

**Cherbourg Aboriginal Shire Council
Annual Financial Statements
For the year ended 30 June 2020**

Cherbourg Aboriginal Shire Council

Financial statements

For the year ended 30 June 2020

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Cherbourg Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Fees and charges	3(a)	719,635	675,312
Rental income		1,041,049	1,162,486
Interest received		106,972	72,893
Sales revenue	3(b)	3,245,649	3,070,453
Other Income		180,361	309,873
Grants, subsidies, contributions and donations	3(c)	3,237,214	3,472,876
		<u>8,530,880</u>	<u>8,763,893</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(c)	16,721,135	6,249,498
Sales revenue	3(d)	2,226,982	4,885,449
Total Capital Revenue		<u>18,948,117</u>	<u>11,134,947</u>
Other capital income	4	34,472	447,024
Total revenue		<u>27,513,469</u>	<u>20,345,864</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(6,375,187)	(4,945,487)
Materials and services	6	(3,214,361)	(3,718,343)
Finance costs		(81,535)	(7,119)
Depreciation and amortisation			
Property, plant and equipment	11	(2,562,311)	(2,457,558)
Total expenses		<u>(12,233,394)</u>	<u>(11,128,507)</u>
Capital expenses			
Capital expenses	7	(1,224,621)	(2,325,679)
Total expenses		<u>(13,458,015)</u>	<u>(13,454,186)</u>
Net result		<u>14,055,454</u>	<u>6,891,678</u>
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Increase/(decrease) in asset revaluation surplus	14	294,804	1,883,673
Total other comprehensive income for the year		<u>294,804</u>	<u>1,883,673</u>
Total comprehensive income for the year		<u>14,350,258</u>	<u>8,775,351</u>

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

Cherbourg Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	8	10,080,645	12,105,103
Trade and other receivables	9	994,803	1,133,819
Inventories		224,548	138,646
Biological assets		105,513	346,985
Contract assets	10(a)	559,687	-
Total current assets		<u>11,965,196</u>	<u>13,724,553</u>
Non-current assets			
Property, plant and equipment	11	139,374,849	123,779,969
Total non-current assets		<u>139,374,849</u>	<u>123,779,969</u>
Total assets		<u>151,340,045</u>	<u>137,504,522</u>
Current liabilities			
Trade and other payables	12	699,277	1,281,484
Contract liabilities	10(b)	4,984,510	-
Provisions	13	209,722	257,618
Total current liabilities		<u>5,893,509</u>	<u>1,539,102</u>
Non-current liabilities			
Trade and other payables	12	603,000	600,000
Provisions	13	2,550,526	2,440,138
Total non-current liabilities		<u>3,153,526</u>	<u>3,040,138</u>
Total liabilities		<u>9,047,035</u>	<u>4,579,240</u>
Net community assets		<u>142,293,010</u>	<u>132,925,282</u>
Community equity			
Asset revaluation surplus	14	44,251,409	43,956,605
Retained surplus		98,041,601	88,968,677
Total community equity		<u>142,293,010</u>	<u>132,925,282</u>

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

Cherbourg Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2020

	Note	Asset revaluation surplus	Retained Surplus	Total Community Equity
		\$	\$	\$
Balance as at 1 July 2019		43,956,605	88,968,677	132,925,282
Adjustment on initial application of AASB 15/ AASB 1058		-	(4,982,530)	(4,982,530)
Restated balance at 1 July 2019		43,956,605	83,986,147	127,942,752
Net operating surplus		-	14,055,454	14,055,454
Other comprehensive income for the year				
Increase in asset revaluation surplus	14	294,804	-	294,804
Total comprehensive income for the year		294,804	14,055,454	14,350,258
Balance as at 30 June 2020		44,251,409	98,041,601	142,293,010
Balance as at 1 July 2018		42,072,932	82,141,198	124,214,130
Adjustment on initial application of AASB 9			(64,199)	(64,199)
Restated balances at 1 July 2018		42,072,932	82,076,999	124,149,931
Net operating surplus		-	6,891,678	6,891,678
Other comprehensive income for the year				
Increase in asset revaluation surplus	14	1,883,673	-	1,883,673
Total comprehensive income for the year		1,883,673	6,891,678	8,775,351
Balance as at 30 June 2019		43,956,605	88,968,677	132,925,282

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

Cherbourg Aboriginal Shire Council

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		3,744,537	4,019,882
Payments to suppliers and employees		(10,029,278)	(8,340,258)
		(6,284,741)	(4,320,376)
Interest received		106,972	72,893
Finance Expenses		(5,950)	(7,119)
Rental income		1,584,173	1,162,486
Non capital grants and contributions		3,237,214	3,472,876
Net cash inflow (outflow) from operating activities	18	(1,362,332)	380,760
Cash flows from investing activities			
Payments for property, plant and equipment		(6,497,318)	(6,902,940)
Grants, subsidies, contributions and donations		5,043,300	6,249,498
Capital Sales Revenue		725,892	4,885,449
Proceeds from sale of property, plant and equipment		66,000	1,405,318
Net cash inflow (outflow) from investing activities		(662,126)	5,637,325
Net increase (decrease) in cash held		(2,024,458)	6,018,085
Cash at beginning of the financial year		12,105,103	6,087,018
Cash at end of the financial year	8	10,080,645	12,105,103

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

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements for the period 1 July 2019 to 30 June 2020 have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

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

1.B Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1.C Currency

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

1.D Adoption of new and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019. The standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases. Refer to the change in accounting policy note 19 for transition disclosures for AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of NFP Entities.

Council has also reviewed AASB16 Leases and while Council leases a number of items of equipment, the assets are considered low value and are not subject to lease accounting. Further information on the treatment of leases is at Note 1Q.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. These Standards include AASB2018-7 Amendments to Australian Accounting Standards Definition of Material. Those standards have not been applied in these financial statements and are not expected to have a material impact. Council will implement them when they are effective.

1.E Critical accounting judgements and key sources of estimation uncertainty

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

- Valuation and depreciation of property, plant and equipment - Note 1.J and Note 11
- Restoration provisions - Note 1.Q & Note 13
- Contingencies - Note 16
- Impairment of trade and other receivables- Note 1.I, Note 9 and Note 20
- Valuation of biological assets - Note 1.L

1.F Revenue

2020 accounting policies:

Fees and charges

Fees and charges are recognised when or as 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 services. There is no material obligation by Council in relation to refunds or returns.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1.F Revenue (continued)

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement. 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 standards. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time the asset is received.

Capital grants

Capital grants 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. 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.

Rental income

Rental revenue from property is recognised as income on a periodic straight line basis over the lease term or when Council has entitlement to invoice for services provided.

Sales Revenue

Revenue from sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered. Sales revenue is classified in to capital revenue for major upgrade and recurrent revenue for minor repairs and maintenance work. Revenue from housing maintenance generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on the costs incurred at the reporting date. 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. There are no contracts in progress at at the year end.

2019 accounting policies:

Fees and charges

Fees and charges are recognised on delivery of the associated service.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them which is usually upon receipt of funds. An equivalent amount is recognised as a restriction over cash balances until the funds are expended.

Rental income

Rental revenue from property is recognised as income on a periodic straight line basis over the lease term or when Council has entitlement to invoice for services provided.

Sales Revenue

Contract revenue is recognised at the agreed contract price due at the time of sale or delivery. Sales revenue is classified in to capital revenue for major upgrade and recurrent revenue for minor repairs and maintenance work.

1.G 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.

Cherbourg 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 -measured at amortised cost (Note 1.H)

Receivables - measured at amortised cost (Note 1.I)

Financial liabilities

Payables - measured at amortised cost (Note 1.P)

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1.G Financial assets and financial liabilities (continued)

Council does not recognise any financial assets or financial liabilities at fair value in the statement of financial position. The carrying amount of cash and cash equivalents, trade receivables and trade payables approximate their fair value due to their short-term, liquid nature.

1.H Cash and cash equivalents

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

1.I Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment.

All known bad debts were written-off at 30 June. Council reviews receivable balances on an individual basis to assess the expected credit losses of trade receivables from individual customers. If an amount is recovered in a subsequent period it is recognised as revenue.

1.J Property, plant and equipment

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 \$10,000, 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.

The classes of property, plant and equipment recognised by the Council are:

- Land
- Buildings
- Houses
- Motor Vehicles
- Plant and Equipment
- Furniture and fittings
- Infrastructure -Roads & Bridges, Water, Sewerage and other structures
- Work in Progress

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

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity 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.

Valuation

Land, buildings, houses, plant and equipment including motor vehicles and all infrastructure assets are measured at fair value under the revaluation model, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is 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 comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1.K Property, plant and equipment (cont)

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.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Details of valuers and methods of valuations are disclosed in Note 11.

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.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment 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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 11.

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 341 of the *Land Act 1994*. It comprises an area of approximately 3,560 hectares.

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

1.L Biological assets

The Council has a beef livestock operation. These assets are valued at market value at reporting date. In view of the immaterial nature of this operation the accounting principles under AASB 141 related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.M Impairment of non-current assets

Each non-current physical and intangible asset and group of assets 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 profit and loss, 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.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1.N Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.O Liabilities - employee benefits

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.

Annual leave

A liability for annual leave is recognised. The portion expected to be wholly settled within twelve months is calculated on current wage and salary levels and includes related employee on-costs. The portion not expected to be wholly settled within twelve months is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. Annual leave which has vested (or will vest in less than 12 months) is classified as current regardless of the measurement basis used in AASB 119.

Sick leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 17.

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 value of 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 in Note 13 as a provision. Long service leave which has vested (or will vest in less than 12 months) is classified as current regardless of the measurement basis used in AASB 119.

1.P Asset revaluation surplus

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

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.Q AASB 16 Leases

2020 Accounting Policies

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

Council has applied the exception to lease accounting for leases of low-value assets and short-term leases. Council leases a number of items of equipment, a number of the assets are considered low value and are therefore not subject to lease accounting. Council recognises the payment associated with this lease as an expense on a straight-line basis over the lease term.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

1.Q AASB 16 Leases (continued)

Leases in which the Council is 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. Council has leased commercial buildings including the Canteen and other office rental premises. These were identified as operating leases and we have assessed that there will be no changes in Council's (lessor) accounting policy for rental income, per AASB 16.

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 intends to elect not to apply the fair value measurement requirements to these leases.

2019 Accounting Policies

The Council entered into operating leases on IT equipment, with lease terms between two and five years. Council recognised the payments associated with these leases as an expense on a straight-line basis over the lease term.

1.R National competition policy

The Council has reviewed its activities to identify its business activities. Council has resolved that none of its activities fall within the National Competition Policy guidelines and has therefore chosen not to apply the Code of Competitive Conduct.

1.S Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

1.T Taxation

Council is exempt from Commonwealth taxation except for 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.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

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 :

Corporate services and governance

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements. It also includes management and reporting of Council's finances, information technology and administration.

Community services

Community services and facilities include cultural, health, welfare, disaster management, sports and recreational services, radio station, NDIS and management of the indigenous knowledge centre.

Economic and community development

This comprises Council enterprises incorporating cattle stud farm, material recycling facility, crop and vegetable production, and includes training and employment initiatives.

Housing

The provision, maintenance and upgrading of public housing within the DOGIT area, including the planning and construction of new houses and tenancy agreements.

Infrastructure

Provision and maintenance of water supply and services, drainage, sewerage services and treatment, refuse collection and waste disposal services.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

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 2020

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
	2020	2020	\$	2020	2020	\$							
	\$	\$	\$	\$	\$	\$							
Corporate & governance	1,872,006	174,702		207,108	-		2,253,816	3,169,188	-	3,169,188	(1,122,480)	(915,372)	32,695,113
Community services	673,467	782,690		488,565	-		1,944,722	1,401,651	-	1,401,651	54,506	543,071	11,965,196
Economic & community development	-	3,295,225		2,163,068	-		5,458,293	2,158,943	-	2,158,943	1,136,282	3,299,350	5,030,542
Housing	-	1,041,049		1,312,316	2,226,982		4,580,347	3,830,087	1,224,621	5,054,708	(2,789,038)	(474,361)	66,929,951
Infrastructure	691,741	-		12,584,550			13,276,291	1,673,525		1,673,525	(981,784)	11,602,766	34,719,243
Total Council	3,237,214	5,293,666		16,755,607	2,226,982		27,513,469	12,233,394	1,224,621	13,458,015	(3,702,514)	14,055,454	151,340,045

Year ended 30 June 2019

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
	2019	2019	\$	2019	2019	\$							
	\$	\$	\$	\$	\$	\$							
Corporate & governance	1,828,333	327,888	-	-	-	2,156,221	2,870,039	-	2,870,039	(713,818)	(713,818)	30,749,327	
Community services	952,401	729,414	472,540	-	-	2,154,355	952,945	-	952,945	728,870	1,201,410	2,273,704	
Economic & community development	-	827,715	798,475	-	-	1,626,190	1,605,253	-	1,605,253	(777,538)	20,937	12,414,441	
Housing	-	3,378,379	-	-	4,885,449	8,264,828	4,352,552	-	4,352,552	(973,173)	3,912,276	69,975,831	
Infrastructure	692,142	26,622	4,978,483	447,023	6,144,270	6,144,270	1,347,718	2,325,679	3,673,397	(628,954)	2,470,873	22,091,219	
Total Council	3,472,876	5,291,018	6,249,498	5,332,472	20,345,864	20,345,864	11,128,507	2,325,679	13,454,186	(2,364,613)	6,891,678	137,504,522	

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

3 Revenue analysis

	Note	AASB15 \$	AASB1058 \$
Revenue recognised at a point in time			
Fees and charges	3(a)	719,635	-
Sales revenue	3(b)	3,245,649	-
Grants, subsidies, contributions and donations	3(c)	-	17,027,532
Capital sales revenue	3(d)	2,226,982	-
		<u>6,192,266</u>	<u>17,027,532</u>
Revenue recognised over time			
Revenue relating to grants for assets controlled by Council	3(c)	-	2,930,817
		<u>-</u>	<u>2,930,817</u>
Total revenue		<u>6,192,266</u>	<u>19,958,349</u>
	Note	2020 \$	2019 \$
(a) Fees and charges			
Community fees and charges		75,370	62,100
Post office commissions		11,000	12,000
Service charges		625,162	595,352
Building lease charges		8,103	5,860
		<u>719,635</u>	<u>675,312</u>
(b) Sales revenue			
Sale of services			
Recoverable works - BAS		1,971,834	2,268,356
Joinery sales		88,167	46,346
		<u>2,060,001</u>	<u>2,314,702</u>
Sale of goods			
Livestock sales		190,220	226,158
Produce farm		-	11,152
Material recycling facility		13,660	8,954
Containers for Change		980,110	432,650
Other Sales		1,658	76,837
		<u>1,185,648</u>	<u>755,751</u>
Total sales revenue		<u>3,245,649</u>	<u>3,070,453</u>
(c) Grants, subsidies, contributions and donations			
Recurrent			
General purpose grants		2,483,747	2,440,475
State government subsidies and grants		412,467	554,459
Commonwealth government subsidies and grants		341,000	477,942
		<u>3,237,214</u>	<u>3,472,876</u>
Capital			
State government subsidies and grants		2,852,040	2,534,609
Commonwealth government subsidies and grants		690,175	3,714,889
Contributions and donations		13,178,920	-
		<u>16,721,135</u>	<u>6,249,498</u>
(d) Capital sales revenue			
Recoverable capital works - BAS		2,141,842	4,587,298
Joinery capital works - BAS		85,140	298,151
		<u>2,226,982</u>	<u>4,885,449</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
4 Capital income			
Gain / loss on disposal of non-current assets			
Proceeds from sale of plant and equipment		60,000	900
Less: Book value of plant and equipment sold		(25,528)	(5,294)
		<u>34,472</u>	<u>(4,394)</u>
Proceeds from sale of land and improvements		-	1,404,418
Less: Book value of land sold		-	(953,000)
Total capital income		<u>34,472</u>	<u>447,024</u>
5 Employee benefits			
Total staff wages and salaries		5,152,177	3,929,264
Councillors' remuneration		320,337	319,744
Annual and long service leave entitlements		401,616	424,273
Superannuation	17	514,255	423,767
		<u>6,388,385</u>	<u>5,097,048</u>
Other employee related expenses		68,341	144,376
Less : Capitalised employee expenses		(81,539)	(295,937)
		<u>6,375,187</u>	<u>4,945,487</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		2020	2019
Elected members		5	5
Administration staff		12	13
Depot and outdoors staff		74	72
Total full time equivalent employees		<u>91</u>	<u>90</u>
6 Materials and services			
Administration supplies and consumables		63,423	31,844
Audit services		55,738	60,000
Consultants		198,124	184,281
Electricity		172,845	172,762
Enterprise centre running costs		446,458	453,870
Licence fees		560	551
Insurance		278,941	375,452
Joinery expenses		70,162	154,761
Movement in inventory		155,570	34,873
Motor vehicle expenses		334,706	213,400
Printing & stationery		58,805	51,219
Radio Operating Expenses		64,765	17,024
Repairs and maintenance		578,684	1,297,719
Subscriptions and advertising		988	2,182
Telephone & fax		55,137	67,014
Travel		30,003	39,948
Water & sewerage operational costs		204,480	99,241
Bad and doubtful debts		403,074	177,388
Other materials and services		41,898	284,814
		<u>3,214,361</u>	<u>3,718,343</u>
7 Capital expenses			
Provision for restoration of land			
Recognition of refuse restoration provision		-	2,325,679
		<u>-</u>	<u>2,325,679</u>
Capital write off - Disposal of Assets		<u>1,224,621</u>	<u>-</u>
		<u>1,224,621</u>	<u>2,325,679</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
8 Cash and cash equivalents			
Cash at bank and on hand		10,080,645	12,105,103

Cash and deposits at call are held in the Westpac Bank in normal term deposits and business cheque accounts. The bank currently has short term rating of P-1 and long term rating of Aa2.

9 Trade and other receivables

Current

Trade receivables	20	2,308,024	2,150,646
Less loss allowance	20	(1,380,075)	(1,057,086)
Prepayments		66,854	40,259
		<u>994,803</u>	<u>1,133,819</u>

Movement in accumulated impairment losses is as follows:

Opening balance		1,057,086	828,234
Adjustment to opening balance upon application of AASB 9		-	64,199
Additional provisions raised		322,989	164,653
Closing balance		<u>1,380,075</u>	<u>1,057,086</u>

10 Contract assets and liability

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.

a. Contract assets

Contract assets arise when work has been performed by Council relating to a contract with customer (or capital grant paid in arrears) but no receivable has arisen since the invoice has not been raised.

	2020 \$
Current Contract Assets	<u>559,687</u>

b. Contract liabilities

A contract liability arises when Council has received consideration or has an unconditional right to receive consideration from the customer before the Council transfers a good or service to the customer. It is the obligation to transfer the good or service or the receipt of funds prior to performance obligations being satisfied.

Funds received upfront to construct Council controlled assets	4,954,510
Deposits received in advance of services provided	30,000
	<u>4,984,510</u>
Current contract liabilities	4,984,510
Non-current contract liabilities	-
	<u>4,984,510</u>

Revenue recognised in the reporting period that was included in the contract liabilities opening balance.

Funds received upfront to construct Council controlled assets	839,218
	<u>839,218</u>

The contract liability relates to major projects such as the Murgon Footpath Upgrade, Waste Water Treatment Plant, and extensions to the Material Recovery Facility. It is expected that these projects will be completed during the 2020-2021 financial year.

The Contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. The impact of this change in accounting policy resulted in an increase in contract liabilities and contract assets respectively by \$559,687 and \$4,984,510 at 30 June 2020.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

11 Property, Plant and Equipment

(i) Fair Value Hierarchy

The fair values of 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. To provide an indication about the reliability of the inputs used in determining fair values, council classifies assets which are measured at fair value into the three levels prescribed under AASB 13, as follows:

Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value based on inputs that are directly or indirectly observable for the asset or liability.

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

There were no transfers between levels during the year.

The following tables summarise the classification of councils assets into the levels defined above.

2020:

Asset Category	Level 1	Level 2	Level 3	Total
Land	-	663,000	-	663,000
Buildings and Houses	-	-	99,625,064	99,625,064
Motor Vehicles	-	656,747	-	656,747
Plant and Equipment	-	2,537,172	-	2,537,172
Infrastructure	-	-	34,719,243	34,719,243
	-	3,856,919	134,344,307	138,201,226

2019:

Asset Category	Level 1	Level 2	Level 3	Total
Land	-	663,000	-	663,000
Buildings and Houses	-	-	97,801,298	97,801,298
Motor Vehicles	-	497,402	-	497,402
Plant and Equipment	-	1,612,756	-	1,612,756
Infrastructure	-	-	22,091,217	22,091,217
	-	2,773,158	119,892,515	122,665,673

Council does not carry any assets or liabilities at fair value other than property, plant and equipment as described above.

(ii) Basis of valuation and valuation processes

All assets with the exception of furniture and fittings and capital work in progress are measured at fair value utilising the valuation basis described below. Independent comprehensive valuations of each category of asset are undertaken on a rolling basis with each category being subject to comprehensive revaluation at least once every five years. In intervening years desktop valuation updates are performed either internally or by an independent valuer. Desktop valuations apply an indexation factor to the previous comprehensive valuation and consider any known factors giving rise to a change in asset condition which have occurred since the last comprehensive valuation. Where an independent valuer is engaged to undertake a desktop valuation update, a sample of assets will be physically inspected by the independent valuer in order to gauge changes in asset conditions.

The table below summarises the level of detail applied in determining the value of Council's assets as at 30 June 2020.

Asset Category	Valuation Effective 30 June 2020	Performed By	Effective Date of Last Comprehensive Valuation	Performed By
Land	Desktop	APV Valuers and Asset Management	30/06/2017	APV Valuers and Asset Management
Buildings and Houses	Desktop	APV Valuers and Asset Management	30/06/2017	APV Valuers and Asset Management
Motor Vehicles	Desktop	APV Valuers and Asset Management	30/06/2017	APV Valuers and Asset Management
Plant and Equipment	Desktop	APV Valuers and Asset Management	30/06/2017	APV Valuers and Asset Management
Infrastructure	Desktop	APV Valuers and Asset Management	30/06/2017	APV Valuers and Asset Management

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

11 Property, Plant and Equipment

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

Land (level 2)

Land fair values have been determined by direct comparison to the sales prices of comparable properties in close proximity adjusted for difference in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre and the indexation rate applied in the current period desktop valuation update. All land values are based on the assumption that contaminants such as asbestos, chemicals, toxic wastes or other hazardous materials do not exist on these land parcels.

Buildings and Houses (level 3)

Community and residential buildings within the Cherbourg Aboriginal Shire Council are not able to be transferred on a market basis, and as such sales evidence is not available to support a market-based valuation approach. Buildings and houses are therefore valued using a current replacement cost methodology, which estimates the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. The gross current values are derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors and Rawlinson's (Australian Construction handbook).

A calculated accumulated depreciation charge is subtracted from the gross replacement cost to reflect the consumed or expired service potential of the asset. In determining the level of accumulated depreciation the assets have been disaggregated into significant parts which exhibit different patterns of consumption or useful lives. Allowance has been made for the typical asset lifecycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefits and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capacity, utilisation and obsolescence.

In order to assess the remaining service potential the following consumption scoring system is applied:

Phase Points	Description
0 - 0.99	New or very good condition - very high level of remaining service potential.
1 - 1.99	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2 - 2.99	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short-term obsolescence.
3 - 3.99	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.
4 - 4.99	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the capital works plan to renew or replace in short-term. Very low level of remaining service potential.
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.
6 - End of Life	Theoretical end of life.

New buildings are valued at the actual cost of construction in the year they are constructed, and subsequently under the approach described above.

The most significant inputs into the valuation approach are construction cost unit rates (per square metre), the split between short and long-lived subcomponents, estimated useful lives, pattern of consumption, asset condition, and the indexation rate applied in periods where a desktop valuation is undertaken.

The replacement costs applied in the valuations were derived by APV Valuers and Asset Management from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics, and the valuer's own internal market research and costings.

Motor Vehicles (level 2)

Motor vehicle asset values are derived from comparable sales and relevant industry market price reference guides. The most significant inputs into the valuation approach are the make, size, year of manufacture and condition.

Plant and Equipment (level 2)

Plant and equipment asset values are generally derived from comparable sales and relevant industry market price reference guides. Where items of plant however are unique in design or there is insufficient market evidence to support the valuation, the valuation is performed using a depreciated replacement cost approach (as described for buildings and houses above).

The most significant inputs into the market based valuation approach are the make, size, year of manufacture and condition. Where assets are valued under a depreciated replacement cost approach significant inputs include the asset replacement cost, useful lives, pattern of consumption and asset condition.

No items of major plant and equipment were valued using depreciated replacement cost in the current year.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

11 Property, Plant and Equipment

Road and Water Infrastructure Network (level 3)

Council categorises its road infrastructure into sealed and unsealed roads, which are managed in segments of no longer than 3km. All road segments are componentised into formation, pavement and seal (where applicable), and further into short and long-lived subcomponents. Drainage assets are segmented and componentised into pits, pipes, channels and floodways. Water and sewerage mains are segmented and componentised into standard and rising mains, and further into short and long-lived subcomponents.

Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

All road and water infrastructure network assets are valued using a depreciated replacement cost approach. Gross replacement costs are estimated through multiplying materials and labour unit prices (per measurement of area/length) determined by reference to market data for recent projects, costing guides such as Rawlinson's (Australian Construction Handbook) and benchmark data from similar councils, by volumes ascertained with reference to council minimum asset linear and area specifications.

In determining the level of accumulated depreciation assets are disaggregated into significant parts which exhibit different patterns of consumption or useful lives. Allowances are made for the typical asset lifecycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit and the condition of the asset. Condition is assessed by taking into account both physical characteristics as well as holistic factors such as functionality, capacity, utilisation and obsolescence.

An identical condition rating scale as provided above in relation to buildings and houses is used for infrastructure assets in order to assess the remaining service potential.

The most significant inputs into the valuation approach are construction cost unit rates (per square metre), pattern of consumption, asset condition, and the indexation rate applied in the current period desktop valuation update.

Accumulated depreciation

In determining total useful life, remaining life, and accumulated depreciation, assets were generally subject to an inspection or an assessment to determine remaining useful life. Where site inspection were conducted (i.e. active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

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

11 Property, Plant and Equipment

30th June 2020	Note	Land	Buildings	Houses	Motor vehicles	Plant and equipment	Furniture and fittings	Infrastructure	Work in Progress	TOTAL
Basis of measurement		Fair Value \$	Fair Value \$	Fair Value \$	Fair Value \$	Fair Value \$	Cost \$	Fair Value \$	Cost \$	\$
Opening Balances										
Opening Gross Value		663,000	41,219,597	90,411,245	1,352,484	3,767,881	286,256	29,111,644	1,103,800	167,915,907
Accumulated Depreciation		-	13,394,130	20,435,414	855,082	2,155,125	275,764	7,020,427	-	44,135,942
Opening Written Down Value		663,000	27,825,467	69,975,831	497,402	1,612,756	10,492	22,091,217	1,103,800	123,779,965
Movements during Year										
Additions		-	1,499,424	-	161,138	1,249,605	-	-	16,202,370	19,112,537
Transfers between classes		-	447,515	2,308,029	258,501	258,501	-	13,126,779	(16,140,824)	-
Disposals		-	(728,124)	(496,498)	(25,528)	-	-	-	-	(1,250,150)
Depreciation		-	(637,973)	(1,231,151)	(59,769)	(166,193)	(2,213)	(465,011)	-	(2,562,311)
Revaluations	14	-	4,288,804	(3,626,259)	83,504	(417,498)	-	(33,747)	-	294,804
Closing Balances										
Closing Gross Value		663,000	45,652,224	89,500,568	1,861,938	4,882,536	286,256	42,719,300	1,165,345	186,531,167
Accumulated Depreciation		-	12,957,111	22,570,617	1,205,191	2,145,364	277,977	8,000,057	-	47,156,317
Closing Written Down Value		663,000	32,695,113	66,929,951	656,747	2,737,172	8,278	34,719,243	1,165,345	139,374,849
Estimated Useful Life (Years)		Not Depreciated	15-150	15-150	2-20	3-80	1-100	10-105		
2020 Additions comprise:										
Renewals		\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions		-	1,946,939	2,308,029	-	-	-	121,485	-	4,376,433
Total additions		-	1,946,939	2,308,029	161,138	1,508,106	-	13,005,314	-	14,674,559
					161,138	1,508,106	-	13,126,779	-	19,060,992

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

11 Property, Plant and Equipment

Basis of measurement	30th June 2019										TOTAL
	Land	Buildings	Houses	Motor vehicles	Plant and equipment	Furniture and fittings	Infrastructure	Work in Progress			
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Cost			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening Balances	1,616,000	39,714,966	86,824,873	1,106,218	3,696,823	286,256	27,566,951	1,719,543		162,531,630	
Opening Gross Value	-	13,062,970	21,700,325	754,789	2,004,433	273,551	6,269,274	-		44,065,342	
Accumulated Depreciation											
Opening Written Down Value	1,616,000	26,651,996	65,124,548	351,429	1,692,390	12,705	21,297,677	1,719,543		118,466,288	
Movements during Year											
Additions	-	-	-	140,474	38,567	-	-	6,666,815		6,845,856	
Transfers between classes		788,387	5,022,296	-	-	-	1,471,875	(7,282,558)		-	
Disposals	(953,000)	-	-	-	(5,294)	-	-	-		(958,294)	
Depreciation	-	(656,132)	(1,240,827)	(36,580)	(163,028)	(2,213)	(358,978)	-		(2,457,558)	
Revaluations		1,041,216	1,069,614	42,079	50,121	-	(319,357)	-		1,883,673	
Closing Balances											
Closing Gross Value	663,000	41,219,597	90,411,245	1,352,484	3,767,881	286,256	29,111,644	1,103,800		167,915,907	
Accumulated Depreciation	-	13,394,130	20,435,414	855,082	2,155,125	275,764	7,020,427	-		44,135,942	
Closing Written Down Value	663,000	27,825,467	69,975,831	497,402	1,612,756	10,492	22,091,217	1,103,800		123,779,965	
Estimated Useful Life (Years)	Not Depreciated	15 - 150	15 - 150	2 - 20	3 - 80	1 - 100	10 - 105				
2019 Additions comprise:	\$	\$	\$	\$	\$	\$	\$	\$		\$	
Infrastructure Renewals	-	424,401	1,911,627	-	-	-	1,241,840	-		3,577,868	
Other additions	-	-	2,228,186	140,474	38,567	-	860,760	-		3,267,987	
Total additions	-	424,401	4,139,813	140,474	38,567	-	2,102,600	-		6,845,855	

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
12 Trade and other payables			
Current			
Creditors and accruals		258,315	840,070
Annual leave		324,592	331,098
Revenue in advance		116,370	110,316
		<u>699,277</u>	<u>1,281,484</u>
Non-current			
Revenue in advance		603,000	600,000
		<u>603,000</u>	<u>600,000</u>
13 Provisions			
Current			
Long service leave		209,722	257,618
		<u>209,722</u>	<u>257,618</u>
Non-current			
Refuse restoration		2,401,264	2,325,679
Long service leave		149,262	114,459
		<u>2,550,526</u>	<u>2,440,138</u>
Details of movements in provisions:			
Long service leave			
Balance at beginning of financial year		372,077	313,591
Long service leave entitlement arising		68,789	91,798
Long Service entitlement paid		(81,882)	(33,312)
Balance at end of financial year		<u>358,984</u>	<u>372,077</u>
Refuse restoration			
Balance at beginning of financial year		2,325,679	-
Increase in provision due to unwinding of discount		75,585	-
Increase(decrease) in provision		-	2,325,679
Balance at end of financial year		<u>2,401,264</u>	<u>2,325,679</u>
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 present value of the total projected cost is \$2,089,244 and is expected to be incurred between 2028 and 2042. The figure excludes the unknown cost of rehabilitating landfill cells on existing sites that are yet to be constructed or used, and post closure monitoring costs with an estimated present value of \$312,020.			
14 Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		43,956,605	42,072,932
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		4,288,804	1,041,216
Houses		(3,626,259)	1,069,614
Motor vehicles		83,504	42,079
Plant and equipment		(417,498)	50,121
Infrastructure		(33,747)	(319,357)
Net adjustment		<u>294,804</u>	<u>1,883,673</u>
Balance at end of financial year		<u>44,251,409</u>	<u>43,956,605</u>
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Buildings		22,227,233	17,938,429
Houses		12,073,828	15,700,087
Motor vehicles		524,432	440,928
Plant and equipment		147,200	564,698
Infrastructure		9,278,716	9,312,463
		<u>44,251,409</u>	<u>43,956,605</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

15 Leases

Council as Lessee

Council Leases a number of items of IT equipment, a number of the assets are considered low value and are therefore not subject to lease accounting. These items have lease term between two and five years.

During the year an amount of \$9,170 (2019: \$3,987) was recognised as an expense in the statement of Profit or Loss in respect of operating leases.

Council as Lessor

Council has leased commercial buildings including the Canteen and other office rental premises. Lease terms range from one year to thirty years with most leases being no more than five years. As Council has retained the risks and benefits of ownership, the leases are classified as operating leases.

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

The expected minimum lease receipts are as follows:

Between one and two years	73,507
Between two and three years	75,238
Between three and four years	49,229
Between four and five years	26,502
Five years and greater	506,000
	<u>730,476</u>

16 Contingent liabilities

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 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$72,512.18

17 Superannuation

The 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.

Technically 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.

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

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

The impact of COVID on the fund has been assessed and there is considered to be no material impact.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
17 Superannuation (continued)			
Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.			
Superannuation contributions made to the Regional Defined Benefits Fund	5	514,255	423,767
		2021 \$	
Contributions Council expects to make to the Regional Defined Benefits Fund for 2020-21		470,369	
18 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities			
Net operating result		14,055,454	6,891,678
Non-cash operating items:			
Depreciation and amortisation		2,562,311	2,457,558
Revaluation adjustments			
Change in future rehabilitation and restoration costs		-	
		2,562,311	2,457,558
Investing and development activities:			
Net profit / loss on disposal of non-current assets		(34,472)	(447,024)
Write off assets		1,224,621	-
Capital grants and contributions and sales		(18,948,117)	(11,134,947)
		(17,757,968)	(11,581,971)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		139,016	64,502
(Increase)/decrease in inventory		(85,902)	19,306
(Increase)/decrease in biological asset		241,472	15,567
Increase/(decrease) in payables		(579,207)	129,955
Increase/(decrease) in other provisions		62,492	2,384,165
		(222,129)	2,613,495
Net cash inflow from operating activities		(1,362,332)	380,760

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2020

19 Changes in accounting policy

During the year ended 30 June 2020, the Council has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of NFP Entities using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019. The impacts of adopting these standards and associated transition disclosures are provide below:

Opening contract balances on transition at 1 July 2019

	Balance at 1 July 2019
Contract assets	\$
- Under AASB 15	-
- Under AASB 1058	309,768
	<u>309,768</u>
Contract liabilities	\$
- Under AASB 15	-
- Under AASB 1058	5,292,298
	<u>5,292,298</u>
Net adjustment to Retained Earnings	<u>4,982,530</u>

Statement of financial position at 30 June 2020

	Carrying amount per Statement of Financial Position Dr/Cr	Adjustments Dr/Cr	Carrying amount if previous standards had been applied
	\$	\$	\$
Contract assets	559,687	(559,687)	-
Contract liabilities-current	(4,984,510)	4,984,510	-
Retained earnings	(98,041,601)	(5,540,237)	(103,581,838)
	<u>(102,466,424)</u>	<u>(1,115,414)</u>	<u>(103,581,838)</u>

Statement of Comprehensive Income at 30 June 2020

	Balance per Statement of Comprehensive Income Dr/(Cr)	Adjustments Dr/(Cr)	Carrying amount if previous standards had been applied
	\$	\$	\$
Revenue-Operating Grants	3,237,214	30,000	3,267,214
Fees and charges	-	-	-
Revenue-Capital	16,721,135	(587,707)	16,133,428
	<u>19,958,349</u>	<u>(557,707)</u>	<u>19,400,642</u>

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004. The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

20 Events after the reporting period

There were no material adjusting events after the balance date.

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

21 Financial instruments

Cherbourg Aboriginal Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

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

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

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

A Summary of Council's exposure to credit risk for trade receivables is as follows:

30-Jun-20

	Total \$	Credit-impaired \$	Not-Credit Impaired \$
Current	285,134	3,043	282,091
Past due 31-60 days	594,154	127,975	466,179
Past 61-90 days	146,309	67,511	78,798
More than 90 days	1,282,427	1,181,545	100,882
Total gross carrying amount	<u>2,308,024</u>	<u>1,380,074</u>	<u>927,950</u>
Loss allowance		<u>1,380,074</u>	

Liquidity risk exposure

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business.

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 of damage to the Council's reputation.

Council's only recognised financial liabilities are trade payables as disclosed in note 12 which have contractual maturity dates of 6 months or less.

22 Impacts from the COVID-19 Pandemic

Due to the small size and nature of Council's operations, Council has assessed that there has been no material impact on its financial position as a result of the COVID-19 Pandemic.

Council has not been required to provide any concessions or relief to business however residents in community housing were provided with one month free rent at an estimated cost of \$130,000. Additional costs incurred of \$180,000 have been absorbed into Council's normal operational budget pending possible reimbursement from the Queensland Government.

Impacts of COVID-19 on asset revaluations undertaken during the current year were assessed, however it was determined that there was not a significant impact and Council's assets as presented in the financial statement are at fair value.

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

23 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2019/20 comprises:

	2020	2019
	\$	\$
Short-term employee benefits	865,682	912,657
Post-employment benefits	63,347	31,864
Long-term benefits	13,263	53,196
Termination benefits	58,296	0
Total	1,000,588	997,917

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	2020	2019
		\$	\$
Fees and charges charged to entities controlled by key management personnel	(i)	8,530	8,282
Employee expenses for close family members of key management personnel	(ii)	223,383	118,234
Purchase of materials and services from entities controlled by key management personnel	(iii)	8,507	1,620

(i) Fees charged by Council to organisations where KMP are members of the organisation's controlling body are within Council's normal terms and conditions.

(ii) Council employs 107 full time equivalent staff. Only 3 employees are close family members of KMP. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the relevant industrial award for the job they perform and Council's employment agreements.

(iii) Purchases by Council from organisations where KMP are members of the organisation's controlling body and are within normal commercial terms and conditions.

(c) Outstanding balances

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

Year ended 30 June 2020

Receivables	Housing rent owed by key management personnel	Amounts owed by entities controlled by key management personnel
Current	\$0	\$0
Past due 31-60 days	\$3,100	\$0
Past due 61-90 days	\$2,500	\$0
More than 90 days overdue	\$36,214	\$0
Total Owing	\$41,814	\$0

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

23 Transactions with related parties (continued)
Year ended 30 June 2019

Receivables	Housing rent owed by key management personnel	Amounts owed by entities controlled by key management personnel
Current	\$1,675	\$0
Past due 31-60 days	\$1,213	\$0
Past due 61-90 days	\$1,200	\$0
More than 90 days overdue	\$18,527	\$0
Total Owing	\$22,615	\$0

(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 commitments to/from related parties.

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

Most of the entities and people that are related parties of council live and operate within the Cherbourg Aboriginal Shire Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include housing rental, joinery sales, building maintenance work and dog registration.

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

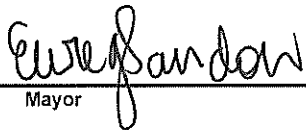
Cherbourg Aboriginal Shire Council
Financial statements
For the year ended 30 June 2020

Management Certificate
For the year ended 30 June 2020

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 29, 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

Elvie Sandow

Date: 13/10/2020



Chief Executive Officer

Chatur Zala

Date: 13/10/2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cherbourg Aboriginal Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Cherbourg Aboriginal Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, 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 2020, 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 the 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 Cherbourg Aboriginal Shire Council's annual report for the year ended 30 June 2020 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 2020:

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



Sri Narasimhan
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

Cherbourg Aboriginal Shire Council

Current-year Financial Sustainability Statement For the year ended 30 June 2020

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-43%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by infrastructure depreciation expense.	171%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-34%	not greater than 60%

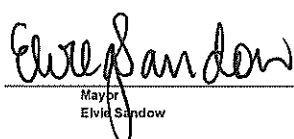
Basis of Preparation

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 2020.

Certificate of Accuracy For the year ended 30 June 2020

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
Elvia Sandow

Date: 13/10/2020



Chief Executive Officer
Chatur Zala

Date: 13/10/2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cherbourg Aboriginal Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Cherbourg Aboriginal Shire Council (the council) for the year ended 30 June 2020 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Cherbourg Aboriginal Shire Council for the year ended 30 June 2020 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 the Basis of Preparation 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 Cherbourg Aboriginal Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

Cherbourg Aboriginal Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2020

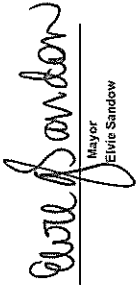
Measures of Financial Sustainability

	Measure	Target	Projected for the years ended									
			Actuals at 30 June 2020	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
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-43%	-9%	-10%	-11%	-12%	-13%	-14%	-15%	-16%	-17%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by infrastructure depreciation	greater than 90%	171%	151%	150%	148%	147%	145%	144%	142%	141%	140%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-34%	-83%	-71%	-74%	-77%	-79%	-82%	-85%	-93%	-95%

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2020

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 21(3) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.


Mayer
Elvire Sandow

Date: 13/10/2020


Chief Executive Officer
Chatur Zala

Date: 13/10/2020