

# Cherbourg Aboriginal Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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## General Purpose Financial Statements

for the year ended 30 June 2024

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## Statement of Comprehensive Income

for the year ended 30 June 2024

|  | Notes | 2024<br>\$         | Restated<br>2023 *<br>\$ |
|--|-------|--------------------|--------------------------|
| <b>Income</b>  |       |                    |                          |
| <b>Recurrent revenue</b>   |       |                    |                          |
| Fees and charges   | 3a    | 926,857            | 819,182                  |
| Sales revenue  | 3b    | 7,737,874          | 5,990,336                |
| Grants, subsidies and contributions  | 3c    | 3,832,391          | 6,941,940                |
| <b>Total recurrent revenue</b>   |       | <b>12,497,122</b>  | <b>13,751,458</b>        |
| <b>Capital revenue</b>   |       |                    |                          |
| Grants, subsidies and contributions  | 3c    | 2,740,314          | 1,021,211                |
| <b>Total capital revenue</b>   |       | <b>2,740,314</b>   | <b>1,021,211</b>         |
| Rental income  | 13    | 1,127,859          | 1,117,997                |
| Interest received  |       | 414,297            | 186,112                  |
| Other income   |       | 264,776            | 469,497                  |
| Capital income   | 4     | 721,669            | 174,435                  |
| <b>Total income</b>  |       | <b>17,766,037</b>  | <b>16,720,710</b>        |
| <b>Expenses</b>  |       |                    |                          |
| <b>Recurrent expenses</b>  |       |                    |                          |
| Employee benefits  | 5     | 7,718,155          | 7,461,842                |
| Materials and services   | 6     | 6,822,243          | 5,522,771                |
| Finance costs  | 7     | 139,257            | 90,190                   |
| Depreciation and amortisation:<br>Depreciation of property, plant and equipment    | 11    | 10,525,282         | 9,979,841                |
| <b>Total recurrent expenses</b>  |       | <b>25,204,937</b>  | <b>23,054,644</b>        |
| <b>Other expenses</b>  |       |                    |                          |
| Capital Expenses   | 8     | 625,502            | 645,415                  |
| <b>Total other expenses</b>  |       | <b>625,502</b>     | <b>645,415</b>           |
| <b>Total expenses</b>  |       | <b>25,830,439</b>  | <b>23,700,059</b>        |
| <b>Net Result</b>  |       | <b>(8,064,402)</b> | <b>(6,979,349)</b>       |
| <b>Other comprehensive income</b>  |       |                    |                          |
| <b>Amounts which will not be reclassified subsequently to the operating result</b> |       |                    |                          |
| Increase/(decrease) in asset revaluation surplus                                   | 16    | 12,644,867         | 12,944,272               |
| <b>Total other comprehensive income for the year</b>                               |       | <b>12,644,867</b>  | <b>12,944,272</b>        |
| <b>Total comprehensive income for the year</b>                                     |       | <b>4,580,465</b>   | <b>5,964,923</b>         |

The above statement should be read in conjunction with the accompanying notes and material accounting policies.

(\*) Council has made a retrospective restatement as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

## Statement of Financial Position

as at 30 June 2024

|                                      | Notes | 2024<br>\$         | Restated<br>2023 <sup>*</sup><br>\$ |
|--------------------------------------|-------|--------------------|-------------------------------------|
| <b>Assets</b>                        |       |                    |                                     |
| <b>Current assets</b>                |       |                    |                                     |
| Cash and cash equivalents            | 9     | 7,509,559          | 10,011,758                          |
| Receivables                          | 10    | 968,183            | 950,065                             |
| Inventories                          |       | 306,498            | 462,738                             |
| Contract assets                      | 12    | 823,030            | 612,039                             |
| Other financial assets               |       | 130,462            | 123,806                             |
| <b>Total current assets</b>          |       | <b>9,737,732</b>   | <b>12,160,406</b>                   |
| <b>Non-current assets</b>            |       |                    |                                     |
| Property, plant and equipment        | 11    | 213,995,265        | 208,905,545                         |
| <b>Total non-current assets</b>      |       | <b>213,995,265</b> | <b>208,905,545</b>                  |
| <b>Total Assets</b>                  |       | <b>223,732,997</b> | <b>221,065,951</b>                  |
| <b>Liabilities</b>                   |       |                    |                                     |
| <b>Current liabilities</b>           |       |                    |                                     |
| Payables                             | 14    | 396,844            | 1,079,568                           |
| Contract liabilities                 | 12    | 2,064,056          | 3,133,370                           |
| Provisions                           | 15    | 891,363            | 776,001                             |
| <b>Total current liabilities</b>     |       | <b>3,352,263</b>   | <b>4,988,939</b>                    |
| <b>Non-current liabilities</b>       |       |                    |                                     |
| Payables                             | 14    | 493,909            | 515,727                             |
| Provisions                           | 15    | 2,999,921          | 3,254,846                           |
| <b>Total non-current liabilities</b> |       | <b>3,493,830</b>   | <b>3,770,573</b>                    |
| <b>Total Liabilities</b>             |       | <b>6,846,093</b>   | <b>8,759,512</b>                    |
| <b>Net community assets</b>          |       | <b>216,886,904</b> | <b>212,306,439</b>                  |
| <b>Community equity</b>              |       |                    |                                     |
| Asset revaluation surplus            | 16    | 127,361,394        | 114,716,527                         |
| Retained surplus                     |       | 89,525,510         | 97,589,912                          |
| <b>Total community equity</b>        |       | <b>216,886,904</b> | <b>212,306,439</b>                  |

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

(\*) Council has made a retrospective restatement as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

## Statement of Changes in Equity

for the year ended 30 June 2024

|  | Notes | Asset<br>revaluation<br>surplus<br>\$ | Retained<br>surplus<br>\$ | Total<br>equity<br>\$ |
|--|-------|---------------------------------------|---------------------------|-----------------------|
| Balance as at 1 July 2023                          |       | 114,716,527                           | 97,589,912                | 212,306,439           |
| <b>Net result</b>                                  |       | –                                     | (8,064,402)               | (8,064,402)           |
| <b>Other comprehensive income for the year</b>     |       |                                       |                           |                       |
| - Increase/(decrease) in asset revaluation surplus | 16    | 12,644,867                            | –                         | 12,644,867            |
| <b>Other comprehensive income</b>                  |       | 12,644,867                            | –                         | 12,644,867            |
| <b>Total comprehensive income for the year</b>     |       | 12,644,867                            | (8,064,402)               | 4,580,465             |
| <b>Balance as at 30 June 2024</b>                  |       | 127,361,394                           | 89,525,510                | 216,886,904           |
| Balance as at 1 July 2022                          |       | 101,772,255                           | 104,569,261               | 206,341,516           |
| <b>Net result</b>                                  |       | –                                     | (6,979,349)               | (6,979,349)           |
| <b>Other comprehensive income for the year</b>     |       |                                       |                           |                       |
| - Increase/(decrease) in asset revaluation surplus | 16    | 12,944,272                            | –                         | 12,944,272            |
| <b>Other comprehensive income</b>                  |       | 12,944,272                            | –                         | 12,944,272            |
| <b>Total comprehensive income for the year</b>     |       | 12,944,272                            | (6,979,349)               | 5,964,923             |
| <b>Balance as at 30 June 2023</b>                  |       | 114,716,527                           | 97,589,912                | 212,306,439           |

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

Statement of Cash Flows

for the year ended 30 June 2024

|  | Notes | 2024<br>\$         | 2023<br>\$         |
|--|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                |       |                    |                    |
| Receipts from customers                                    |       | 10,234,291         | 8,109,092          |
| Payments to suppliers and employees                        |       | (15,968,499)       | (13,294,572)       |
|  |       | <u>(5,734,208)</u> | <u>(5,185,480)</u> |
| <b>Receipts</b>  |       |                    |                    |
| Interest received  |       | 414,297            | 186,112            |
| Rental income  |       | 1,127,859          | 1,117,997          |
| Non capital grants and contributions                       |       | 2,552,086          | 7,921,383          |
| <b>Payments</b>  |       |                    |                    |
| Finance costs  |       | (6,910)            | (6,447)            |
| Other  |       | (262,982)          | -                  |
| Net cash inflow/(outflow) from operating activities        | 18    | <u>(1,909,858)</u> | <u>4,033,565</u>   |
| <b>Cash flows from investing activities</b>                |       |                    |                    |
| <b>Receipts</b>  |       |                    |                    |
| Grants, subsidies, contributions and donations             |       | 2,740,314          | 826,154            |
| <b>Payments</b>  |       |                    |                    |
| Payments for property, plant and equipment                 |       | (3,332,655)        | (2,308,874)        |
| Net cash inflow/(outflow) from investing activities        |       | <u>(592,341)</u>   | <u>(1,482,720)</u> |
| Net increase/(decrease) in cash and cash equivalents held  |       | <u>(2,502,199)</u> | <u>2,550,845</u>   |
| plus: cash and cash equivalents - beginning                |       | 10,011,758         | 7,460,913          |
| Cash and cash equivalents at the end of the financial year | 9     | <u>7,509,559</u>   | <u>10,011,758</u>  |

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

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 1. Information about these financial statements

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#### (a) Basis of preparation

These general purpose financial statements for the period 1 July 2023 to 30 June 2024 have been prepared in accordance 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 and Australian Accounting Interpretations as applicable to not-for profit entities.

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

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

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

#### (b) New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2023. None of the standards had a material impact on reported position, performance and cash flows.

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2024. These standards have not been adopted by Council and will be included in the financial statements on their effective date. None of these standards are expected to have a material impact on Council.

#### (c) Standards issued by the AASB not yet effective

Council has assessed all the standards / interpretations which are not yet effective and have determined that there is no expected material impact on the reported financial position or performance.

#### (d) Estimates and Judgements

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

- Revenue recognition - Note 3
- Valuation and depreciation of property, plant and equipment - Note 11
- Restoration provisions - Note 15
- Impairment of trade and other receivables- Note 10

#### (e) 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 2024

### Note 2. Analysis of results by function

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#### (a) Components of Council functions

Details relating to the Council's functions / activities as reported 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. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

##### **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. The goal of community services is to ensure Cherbourg is a healthy, vibrant, contemporary and connected community.

##### **Economic and community development**

This comprises Council enterprises incorporating cattle stud farm, material recycling facility, and cherbourg call centre, and includes training and employment initiatives. The goal of the economic and community development program is to provide economic opportunities for the community and to diversify council's revenue streams.

##### **Housing**

The provision, maintenance and upgrading of public housing within the DOGIT area, including the planning and construction of new houses and tenancy agreements. The goal of the housing program is to ensure the community is supported by quality housing appropriate to the community's needs.

##### **Infrastructure**

Provision and maintenance of water supply and services, drainage, sewerage services and treatment, refuse collection and waste disposal services. The goal of the infrastructure program is to ensure the community is serviced by a high quality and effective infrastructure network.



# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 2. Analysis of results by function (continued)

#### (b) Income, expenses and assets attributed to Council functions

| Functions                          | Gross program income |                   |                  | Gross program expenses |                   |                      | Total income | Capital other     | Total income        | Gross program expenses |                     | Net result from recurring operations | Net result         | Total assets       |
|------------------------------------|----------------------|-------------------|------------------|------------------------|-------------------|----------------------|--------------|-------------------|---------------------|------------------------|---------------------|--------------------------------------|--------------------|--------------------|
|                                    | Recurring grants     | Recurring other   | Capital grants   | Recurring              | Capital           | Recurring            |              |                   |                     | Capital                | Recurring           |                                      |                    |                    |
|                                    | \$                   | \$                | \$               | \$                     | \$                | \$                   | \$           | \$                | \$                  | \$                     | \$                  | \$                                   | \$                 | \$                 |
| <b>2024</b>                        |                      |                   |                  |                        |                   |                      |              |                   |                     |                        |                     |                                      |                    |                    |
| Corporate and governance           | 2,189,417            | 519,043           | —                | —                      | —                 | —                    | 2,708,460    | —                 | 2,708,460           | (2,973,822)            | (2,973,822)         | (265,362)                            | (265,362)          | 10,014,563         |
| Community services                 | 1,356,131            | 1,065,993         | —                | —                      | —                 | 2,422,124            | —            | 2,422,124         | (1,563,299)         | (1,563,299)            | 858,825             | 858,825                              | 33,446,700         |                    |
| Economic and community development | 148,387              | 7,758,769         | 337,855          | —                      | —                 | 8,245,011            | —            | 8,245,011         | (7,128,842)         | (7,128,842)            | 778,314             | 1,116,169                            | 9,047,708          |                    |
| Housing                            | —                    | 1,127,858         | —                | 323,042                | —                 | 1,450,900            | —            | 1,450,900         | (9,888,404)         | (9,888,404)            | (8,760,546)         | (8,800,024)                          | 127,672,733        |                    |
| Infrastructure                     | 138,456              | —                 | 2,402,459        | 398,627                | —                 | 2,939,542            | —            | 2,939,542         | (3,650,570)         | (3,650,570)            | (3,512,114)         | (974,010)                            | 43,551,293         |                    |
| <b>Total</b>                       | <b>3,832,391</b>     | <b>10,471,663</b> | <b>2,740,314</b> | <b>721,669</b>         | <b>—</b>          | <b>17,766,037</b>    | <b>—</b>     | <b>17,766,037</b> | <b>(25,204,937)</b> | <b>(25,204,937)</b>    | <b>(10,900,883)</b> | <b>(8,064,402)</b>                   | <b>223,732,997</b> |                    |
|                                    |                      |                   |                  |                        |                   |                      |              |                   |                     |                        |                     |                                      |                    |                    |
| Functions                          | Recurring grants     | Recurring other   | Capital grants   | Capital other          | Total income      | Gross program income | Recurring    | Capital           | Total income        | Recurring              | Capital             | Net result from recurring operations | Net result         | Total assets       |
|                                    | \$                   | \$                | \$               | \$                     | \$                | \$                   | \$           | \$                | \$                  | \$                     | \$                  | \$                                   | \$                 | \$                 |
| <b>2023</b>                        |                      |                   |                  |                        |                   |                      |              |                   |                     |                        |                     |                                      |                    |                    |
| Corporate and governance           | 5,171,689            | 487,783           | —                | —                      | 5,659,472         | —                    | —            | —                 | 5,659,472           | (3,295,986)            | —                   | 2,363,486                            | 2,363,486          | 11,965,349         |
| Community services                 | 1,262,688            | 985,862           | —                | —                      | 2,248,550         | —                    | —            | —                 | 2,248,550           | (1,541,467)            | —                   | 707,083                              | 707,083            | 32,921,370         |
| Economic and community development | 433,463              | 5,991,481         | 258,563          | —                      | 6,683,507         | —                    | —            | —                 | 6,683,507           | (5,974,092)            | —                   | 450,852                              | 709,415            | 8,307,709          |
| Housing                            | —                    | 1,117,998         | —                | —                      | 1,117,998         | —                    | —            | —                 | 1,117,998           | (9,648,488)            | —                   | (8,530,490)                          | (8,530,490)        | 125,657,365        |
| Infrastructure                     | 74,100               | —                 | 762,648          | 174,435                | 1,011,183         | —                    | —            | —                 | 1,011,183           | (2,594,611)            | (645,415)           | (2,520,511)                          | (2,228,843)        | 42,214,158         |
| <b>Total</b>                       | <b>6,941,940</b>     | <b>8,583,124</b>  | <b>1,021,211</b> | <b>174,435</b>         | <b>16,720,710</b> | <b>—</b>             | <b>—</b>     | <b>—</b>          | <b>16,720,710</b>   | <b>(23,054,644)</b>    | <b>(645,415)</b>    | <b>(7,529,580)</b>                   | <b>(6,979,349)</b> | <b>221,065,951</b> |

(\*) Council has made a retrospective restatement as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 3. Revenue

#### (a) 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.

|                               | 2024           | 2023           |
|-------------------------------|----------------|----------------|
|                               | \$             | \$             |
| Building lease charges        | 34,455         | 9,399          |
| Community fees and charges    | 5,875          | 25,612         |
| Post office commissions       | 12,042         | 12,000         |
| Service charges               | 874,485        | 772,171        |
| <b>Total fees and charges</b> | <b>926,857</b> | <b>819,182</b> |

#### (b) Sales revenue

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered. Revenue from recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on 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 as at the year end.

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| <b>Rendering of services</b>  |                  |                  |
| Other sale of services        | 569,899          | 208,735          |
| Recoverable works             | 4,764,643        | 3,512,249        |
| Joinery sales                 | 231,603          | 524,608          |
| <b>Total sale of services</b> | <b>5,566,145</b> | <b>4,245,592</b> |
| <b>Sale of goods</b>          |                  |                  |
| Livestock sales               | 16,099           | 19,309           |
| Material recycling facility   | 324,282          | 206,076          |
| Containers for change         | 1,831,348        | 1,519,359        |
| <b>Total sale of goods</b>    | <b>2,171,729</b> | <b>1,744,744</b> |
| <b>Total sales revenue</b>    | <b>7,737,874</b> | <b>5,990,336</b> |

#### (c) Grants, subsidies, contributions and donations

##### *Grant income under AASB 15*

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

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 3. Revenue (continued)

#### Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the assets are 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.

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>(i) Operating</b>  |                  |                  |
| General purpose grants *  | 2,141,917        | 5,171,689        |
| State government subsidies and grants                                 | 795,720          | 798,688          |
| Commonwealth government subsidies and grants                          | 841,284          | 961,563          |
| Donations   | 8,500            | 10,000           |
| Contributions   | 44,970           | -                |
| <b>Total recurrent grants, subsidies, contributions and donations</b> | <b>3,832,391</b> | <b>6,941,940</b> |

(\*) In June 2023, Council received an amount of \$2,240,661 equating to 100% of the 2023-24 Commonwealth Financial Assistance Grant allocation. As these grants are considered untied grants, they were recognised upon receipt in the 2022-23 financial year. In the 2023-24 financial year, Council did not receive any such advance grant funding and as such, there is a decrease in Council's revenue.

#### (ii) Capital

|   |                  |                  |
|---|------------------|------------------|
| State government subsidies and grants *                             | 2,369,129        | 946,232          |
| Commonwealth government subsidies and grants                        | 371,185          | 74,979           |
| <b>Total capital grants, subsidies, contributions and donations</b> | <b>2,740,314</b> | <b>1,021,211</b> |

(\*) Council has made a retrospective restatement of the prior year balances as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

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

|                      | 2024                                  |                              | 2023                                  |                                       |
|----------------------|---------------------------------------|------------------------------|---------------------------------------|---------------------------------------|
|                      | Revenue recognised at a point in time | Revenue recognised over time | Revenue recognised at a point in time | Revenue recognised over time Restated |
|                      | \$                                    | \$                           | \$                                    | \$                                    |
| Grants and subsidies | 3,778,921                             | 2,740,314                    | 6,931,940                             | 1,021,211                             |
| Donations            | 8,500                                 | -                            | 10,000                                | -                                     |
| Contributions        | 44,970                                | -                            | -                                     | -                                     |
|                      | <b>3,832,391</b>                      | <b>2,740,314</b>             | <b>6,941,940</b>                      | <b>1,021,211</b>                      |

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 4. Capital income

|  | Notes | 2024<br>\$     | 2023<br>\$     |
|--|-------|----------------|----------------|
| <b>(a) Provision for restoration of land</b> |       |                |                |
| Change in refuse restoration provision       | 15    | 398,627        | 174,435        |
| <b>(b) Other capital income</b>              |       |                |                |
| Insurance proceeds                           |       | 323,042        | –              |
| <b>Total capital income</b>                  |       | <b>721,669</b> | <b>174,435</b> |

## Note 5. Employee benefits

|  | 2024<br>\$       | 2023<br>\$       |
|--|------------------|------------------|
| Wages and salaries                               | 5,857,721        | 5,451,498        |
| Councillors remuneration                         | 343,885          | 340,169          |
| Annual, sick and long service leave entitlements | 571,181          | 581,706          |
| Superannuation                                   | 698,398          | 675,936          |
|  | <b>7,471,185</b> | <b>7,049,309</b> |
| Other employee related expenses                  | 246,970          | 412,533          |
| <b>Total Employee benefits</b>                   | <b>7,718,155</b> | <b>7,461,842</b> |

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

**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.

|  | 2024<br>Number | 2023<br>Number |
|--|----------------|----------------|
| <b>Additional information:</b>                 |                |                |
| Total Council employees at the reporting date: |                |                |
| Elected members                                | 5              | 5              |
| Administration staff                           | 18             | 16             |
| Depot and outdoors staff                       | 89             | 80             |
| <b>Total full time equivalent employees</b>    | <b>112</b>     | <b>101</b>     |

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 6. Materials and services

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | \$               | \$               |
| Administration supplies and consumables                                   | 65,984           | 82,465           |
| Audit of annual financial statements by the Auditor-General of Queensland | 49,156           | 65,650           |
| Business case design *  | 243,443          | 256,460          |
| Consultants   | 452,555          | 462,891          |
| Electricity   | 274,164          | 243,831          |
| Repairs and maintenance   | 2,196,646        | 1,863,357        |
| Travel  | 78,651           | 56,311           |
| Insurance and subscription  | 694,399          | 610,996          |
| Enterprise centre running costs   | 201,371          | 179,171          |
| Licence fees  | 12,102           | 926              |
| Joinery expenses  | 57,666           | 195,428          |
| Motor vehicle expenses  | 648,984          | 458,754          |
| Printing and stationery   | 69,865           | 108,586          |
| Radio operating expenses  | 21,613           | 9,102            |
| Telephone and fax   | 70,274           | 75,015           |
| Water and sewerage operational costs                                      | 332,091          | 287,340          |
| Work in progress write-offs   | 337,344          | -                |
| Bad and doubtful debts  | 96,152           | (27,300)         |
| Other materials and services *  | 919,783          | 593,788          |
| <b>Total materials and services</b>                                       | <b>6,822,243</b> | <b>5,522,771</b> |

Total audit fees quoted by the Queensland Audit Office relating to the 2023-24 financial statements are \$71,946 (2023: \$68,120).

(\*) Council has made a retrospective restatement of the prior year balance as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

### Note 7. Finance costs

|                                     | 2024           | 2023          |
|-------------------------------------|----------------|---------------|
|                                     | \$             | \$            |
| Bank charges                        | 6,910          | 6,447         |
| Unwinding of discount on provisions | 132,347        | 83,743        |
| <b>Total finance costs</b>          | <b>139,257</b> | <b>90,190</b> |

### Note 8. Capital expenses

|  |       | 2024           | 2023         |
|--|-------|----------------|--------------|
|  | Notes | \$             | \$           |
| <b>(a) Loss on disposal of non-current assets</b>              |       |                |              |
| Proceeds from the disposal of property, plant and equipment    |       | -              | -            |
| Less: carrying value of disposed property, plant and equipment | 11    | (362,520)      | (2,948)      |
| <b>Loss on disposal of non-current assets</b>                  |       | <b>362,520</b> | <b>2,948</b> |

## Cherbourg Aboriginal Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2024

## Note 8. Capital expenses (continued)

|   |       | 2024    | 2023    |
|---|-------|---------|---------|
|   | Notes | \$      | \$      |
| <b>(b) Provision for restoration of land</b>                              |       |         |         |
| Net movement - refuse restoration provision for changes in cost estimates | 15    | -       | 642,467 |
|   |       | -       | 642,467 |
| <b>(c) Other capital expenses</b>   |       |         |         |
| Other   |       | 262,982 | -       |
|   |       | 262,982 | -       |
| Total capital expenses  |       | 625,502 | 645,415 |

## Note 9. Cash, cash equivalents and financial assets

|   | 2024        | 2023        |
|---|-------------|-------------|
|   | \$          | \$          |
| <b>Cash and cash equivalents</b>  |             |             |
| Cash at bank and on hand  | 7,509,559   | 10,011,758  |
| <b>Balance per Statement of Financial Position</b>  | 7,509,559   | 10,011,758  |
| <b>Balance per Statement of Cashflows</b>   | 7,509,559   | 10,011,758  |
| Cash and cash equivalents   | 7,509,559   | 10,011,758  |
| Less: externally imposed restrictions on cash   | (2,064,056) | (3,133,370) |
| <b>Unrestricted cash</b>  | 5,445,503   | 6,878,388   |
| <b>(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b> |             |             |
| Unspent government grants and subsidies   | 2,064,056   | 3,133,370   |
| <b>Total externally imposed restrictions on cash assets</b>   | 2,064,056   | 3,133,370   |

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.

## Cherbourg Aboriginal Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2024

## Note 10. Receivables

Settlement of receivables is required within 30 days from invoice date.

Receivables are measured at amortised cost which approximates fair value at reporting date.

|                                | 2024           | 2023           |
|--------------------------------|----------------|----------------|
|                                | \$             | \$             |
| <b>Current</b>                 |                |                |
| Trade receivables              | 2,344,496      | 2,258,442      |
| Less: Provision for impairment | (1,376,313)    | (1,308,377)    |
| <b>Net receivables</b>         | <b>968,183</b> | <b>950,065</b> |

**Movement in accumulated impairment losses is as follows:**

|  |                  |                  |
|--|------------------|------------------|
| Opening balance at 1 July                    | 1,308,377        | 1,401,249        |
| Additional impairments recognised            | 96,151           | –                |
| Impairment debts written off during the year | (28,215)         | (65,572)         |
| Impairments reversed                         | –                | (27,300)         |
| <b>Balance at the end of the year</b>        | <b>1,376,313</b> | <b>1,308,377</b> |

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

**2024**

|                                    | Total            | Credit<br>impaired | Non-credit<br>impaired |
|------------------------------------|------------------|--------------------|------------------------|
|                                    | \$ '000          | \$ '000            | \$ '000                |
| Current                            | 1,384,731        | 1,275,801          | 108,930                |
| Past due 31-60 days                | 108,666          | 50,142             | 58,524                 |
| Past 61-90 days                    | 172,475          | 37,149             | 135,326                |
| More than 90 days                  | 678,624          | 13,221             | 665,403                |
| <b>Total gross carrying amount</b> | <b>2,344,496</b> | <b>1,376,313</b>   | <b>968,183</b>         |
| <b>Loss allowance</b>              |                  | <b>1,376,313</b>   |                        |

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 11. Property, plant and equipment

| 2024<br>Measurement basis  | Land            | Buildings   | Houses      | Motor vehicles | Plant and equipment | Furniture and fittings | Infrastructure | Work in progress | Total       |
|--|-----------------|-------------|-------------|----------------|---------------------|------------------------|----------------|------------------|-------------|
|  | \$              | \$          | \$          | \$             | \$                  | \$                     | \$             | \$               | \$          |
|  | Fair Value      | Fair Value  | Fair Value  | Fair Value     | Fair Value          | Cost                   | Fair Value     | Cost             |             |
| <b>Opening gross balance</b>   | 1,746,400       | 54,813,964  | 183,103,962 | 1,736,625      | 6,553,556           | 286,256                | 58,660,499     | 1,260,081        | 308,161,343 |
| Additions*   | –               | 561,889     | 1,091,190   | 302,155        | 321,738             | –                      | 669,090        | 744,266          | 3,690,328   |
| Disposals  | –               | (1,002,830) | (482,117)   | –              | –                   | –                      | –              | (413,114)        | (1,898,061) |
| Revaluations   | 174,640         | 3,960,187   | 12,944,286  | (156,306)      | 181,351             | –                      | 2,237,339      | –                | 19,341,497  |
| Work in progress transfers   | –               | –           | –           | 32,273         | 128,778             | –                      | –              | (161,051)        | –           |
| <b>Total gross value of property, plant and equipment</b>                          | 1,921,040       | 58,333,210  | 196,657,321 | 1,914,747      | 7,185,423           | 286,256                | 61,566,928     | 1,430,182        | 329,295,107 |
| <b>Opening accumulated depreciation and impairment</b>                             | –               | 21,892,594  | 57,446,597  | 1,074,849      | 2,110,801           | 284,616                | 16,446,341     | –                | 99,255,798  |
| Depreciation expense   | –               | 2,080,785   | 6,983,912   | 89,819         | 370,576             | –                      | 1,000,190      | –                | 10,525,282  |
| Depreciation on disposals  | –               | (882,900)   | (294,880)   | –              | –                   | –                      | –              | –                | (1,177,780) |
| Revaluations   | –               | 1,796,119   | 4,848,959   | (185,268)      | (332,284)           | –                      | 569,104        | –                | 6,696,630   |
| Adjustments and other transfers  | –               | (88)        | –           | –              | –                   | –                      | –              | –                | (88)        |
| <b>Total accumulated depreciation and impairment property, plant and equipment</b> | –               | 24,886,510  | 68,984,588  | 979,400        | 2,149,093           | 284,616                | 18,015,635     | –                | 115,299,842 |
| Total net book value of property, plant and equipment                              | 1,921,040       | 33,446,700  | 127,672,733 | 935,347        | 5,036,330           | 1,640                  | 43,551,293     | 1,430,182        | 213,995,265 |
| <b>Other information</b>   |                 |             |             |                |                     |                        |                |                  |             |
| Range of estimated useful life (years)   | Not depreciated | 15-150      | 15-150      | 2-20           | 3-80                | 1-100                  | 10-105         | –                | –           |
| <b>*Asset additions comprise</b>   |                 |             |             |                |                     |                        |                |                  |             |
| Asset renewals   | –               | 561,889     | 1,091,190   | –              | –                   | –                      | 669,090        | –                | 2,322,169   |
| Other additions  | –               | –           | –           | 334,428        | 450,516             | –                      | –              | –                | 784,944     |
| <b>Total asset additions</b>   | –               | 561,889     | 1,091,190   | 334,428        | 450,516             | –                      | 669,090        | –                | 3,107,113   |

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## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 11. Property, plant and equipment (continued)

| 2023<br>Measurement basis  | Land             |    | Buildings         |    | Houses             |    | Motor vehicles   |    | Plant and equipment |    | Furniture and fittings |            | Infrastructure    |            | Work in progress |            | Total              |
|--|------------------|----|-------------------|----|--------------------|----|------------------|----|---------------------|----|------------------------|------------|-------------------|------------|------------------|------------|--------------------|
|  | Fair Value       | \$ | Fair Value        | \$ | Fair Value         | \$ | Fair Value       | \$ | Fair Value          | \$ | Cost                   | Fair Value | Cost              | Fair Value | Cost             | Fair Value |                    |
| <b>Opening gross balance</b>   | 1,480,000        |    | 51,950,300        |    | 173,378,376        |    | 1,684,960        |    | 5,467,566           |    | 286,256                |            | 52,199,549        |            | 1,032,362        |            | 287,479,369        |
| Additions*   | -                |    | -                 |    | 938,467            |    | 51,665           |    | 687,552             |    | -                      |            | 403,471           |            | 270,916          |            | 2,352,071          |
| Disposals  | -                |    | -                 |    | -                  |    | -                |    | (8,400)             |    | -                      |            | -                 |            | (43,197)         |            | (51,597)           |
| Revaluations   | 266,400          |    | 2,863,664         |    | 8,787,119          |    | -                |    | 406,838             |    | -                      |            | 6,057,479         |            | -                |            | 18,381,500         |
| <b>Total gross value of property, plant and equipment</b>                          | <b>1,746,400</b> |    | <b>54,813,964</b> |    | <b>183,103,962</b> |    | <b>1,736,625</b> |    | <b>6,553,556</b>    |    | <b>286,256</b>         |            | <b>58,660,499</b> |            | <b>1,260,081</b> |            | <b>308,161,343</b> |
| <b>Opening accumulated depreciation and impairment</b>                             | -                |    | 18,705,470        |    | 47,992,157         |    | 1,025,380        |    | 2,009,484           |    | 282,403                |            | 13,829,287        |            | -                |            | 83,844,181         |
| Depreciation expense   | -                |    | 2,037,038         |    | 6,700,868          |    | 75,827           |    | 271,999             |    | 2,213                  |            | 891,896           |            | -                |            | 9,979,841          |
| Depreciation on disposals  | -                |    | -                 |    | -                  |    | -                |    | (5,452)             |    | -                      |            | -                 |            | -                |            | (5,452)            |
| Revaluations   | -                |    | 1,150,086         |    | 2,753,572          |    | (26,358)         |    | (165,230)           |    | -                      |            | 1,725,158         |            | -                |            | 5,437,228          |
| <b>Total accumulated depreciation and impairment property, plant and equipment</b> | <b>-</b>         |    | <b>21,892,594</b> |    | <b>57,446,597</b>  |    | <b>1,074,849</b> |    | <b>2,110,801</b>    |    | <b>284,616</b>         |            | <b>16,446,341</b> |            | <b>-</b>         |            | <b>99,255,798</b>  |
| Total net book value of property, plant and equipment                              | 1,746,400        |    | 32,921,370        |    | 125,657,365        |    | 661,776          |    | 4,442,755           |    | 1,640                  |            | 42,214,158        |            | 1,260,081        |            | 208,905,545        |
| <b>Other information</b>   | Not depreciated  |    | 15-150            |    | 15-150             |    | 2-20             |    | 3-80                |    | 1-100                  |            | 10-105            |            | -                |            | -                  |
| Range of estimated useful life (years)   |                  |    |                   |    |                    |    |                  |    |                     |    |                        |            |                   |            |                  |            |                    |
| <b>*Asset additions comprise</b>   | -                |    | -                 |    | 938,467            |    | -                |    | -                   |    | -                      |            | 403,471           |            | -                |            | 1,341,938          |
| Asset renewals   | -                |    | -                 |    | -                  |    | 51,665           |    | 687,552             |    | -                      |            | -                 |            | -                |            | 739,217            |
| Other additions  | -                |    | -                 |    | -                  |    | -                |    | -                   |    | -                      |            | -                 |            | -                |            | -                  |
| <b>Total asset additions</b>   | <b>-</b>         |    | <b>-</b>          |    | <b>938,467</b>     |    | <b>51,665</b>    |    | <b>687,552</b>      |    | <b>-</b>               |            | <b>403,471</b>    |            | <b>-</b>         |            | <b>2,081,155</b>   |

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# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 11. Property, plant and equipment (continued)

#### (a) Recognition

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

##### 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.

##### 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.

##### 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 Resources 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.

#### (b) Measurement

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

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

#### (c) Depreciation

Land and work in progress are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets. Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of assets. Uncertainties in these estimates relate to technical or physical obsolescence that may change the utility of infrastructure assets.

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 11. Property, plant and equipment (continued)

## (d) Valuation

Land, buildings, houses, plant and equipment including motor vehicles and all infrastructure assets are measured at fair value, and 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.

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.

Details of valuers and methods of valuations are shown below.

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.

**(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:**

|  | Date of latest valuation | Fair value measurement using            |  |  | Total              |
|--|--------------------------|---|--|--|--------------------|
|  |                          | Level 1<br>Quoted prices in active mkts | Level 2<br>Significant observable inputs | Level 3<br>significant unobservable inputs |                    |
|  | \$                       | \$                                      | \$                                       | \$   | \$                 |
| <b>2024</b>                                |                          |   |  |  |                    |
| <b>Property, plant and equipment</b>       |                          |   |  |  |                    |
| Land                                       | 30/06/24                 | –                                       | 1,921,040                                | –  | 1,921,040          |
| Buildings and houses                       | 30/06/24                 | –                                       | –  | 161,119,433                                | 161,119,433        |
| Plant and equipment                        | 30/06/24                 | –                                       | 5,036,330                                | –  | 5,036,330          |
| Motor vehicles                             | 30/06/24                 | –                                       | 935,347                                  | –  | 935,347            |
| Infrastructure                             | 30/06/24                 | –                                       | –  | 43,551,293                                 | 43,551,293         |
| <b>Total property, plant and equipment</b> |                          | –                                       | <b>7,892,717</b>                         | <b>204,670,726</b>                         | <b>212,563,443</b> |
| <b>2023</b>                                |                          |   |  |  |                    |
| <b>Property, plant and equipment</b>       |                          |   |  |  |                    |
| Land                                       | 30/06/23                 | –                                       | 1,746,400                                | –  | 1,746,400          |
| Buildings and houses                       | 30/06/23                 | –                                       | –  | 158,578,735                                | 158,578,735        |
| Plant and equipment                        | 30/06/23                 | –                                       | 4,442,755                                | –  | 4,442,755          |
| Motor vehicles                             | 30/06/23                 | –                                       | 661,776                                  | –  | 661,776            |
| Infrastructure                             | 30/06/23                 | –                                       | –  | 42,214,158                                 | 42,214,158         |
| <b>Total property, plant and equipment</b> |                          | –                                       | <b>6,850,931</b>                         | <b>200,792,893</b>                         | <b>207,643,824</b> |

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 11. Property, plant and equipment (continued)

#### (2) Valuation techniques used to derive level 2 and level 3 fair values

| Asset class and fair value hierarchy | Valuation approach       | Last comprehensive valuation date | Valuer engaged | Key assumptions and estimates (related data sources)   | Index applied (change in index recognised this year) | Other interim revaluation adjustment |
|--------------------------------------|--------------------------|-----------------------------------|----------------|--|--|--------------------------------------|
| Land                                 | Market value             | 30/06/22                          | AssetVal       | Sales price per square meter of comparable properties in close proximity adjusted for differences in key attributes such as property size.   | 10.00%   | Nil                                  |
| Buildings and houses                 | Current replacement cost | 30/06/22                          | AssetVal       | Buildings and houses are 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 such as Council's hierarchy or accepted industry percentages. Useful lives are estimated using accepted industry values, the anticipated utility of the asset or component, and prior experience of replacements of similar assets or components.<br><br>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). | 7.59%  | Nil                                  |
| Motor vehicles                       | Market value             | 30/06/22                          | AssetVal       | 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.   | -9.00%   | Nil                                  |

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 11. Property, plant and equipment (continued)

| Asset class and fair value hierarchy | Valuation approach       | Last comprehensive valuation date | Valuer engaged | Key assumptions and estimates (related data sources)   | Index applied (change in index recognised this year)   | Other interim revaluation adjustment |
|--------------------------------------|--------------------------|-----------------------------------|----------------|--|--|--------------------------------------|
| Plant and equipment                  | Market value             | 30/06/22                          | AssetVal       | 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).   | 6.30%<br><br>AssetVal Index Report - Assessment of the relevant components of the Australian Bureau of Statistics producer price index.  | Nil                                  |
| Infrastructure                       | Current replacement cost | 30/06/22                          | AssetVal       | All road and water infrastructure network assets are valued using a depreciated replacement cost approach by componentising the assets into significant parts with different useful lives and taking into account a range of factors such as Council's hierarchy or accepted industry percentages and current modern equivalent infrastructure. Useful lives are estimated using accepted industry values, the anticipated utility of the asset or component, and prior experience of replacements of similar assets or components.<br><br>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 specification. | Roads, Streets & Bridges: 3.50%<br>Water, Sewer and Other structures: 3.10%<br><br>AssetVal Index Report - Assessment of the relevant components of the Australian Bureau of Statistics producer price index | Nil                                  |

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 12. Contract balances

|                                      | 2024           | 2023           |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| <b>(a) Contract assets</b>           |                |                |
| <b>Current</b>                       |                |                |
| Contract assets                      | 823,030        | 612,039        |
| <b>Total current contract assets</b> | <b>823,030</b> | <b>612,039</b> |

The contract assets relates to the works completed for disaster recovery and resilience, disaster early warning system and road repairs.

(\*) Council has made a retrospective restatement of the prior year balance as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>(b) Contract liabilities</b>  |                  |                  |
| <b>Current</b>   |                  |                  |
| Funds received upfront to construct Council controlled assets  | 2,006,556        | 3,058,370        |
| Non-capital performance obligations not yet satisfied  | 57,500           | 75,000           |
| <b>Total current contract liabilities</b>  | <b>2,064,056</b> | <b>3,133,370</b> |
| <b>Revenue recognised that was included in the contract liability balance at the beginning of the year</b> |                  |                  |
| Funds to construct Council controlled assets   | 1,030,507        | 405,294          |
| Deposits received in advance of services provided  | 47,500           | -                |
| <b>Total revenue included in the contract liability</b>  | <b>1,078,007</b> | <b>405,294</b>   |

The contract liability relates to major projects such as Murgon to Cherbourg Footpath Upgrade and First Start program. It is expected that these projects will be completed during the 2024-25 financial year.

**Satisfaction of contract liabilities**

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next two years.

**(c) Significant changes in contract balances**

During the year several major projects were completed but no receivable has arisen, increasing the amount recognised as contract assets. These projects include disaster recovery and resilience, disaster early warning system, road repairs and solid waste.

## Note 13. Leases

**Council as 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. During the year an amount of \$17,681 (2023: \$16,718) was recognised as an expense in the statement of Profit or Loss in respect of operating leases.

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 13. Leases (continued)

#### Leases at significantly below market value – concessionary / peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases for which no or little lease payments are made. The use of the right-to-use asset is restricted by the lessors to various community services which Council must provide. These leases have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council has elected not to apply the fair value measurement requirements to these leases.

#### Council as a lessor

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

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>The minimum lease receipts are as follows:</b>                                   |                  |                  |
| Between one and two years   | 90,382           | 24,335           |
| Between two and three years   | 58,683           | 56,281           |
| Between three and four years  | 58,889           | 24,429           |
| Between four and five years   | 32,699           | 24,478           |
| Later than five years   | 492,576          | 464,527          |
| <b>Total lease receipts</b>   | <b>733,229</b>   | <b>594,050</b>   |
| <b>Assets classified as property plant and equipment</b>                            |                  |                  |
| Rental income (excluding variable lease payments not dependent on an index or rate) | 1,127,859        | 1,117,997        |
| <b>Total operating lease income (rental income)</b>                                 | <b>1,127,859</b> | <b>1,117,997</b> |

### Note 14. Payables

|   | 2024           | 2023             |
|---|----------------|------------------|
|   | \$             | \$               |
| 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. |                |                  |
| <b>Salaries and wages</b>   |                |                  |
| 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.  |                |                  |
| <b>Unearned revenue</b>   |                |                  |
| Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods. Unearned revenue comprises of rent prepayments.   |                |                  |
| <b>Current</b>  |                |                  |
| Creditors and accruals  | 322,520        | 1,009,623        |
| Revenue in advance  | 74,324         | 69,945           |
| <b>Total current payables</b>   | <b>396,844</b> | <b>1,079,568</b> |
| <b>Non-current</b>  |                |                  |
| Revenue in advance  | 493,909        | 515,727          |
| <b>Total non-current payables</b>   | <b>493,909</b> | <b>515,727</b>   |

(\*) Council has made a retrospective restatement of the prior year balance as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 15. Provisions

**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.

|                                     | 2024             | 2023             |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| <b>Current</b>                      |                  |                  |
| Annual leave                        | 488,876          | 426,094          |
| Long service leave                  | 402,487          | 349,907          |
| <b>Total current provisions</b>     | <b>891,363</b>   | <b>776,001</b>   |
| <b>Non-current</b>                  |                  |                  |
| Long service leave                  | 167,574          | 156,219          |
| Refuse restoration                  | 2,832,347        | 3,098,627        |
| <b>Total non-current provisions</b> | <b>2,999,921</b> | <b>3,254,846</b> |

## Details of movements in non-employee provisions

**Refuse restoration**

|  |                  |                  |
|--|------------------|------------------|
| Balance at beginning of financial year                           | 3,098,627        | 2,546,852        |
| Increase in provision due to unwinding of discount               | 132,347          | 83,743           |
| Increase/(decrease) in provision due to change in discount rate  | (341,517)        | (174,435)        |
| Increase/(decrease) in provision due to change in cost estimates | (57,110)         | 642,467          |
| <b>Balance at end of financial year</b>                          | <b>2,832,347</b> | <b>3,098,627</b> |

**Refuse restoration****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 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.



# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 16. 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.

#### Movements in the asset revaluation surplus

|  | Note | 2024<br>\$         | 2023<br>\$         |
|--|------|--------------------|--------------------|
| Balance as at 1 July 2023  |      | 114,716,527        | 101,772,255        |
| Net adjustment to non-current assets at end of period to reflect a change in current fair value: |      |                    |                    |
| - Land   | 11   | 174,640            | 266,400            |
| - Buildings  | 11   | 2,164,068          | 1,713,578          |
| - Houses   | 11   | 8,095,327          | 6,033,547          |
| - Motor vehicles   | 11   | 28,962             | 26,358             |
| - Plant and equipment  | 11   | 513,635            | 572,068            |
| - Infrastructure   | 11   | 1,668,235          | 4,332,321          |
| <b>Net movements in the asset revaluation surplus</b>  |      | <b>12,644,867</b>  | <b>12,944,272</b>  |
| <b>Balance as at 30 June 2024</b>  |      | <b>127,361,394</b> | <b>114,716,527</b> |
|  |      | <b>2024</b>        | <b>2023</b>        |
|  |      | <b>\$</b>          | <b>\$</b>          |

The closing balance of the asset revaluation surplus comprises the following asset categories:

|  |                    |                    |
|--|--------------------|--------------------|
| - Land                                 | 1,258,040          | 1,083,400          |
| - Buildings                            | 27,477,784         | 25,313,717         |
| - Houses                               | 83,559,986         | 75,464,659         |
| - Motor vehicles                       | 621,949            | 592,988            |
| - Plant and equipment                  | 1,313,127          | 799,492            |
| - Infrastructure                       | 13,130,508         | 11,462,271         |
| <b>Total asset revaluation surplus</b> | <b>127,361,394</b> | <b>114,716,527</b> |

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 17. Contingent liabilities

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

**Local Government Mutual**

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

As at 30 June 2024 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 \$112,701.

## Note 18. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

|   | 2024               | 2023 <sup>*</sup>  |
|---|--------------------|--------------------|
|   | \$                 | Restated<br>\$     |
| <b>Net operating result from income statement</b>   | <u>(8,064,402)</u> | <u>(6,979,349)</u> |
| <b>Non-cash items</b>   |                    |                    |
| Depreciation and amortisation   | 10,525,282         | 9,979,841          |
| Unwinding of discount rates on restoration provisions   | 132,347            | 83,743             |
|   | <u>10,657,629</u>  | <u>10,063,584</u>  |
| <b>Investing and development activities</b>   |                    |                    |
| Net (profit)/loss on disposal of assets   | 362,520            | 2,948              |
| Capital grants and contributions  | (2,740,314)        | (1,021,211)        |
|   | <u>(2,377,794)</u> | <u>(1,018,263)</u> |
| <b>Changes in operating assets and liabilities:</b>   |                    |                    |
| (Increase)/decrease in receivables  | (86,054)           | 157,062            |
| Increase/(decrease) in provision for doubtful debts   | 67,936             | (92,872)           |
| (Increase)/decrease in inventories  | 156,240            | (178,157)          |
| (Increase)/decrease in contract assets  | (210,991)          | 880,758            |
| (Increase)/decrease in other assets   | (6,656)            | 107,265            |
| Increase/(decrease) in payables   | (687,103)          | 210,544            |
| Increase/(decrease) in contract liabilities   | (1,069,314)        | 446,264            |
| Increase/(decrease) in employee leave entitlements  | 126,717            | 19,764             |
| Increase/(decrease) in other provisions   | (398,627)          | 468,032            |
| Increase/(decrease) in other liabilities  | (17,439)           | (51,067)           |
|   | <u>(2,125,291)</u> | <u>1,967,593</u>   |
| <b>Net cash provided from/(used in) operating activities from the statement of cash flows</b> | <u>(1,909,858)</u> | <u>4,033,565</u>   |

(\*) Council has made a retrospective restatement as a consequence of a correction of error in accordance with AASB 108. Details are disclosed in Note 19.

## Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 19. Correction of error

**Nature of prior-period error**

During the 2024 financial year, it was identified that certain income and expenditure transactions had been included in the current year however they related to the previous financial year. These transactions were included in the current year in error due to the transactions being identified after Council's cut-off date for accruals when preparing the 2023 financial statements.

Including the income and expenses in the current financial year meant that capital grant revenue in the previous year had been understated by \$195,057 and operating expenditures understated by \$347,579. To bring these items to account in the previous year, a contract asset should have been recognised for the income, and a payable recognised for the expenditure meaning that the 2023 closing balances for contract assets and payables were also understated by \$195,057 and \$347,579 respectively.

As a consequence of these errors, the net result for the 2023 financial year was overstated by \$152,522 (net operating surplus was overstated by \$347,579).

The errors identified above have been corrected by restating the balances of the prior period and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

**Adjustments to the comparative figures for the year ended 30 June 2023****Statement of Financial Position**

|                               | Original<br>Balance<br>30 June, 2023<br>\$ | Impact Increase/<br>(decrease)<br>\$ | Restated<br>Balance<br>30 June, 2023<br>\$ |
|-------------------------------|--|--------------------------------------|--|
| Contract assets               | 416,982                                    | 195,057                              | 612,039                                    |
| All other assets              | 220,453,912                                | –                                    | 220,453,912                                |
| <b>Total assets</b>           | <b>220,870,894</b>                         | <b>195,057</b>                       | <b>221,065,951</b>                         |
| Payables                      | 731,989                                    | 347,579                              | 1,079,568                                  |
| All other Liabilities         | 7,679,944                                  | –                                    | 7,679,944                                  |
| <b>Total liabilities</b>      | <b>8,411,933</b>                           | <b>347,579</b>                       | <b>8,759,512</b>                           |
| Asset Revaluation Surplus     | 114,716,527                                | –                                    | 114,716,527                                |
| Retained Surplus              | 97,742,434                                 | (152,522)                            | 97,589,912                                 |
| <b>Total community equity</b> | <b>212,458,961</b>                         | <b>(152,522)</b>                     | <b>212,306,439</b>                         |

**Statement of Comprehensive Income**

|   | Original<br>Balance<br>30 June, 2023<br>\$ | Impact Increase/<br>(decrease)<br>\$ | Restated<br>Balance<br>30 June, 2023<br>\$ |
|---|--|--------------------------------------|--|
| Capital Grants, subsidies and contributions | 826,154                                    | 195,057                              | 1,021,211                                  |
| All other revenue                           | 15,699,499                                 | –                                    | 15,699,499                                 |
| <b>Total income</b>                         | <b>16,525,653</b>                          | <b>195,057</b>                       | <b>16,720,710</b>                          |
| Materials and services                      | 5,175,192                                  | 347,579                              | 5,522,771                                  |
| All other recurrent expenses                | 17,531,873                                 | –                                    | 17,531,873                                 |
| Capital expenses                            | 645,415                                    | –                                    | 645,415                                    |
| <b>Total expenses</b>                       | <b>23,352,480</b>                          | <b>347,579</b>                       | <b>23,700,059</b>                          |
| <b>Net result</b>                           | <b>(6,826,827)</b>                         | <b>(152,522)</b>                     | <b>(6,979,349)</b>                         |

## Cherbourg Aboriginal Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 20. Events after the reporting period

Council is not aware of any 'adjusting' or 'non -adjusting events' that merit disclosure.

#### Note 21. Financial instruments and financial risk management

##### (a) 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 - (Note 9)  
Receivables - (Note 10)

Financial liabilities  
Payables - (Note 14)

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.

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.

##### Financial risk management

###### Credit risk

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.

###### Liquidity risk

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.

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 21. Financial instruments and financial risk management (continued)

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 14 which have contractual maturity dates of 6 months or less.

#### Market risk

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

Changes in market indices do not have a material impact on the financial performance or position of Council.

### Note 22. Transactions with related parties

#### (a) Key management personnel

##### Transactions with key management personnel

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management.

Detailed remuneration disclosures are provided in the annual report.

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>The compensation paid to key management personnel comprises:</b> |                  |                  |
| Short-term employee benefits  | 1,011,698        | 998,010          |
| Post-employment benefits  | 73,463           | 71,426           |
| Long-term benefits  | 15,768           | 14,407           |
| <b>Total</b>  | <b>1,100,929</b> | <b>1,083,843</b> |

#### (b) Other Related Parties

##### 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 transactions   | Additional information | 2024    | 2023   |
|---|------------------------|---------|--------|
| Fees and charges charged to entities controlled by key management personnel | (i)                    | 10,341  | 9,401  |
| Employee expenses for close family members of key management personnel      | (ii)                   | 277,027 | 63,786 |
| Rental income charged to close family members of key management personnel   |                        | 27,040  | 14,690 |

(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.

# Cherbourg Aboriginal Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 22. Transactions with related parties (continued)

(ii) Council employs 107 full time equivalent staff. Only 6 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.

#### (c) Outstanding balances

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

|                                | Housing rent<br>owed by key<br>management<br>personnel | Amounts owed<br>by entities<br>controlled by<br>key<br>management<br>personnel |
|--------------------------------|--|--|
| <b>Year ended 30 June 2024</b> |  |  |
| <b>Receivables</b>             |  |  |
| Current                        | \$2,832  | -  |
| Past due 31-60 days            | \$2,480  | -  |
| Past due 61-90 days            | \$3,100  | -  |
| More than 90 days overdue      | \$24,086   | -  |
| <b>Total owing</b>             | <b>\$32,498</b>  | <b>-</b>   |
| <b>Year ended 30 June 2023</b> |  |  |
| <b>Receivables</b>             |  |  |
| Current                        | \$1,798  | -  |
| Past due 31-60 days            | \$1,050  | -  |
| Past due 61-90 days            | \$840  | -  |
| More than 90 days overdue      | \$19,942   | -  |
| <b>Total owing</b>             | <b>\$23,630</b>  | <b>-</b>   |

#### (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.


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**Management Certificate**

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 2 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.



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**Bruce Simpson**  
Mayor  
21 October 2024



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**Chatur Zala**  
Chief Executive Officer  
21 October 2024

## 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 financial report of Cherbourg Aboriginal Shire Council.

The financial report comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2024, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

#### 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 (including Independence Standards)* (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

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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 2024 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios (unaudited) and unaudited long-term financial sustainability statement.



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

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

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

### **Responsibilities of the councillors for the financial report**

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of my auditor's report.

### **Report on other legal and regulatory requirements**

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

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

### **Prescribed requirements scope**

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



William Cunningham  
as delegate of the Auditor-General

22 October 2024

Queensland Audit Office  
Brisbane

# Cherbourg Aboriginal Shire Council

## Current Year Financial Sustainability Statement

Financial Statements 2024

|  | Target Tier<br>8 | Actual<br>2024 | 5 Yr Av.<br>2020-24 |
|--|------------------|----------------|---------------------|
|--|------------------|----------------|---------------------|

### Audited ratios

Council's performance at 30 June 2024 against key financial ratios and targets.

### Liquidity

#### 1. Unrestricted cash expense coverage ratio

|  |      |            |            |     |
|--|------|------------|------------|-----|
| Total cash and equivalents add current investments add available ongoing QTC working capital limit less externally restricted cash | x 12 | > 4 months | 4.5 months | N/A |
| <hr/>  |      |            |            |     |
| Total operating expenditure less depreciation and amortisation less finance costs  |      |            |            |     |

The unrestricted cash expense cover ratio is an indicator of the unconstrained liquidity available to a council to meet ongoing and emergent financial demands, which is a key component to solvency. It represents the number of months a council can continue operating based on current monthly expenses.

The ratio indicates that Council has sufficient cash available to contribute to the future planned and unplanned expenditure.

### Operating Performance

#### 2. Operating surplus ratio

|                         |            |          |          |
|-------------------------|------------|----------|----------|
| Operating result        | Contextual | (76.20)% | (34.44)% |
| <hr/>                   |            |          |          |
| Total operating revenue |            |          |          |

The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. Any operating surplus would be available for capital funding or other purposes.

Unlike in previous years, in the 2023-24 financial year, Council did not receive the advance payment of the Federal Assistance Grant funding and as such, there is a decrease in Council's revenue and thus decline in operating surplus ratio.

#### 3. Operating cash ratio

|  |     |         |       |
|--|-----|---------|-------|
| Operating result add depreciation and amortisation add finance costs | >0% | (2.62)% | 8.32% |
| <hr/>  |     |         |       |
| Total operating revenue  |     |         |       |

The operating cash ratio is a measure of council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs.

Council did not meet the recommended benchmark for this ratio. The primary reasons for not meeting the benchmark for the operating cash ratio include an increase in operational expenses, particularly related to work-in-progress write-offs and repairs and maintenance costs. Additionally, a decrease in operational grant revenue, stemming from the advance payment of the 2025 Federal Assistance Grant funding not being released in 2024, has contributed to this shortfall.

### Asset management

#### 4. Asset sustainability ratio

|  |      |        |        |
|--|------|--------|--------|
| Capital expenditure on replacement of infrastructure assets (renewals) | >90% | 23.07% | 80.47% |
| <hr/>  |      |        |        |
| Depreciation expenditure on infrastructure assets                      |      |        |        |

The asset sustainability ratio approximates the extent to which the infrastructure assets managed by a council are being replaced as they reach the end of their useful lives.

Council has not met the benchmark recommended in respect to assets sustainability ratio. The Council is unable to fund the required level of annual infrastructure renewal from its own sources, particularly concerning housing and building assets. Meeting this ratio in the future depends on the ability of Council to continue to attract capital grant revenue.

#### 5. Asset consumption ratio

continued on next page ...

|  | Target Tier<br>8 | Actual<br>2024 | 5 Yr Av.<br>2020-24 |
|--|------------------|----------------|---------------------|
| Written down replacement cost of depreciable infrastructure assets |                  |                |                     |
| Current replacement cost of depreciable infrastructure assets      | >60%             | <b>64.66%</b>  | <b>70.83%</b>       |

The asset consumption ratio approximates the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community.

This ratio is above the target . Council reviews asset useful lives on an annual basis and ensures assets are renewed when required to meet adopted service levels.

Current Year Financial Sustainability Statement (continued)

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|  | Target Tier | Actual | 5 Yr Av. |
|--|-------------|--------|----------|
|  | 8           | 2024   | 2020-24  |

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**Note 1 - basis of preparation**

The current year financial sustainability statement is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the 6 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 2024.

**Cherbourg Aboriginal Shire Council**  
**Certificate of Accuracy (audited ratios)**

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Financial Statements 2024

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.



**Bruce Simpson**  
**Mayor**  
21 October 2024



**Chatur Zala**  
**Chief Executive Officer**  
21 October 2024

## 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 for the year ended 30 June 2024, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Cherbourg Aboriginal Shire Council for the year ended 30 June 2024 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 (including Independence Standards)* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2024 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

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial sustainability statement and our auditor's report thereon.

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 2024 was the general-purpose financial statements, current-year financial sustainability statement - contextual ratios (unaudited), and the unaudited long-term financial sustainability statement.

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

In connection with my audit of the financial sustainability statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial sustainability statement 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 material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.



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.



William Cunningham  
as delegate of the Auditor-General

22 October 2024

Queensland Audit Office  
Brisbane

# Cherbourg Aboriginal Shire Council

## Current Year Financial Sustainability Statement

|  | Target Tier<br>8 | Actual<br>2024 | 5 Yr Av.<br>2020-24 |
|--|------------------|----------------|---------------------|
|--|------------------|----------------|---------------------|

### Contextual ratios (unaudited)

#### Financial Capacity

##### 1. Council controlled revenue

|  |            |       |       |
|--|------------|-------|-------|
| Net rates, levies and charges add fees and charges |            |       |       |
| Total operating revenue                            | Contextual | 6.48% | 6.32% |

Council controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.

Council is highly reliant on grant revenue and has limited opportunities to raise income from other resources.

##### 2. Population growth

|                                    |    |            |       |         |
|------------------------------------|----|------------|-------|---------|
| Prior year estimated population    | -1 | Contextual | 1.40% | (0.86)% |
| Previous year estimated population |    |            |       |         |

Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.

Population in Cherbourg is relatively stable.

#### Note 1 - basis of preparation

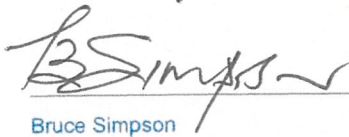
The current year financial sustainability statement - Contextual Ratios is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the 3 reported measures are prepared on an accrual basis and are drawn from the council's audited general purpose financial statements for the year ended 30 June 2024.

**Certificate of Accuracy (contextual ratios - unaudited)**

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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.



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**Bruce Simpson**  
Mayor  
21 October 2024



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**Chatur Zala**  
Chief Executive Officer  
21 October 2024

# Cherbourg Aboriginal Shire Council

## Unaudited Long Term Financial Sustainability Statement

|  | Target | Actual | Forecast |      |      |      |      |      |      |      |      |      |
|--|--------|--------|----------|------|------|------|------|------|------|------|------|------|
|  | 2024   | 2024   | 2025     | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |

### Measures of financial sustainability

#### Liquidity

##### 1. Unrestricted cash expense coverage ratio

Total cash and equivalents add current investments add available ongoing QTC working capital limit less externally restricted cash

x 12

Total operating expenditure less depreciation and amortisation less finance costs

|  |            |                   |            |            |            |            |            |            |            |            |            |            |
|--|------------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  |            |                   |            |            |            |            |            |            |            |            |            |            |
|  | > 4 months | <b>4.5 months</b> | 7.4 months | 7.9 months | 7.7 months | 7.2 months | 6.9 months | 6.5 months | 6.1 months | 5.7 months | 5.3 months | 4.9 months |

The unrestricted cash expense cover ratio is an indicator of the unconstrained liquidity available to a council to meet ongoing and emergent financial demands, which is a key component to solvency. It represents the number of months a council can continue operating based on current monthly expenses.

#### Operating Performance

##### 2. Operating surplus ratio

Operating result

Total operating revenue

|  |            |                 |          |          |          |          |          |          |          |          |          |          |
|--|------------|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|  |            |                 |          |          |          |          |          |          |          |          |          |          |
|  | Contextual | <b>(76.20)%</b> | (36.58)% | (38.40)% | (38.98)% | (39.61)% | (39.85)% | (40.07)% | (40.30)% | (40.54)% | (40.78)% | (41.03)% |

The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. Any operating surplus would be available for capital funding or other purposes.

##### 3. Operating cash ratio

Operating result add depreciation and amortisation add finance costs

Total operating revenue

|  |     |                |        |        |        |        |        |        |        |        |        |        |
|--|-----|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  |     |                |        |        |        |        |        |        |        |        |        |        |
|  | >0% | <b>(2.62)%</b> | 23.10% | 21.10% | 19.90% | 18.70% | 17.80% | 17.00% | 16.10% | 15.30% | 14.40% | 13.50% |

The operating cash ratio is a measure of council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs.

## Cherbourg Aboriginal Shire Council Unaudited Long Term Financial Sustainability Statement (continued)

|  | Target<br>2024 | Actual<br>2024 | 2025    | 2026    | 2027    | 2028    | Forecast |         |         |         |         |         |
|--|----------------|----------------|---------|---------|---------|---------|----------|---------|---------|---------|---------|---------|
|  |                |                | 2029    | 2030    | 2031    | 2032    | 2033     | 2034    |         |         |         |         |
| <b>4. Asset sustainability ratio</b>   |                |                |         |         |         |         |          |         |         |         |         |         |
| Capital expenditure on replacement of infrastructure assets (renewals)   | >90%           | <b>23.07%</b>  | 450.90% | 105.80% | 212.70% | 226.10% | 201.50%  | 187.60% | 170.20% | 158.10% | 142.50% | 131.80% |
| Depreciation expenditure on infrastructure assets  |                |                |         |         |         |         |          |         |         |         |         |         |
| The asset sustainability ratio approximates the extent to which the infrastructure assets managed by a council are being replaced as they reach the end of their useful lives. |                |                |         |         |         |         |          |         |         |         |         |         |
| <b>5. Asset consumption ratio</b>  |                |                |         |         |         |         |          |         |         |         |         |         |
| Written down replacement cost of depreciable infrastructure assets   | >60%           | <b>64.66%</b>  | 83.60%  | 82.20%  | 81.20%  | 80.30%  | 19.30%   | 78.30%  | 77.30%  | 76.30%  | 75.20%  | 74.10%  |
| Current replacement cost of depreciable infrastructure assets  |                |                |         |         |         |         |          |         |         |         |         |         |

The asset consumption ratio approximates the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community.

## Cherbourg Aboriginal Shire Council Unaudited Long Term Financial Sustainability Statement (continued)

|   | Target<br>2024 | Actual<br>2024 | 2025     | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  | 2032  | 2033  | 2034  |
|---|----------------|----------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   |                |                | Forecast |       |       |       |       |       |       |       |       |       |
| <b>8. Council controlled revenue</b>  |                |                |          |       |       |       |       |       |       |       |       |       |
| Net rates, levies and charges add fees and charges  |                | <b>6.48%</b>   | 5.54%    | 5.58% | 5.58% | 5.59% | 5.60% | 5.61% | 5.62% | 5.63% | 5.64% | 5.65% |
| Total operating revenue   | Contextual     |                |          |       |       |       |       |       |       |       |       |       |
| Council controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks. |                |                |          |       |       |       |       |       |       |       |       |       |
| <b>9. Population growth</b>   |                |                |          |       |       |       |       |       |       |       |       |       |
| Prior year estimated population   |                | <b>1.40%</b>   | 0.48%    | 0.45% | 0.48% | 0.48% | 0.48% | 0.48% | 0.47% | 0.47% | 0.47% | 0.47% |
| Previous year estimated population  | Contextual     |                |          |       |       |       |       |       |       |       |       |       |

Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.

### Cherbourg Aboriginal Shire Council Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a reasonable financial position whilst also being able to meet the community's current and future needs within the constraints of limited resources. Council acknowledges that it is highly reliant on grant funding to maintain its operations.

## Cherbourg Aboriginal Shire Council

### Certificate of Accuracy - Long Term Financial Sustainability Statement

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

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



**Bruce Simpson**  
Mayor  
21 October 2024



**Chatur Zala**  
Chief Executive Officer  
21 October 2024