)
- 4 Unaudited Long Term Financial Sustainability Statement
- 5 Long Term Certificate of Accuracy



**Porpuraaw Aboriginal Shire Council
Current Year Financial Sustainability Statement
For the year ended 30 June 2021**

Measures of Financial Sustainability

Council's performance at 30 June 2021 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)	10%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	64%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-213%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

**Pormpuraaw Aboriginal Shire Council
Current Year Certificate of Accuracy
For the year ended 30 June 2021**

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

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

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



Mayor
Richard Tarpencha

Date: 9, 9, 21.



Chief Executive Officer
Edward Natera

Date: 9, 9, 21

INDEPENDENT AUDITOR'S REPORT

To the councillors of Pormpuraaw Aboriginal Shire Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Pormpuraaw Aboriginal Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Pormpuraaw Aboriginal Shire Council for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current-year financial sustainability statement

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

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

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

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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

14 September 2021

Queensland Audit Office
Brisbane

Parramatta Aboriginal Shire Council
 Unaudited Long Term Financial Sustainability Statement
 For the year ended 30 June 2021

Measures of Financial Sustainability	Metric	Target	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	10%	-10%	-18%	-18%	-19%	-19%	-19%	-18%	-18%	-19%	-13%
Asset sustainability ratio	Capital expenditure on the replacement of assets (non-wear) divided by depreciation expense	greater than 50%	64%	30%	40%	49%	38%	22%	22%	20%	21%	21%	34%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-21%	-28%	-27%	-28%	-33%	-35%	-42%	-44%	-48%	-52%	-53%

Financial Management Strategy

Council measures revenue and expenditure 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.

The future operating position is continuously addressed by Council during and strategies are being considered to reduce expenditure where possible and seek alternative sources of revenue in future years.

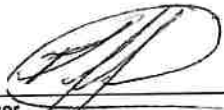
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Pormpuraaw Aboriginal Shire Council
Long Term Certificate of Accuracy
For the year ended 30 June 2021


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

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

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



Mayor
Richard Tarpencha
Date: 9, 9, 21



Chief Executive Officer
Edward Natera
Date: 9, 9, 21

