

2019 /2020



ANNUAL REPORT



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WELCOME

This Annual Report provides the opportunity to report back to council clients, both internal and external, on our performance for the year under review.

Napranum Aboriginal Shire Council through its Mayor, councillors and staff provide services to the residents living in Napranum community. Napranum, meaning 'meeting place', is located 819 kilometres North West of Cairns on the western side of the Cape York Peninsula. Napranum is home to approximately 957 Indigenous people (2016 census) who are descended from as many as 40 different groups from around Cape York Peninsula.

As a fully-fledged local Government Shire Council, the council is required under the Local Government Act 2009, to prepare and adopt an Annual Report for each financial year. In addition, the report is also required to have a section on community financial reporting in a form that is readily understood by the community members.

This annual report provides a snapshot of the council's performance, including the significant achievements made during the reporting period from the 1st July 2019 to 30th June 2020. It also highlights some of the challenges encountered during the reporting period as well as a guide to what lies ahead.

The annual report is an important accountability tool in the council corporate governance framework to enable objective assessment to be made on the efficiency, effectiveness and overall operations at the council.

This Annual Report and other useful information on the council will be available on the council website at www.napranum.qld.gov.au

We welcome your feedback and suggestions on our Annual Report. Please direct your comments to Chief Executive Officer email ceo@napranum.qld.gov.au



COUNCIL STATEMENTS

Council shares the Vision and Values identified by the Community during the development of the 10 Year Plan

Our Mission and Commitments

Build a strong, **prosperous** and **healthy Community** by ensuring:

- Strong **leadership**
- **Excellence** in service
- Transparency and **accountability**
- Community Consultation and **ownership**
- Consistency in Decision making
- **Financial** Sustainability
- Good Governance

Our Vision

“Our **legacy** is the creation of a **sustainable community**...based on **choice, trust and respect!**”

Key Result Areas from the 5 Year Corporate Plan 2017 – 2022 are:

A. Financial Management

- Responsible Financial Management with efficient and timely cost controls

B. Strong Cultural Wellbeing

- Revival of Culture
- Seeing, being, knowing, doing
- Every focus to come back to culture

C. Healthy and Safe Community with strong relationships

- Community Ownership
- Community Engagement
- Improvement in services
- Community Accountability to ensure a safe and healthy Community
- Support for strong Men's, Women's and Youth Groups

D. Skilled and Educated Community

- Improvement in Educational Services
- Community and Parental responsibility

E. Good Governance

- Uphold and promote ethical standards of practice supported by policies and procedures that are audited, monitored, reviewed and reported.

F. Economically progressive and prosperous Community

- Support for Local Business
- Focus on Economic Development.

A MESSAGE FROM THE MAYOR



Firstly, on behalf of the Napranum Aboriginal Shire Council and the Napranum Community, I would like to acknowledge and pay my respects to the Traditional Owners of the land in which we share and develop.

Looking back on the Annual Report of the Napranum Aboriginal Shire Council for the period 1 July 2019 to 30 June 2020, it clearly shows and demonstrates our Council's Value Statement and Vision. Thank you to our previous Mayor, Councillors, Chief Executive Officer and Council staff for the commitment, professional input and support.

This year Council appointed and welcomed a new Chief Executive Officer, Janelle Menzies. Ms Menzies brings a wealth of experience, leadership skills, governance and knowledge to Council. With her strategic planning and continuous support, I believe and trust that as Mayor and with my fellow Councillors that we will continue to build and deliver a strong unique healthy community together.

This year Napranum Aboriginal Shire Council has been committed and focused on the Community 10-year plan. As a Council, we will continue to practice good governance through transparency, accountability and meaningful engagement to achieve this plan.

Over the next year, the Councillors, Council staff and I will be working toward building a strong, prosperous and healthy community by ensuring strong leadership, excellence in service, community consultation, ownership consistency in decision making and financial sustainability. We will focus on a number of key areas including:

- Finalisation of Works for Queensland community development projects including the Farm, Takeaway, community drainage, playground upgrades and a community fuel outlet.
- The continuous growth and improvement in economic development.
- Education, sport, recreating facilities, Housing, infrastructure and land tenure, Alcohol Management Plan, community enterprises and indigenous waste strategy.

I look forward to working with my fellow Councillors, Council Management, government, non-government partners and the Community over the coming years to progress the best outcomes for our community.

Cr Janita Motton

Mayor

Napranum Aboriginal Shire Council

A MESSAGE FROM THE CEO

I started with Napranum Aboriginal Shire Council on 1st June, 2020. I have really enjoyed my time here in Napranum.

Firstly, I would like to acknowledge the outgoing CEO Ilario Sabatino for all his efforts for the past 3 years on the Council's Continuous Improvements Program as well as Stephen Frost and Paul Martin who were acting in the role since March, 2020.

In April, 2020 Napranum Aboriginal Shire Council swore in a New Mayor and three new Councillors and one returning Councillor. It has been my pleasure working with them as we all become familiar with our new roles, journey and improvements to the Napranum Community into the future.

During the 2019/20-year, Council worked two towards project under the Works for Queensland 2019/21 program of \$1.31M to including Napranum farm infrastructure improvements, a takeaway food outlet, Community drainage, keeping places cultural facility and modernise workshop facilities. Council continued to work Indigenous Communities Critical Infrastructure Program amounting to \$4.2m for Water, Waste Water and Solid Waste Upgrades. Council also started planning for 2 new 2-bedroom duplexes as part of our \$2.36M housing program.

This report is a transparent record of Council's legislative requirements which is to be declared and highlighted to the Public, its Stakeholders and other interested parties under the Local Government Regulation 2012 regarding its operational performance, financial decision making and other important information for the financial year. Napranum Aboriginal Shire Council is strongly committed to transparency of its operations and has ensured this report provides you with as much information with the intent of having a clear understanding of Council's current status in accordance with legislative requirements.

Janelle Menzies

Chief Executive Office



NAPRANUM PROFILE

Napranum is a small community on the Cape York Peninsula in remote Far North Queensland.

The Napranum Aboriginal Community Council was established in 1989 and continues with unaltered boundaries under the name of Napranum Aboriginal Shire Council (2005).

Napranum Aboriginal Shire comprising several parts has an area of 1995 square km, is 15 km north-west and north-east of Weipa. Napranum has a mini-supermarket, a community health centre, Pre-school, an aged care centre and a cultural ground which is the venue for an annual cultural festival. As with many remote communities' infrastructure and service access continues to be a major challenge. A housing subdivision has recently been completed allowing for the construction of new houses for the people of Napranum. There is also greater emphasis on establishing the community farm operationally.

The main employment sector is local government administration. Residents of Napranum are also employed by Rio Tinto at its Bauxite operation in Weipa and surrounds. There were originally five main clan groups with a history dating back many thousands of years. Formerly known as Weipa South, Napranum which means 'meeting place' was established in 1898 by Moravian missionaries on behalf of the Presbyterian church.

The original mission site at 20 mile was relocated to the Jessica Point site in 1932 due to an outbreak of malaria. At this time most of the people were Awngthim but soon different tribes and clans were brought from Old Mapoon. In 1955 a geologist, Henry Evans, discovered that the red cliffs on the Aboriginal reserve, previously remarked on by the early Dutch explorers and Matthew Flinders, were actually enormous deposits of bauxite - the ore from which aluminium is made.

The "Comalco Act of 1957" revoked the reserve status, giving the company 5,760 square km of Aboriginal reserve land on the west coast of the peninsula and 5,135 square km on the east coast of Aboriginal-owned land.

Mining commenced in 1960. The mission became a government settlement in 1966 with continued attempts by Comalco to relocate the whole community elsewhere. The company then built a new town for its workers on the other side of the bay. In 2006, 43.8% of census respondents recorded their religion as Uniting Church, reflecting the fact that the Presbyterian Church administered the former mission.

Napranum eventually received DOGIT status on 28th October 1988, and has its own community council separate from the Shire of Cook.

ABOUT NAPRANUM

FACILITIES AND SERVICE

HEALTH

The Shire has a Queensland Health Primary Health Care Centre, which provides basic health care services. Cases that are more serious are referred to the Weipa Integrated Health Services. The hospital facility contains primary health care, emergency and medical imaging, day surgery, acute care accommodation, aged care accommodation, mortuary, support services, administration, staff accommodation plus a co-located ambulance service.

WEATHER

The climate of Cape York Peninsula is tropical and at times hot and humid. The tropical wet season runs from November to April and the tropical dry season from May to October.

Temperature averages are 32.8 °C daily maximum and 22 °C overnight minimum

SHOPPING

All residents do their major household shopping in Weipa. Napranum has an IBIS Supermarket that is open 7 days a week.

POST OFFICE SERVICES

Council provides a small post office in Napranum, which distributes mail only. The community post office, is located in the council building, is open on weekdays from 8:45 to 4pm

ALCOHOL RESTRICTIONS

Napranum is what is considered under the Queensland Government liquor licensing as a restricted area. The Napranum restricted area is the Napranum Aboriginal Shire including all public and private places. This includes all waterways where both banks are within the shire.

The section of the Peninsula Development Road that passes through the shire is excluded from the restricted area.

No alcohol or homebrew and homebrew equipment is allowed in restricted areas.

For more information please see the alcohol reforms page at www.datsip.qld.gov.au

There are serious penalties for breaching the alcohol limits. Police have the power to stop and search all vehicles, boats etc. coming into a restricted area.

NAPRANUM AGED & DISABILITY SERVICES

Napranum Aged and Disability Services (NADS) conducts community outreach for aged clients (over 50 years of age) and those with disabilities (up to 50 years of age). Most clients live in Napranum, although we also service limited clients in Weipa. The centre has up to 4 independent living units and 1 respite room based at the Centre.

The Centre delivers a range of services including: meals, social support (individual and group), transport, assisting clients with shopping, medical appointments, personal care and domestic assistance.

Refer report below in Corporate and Community Services

EDUCATION

The Napranum Early Childhood Centre, (Kindergarten and Pre-School) is operated by council and has been functioning within the community for 40 years. The NECC is affiliated with the Crèche and Kindergarten Association of Queensland, (C&K) indicating that a centre has reached prescribed high standards in relation to buildings and facilities, safety, qualifications of staff and delivery of educational curricula.

Refer report below in Corporate and Community Services

OTHER FACILITIES

Napranum has a football oval and community hall. Other facilities include the Napranum Youth Centre, PCYC, PaL (Parents and Learning), Justice Group, Men's Group, Women's Group, Napranum Safe House, Basketball Court, Tennis Court, Boat Ramp and the Saint Barnabus Uniting Church.

ACCOMMODATION

Accommodation is available in Weipa (approximately 13km away). It is strongly recommended that visitors who intend to visit Napranum make reservations at least one month before the date of arrival as there is high demand for accommodation during the winter (dry season) when many visitors from the southern states arrive for holiday and fishing.

OUR COUNCIL

The Napranum Aboriginal Shire Council has five elected representatives who are responsible for formulating council policies, corporate plan, operational plan, adopting council budget and making decisions to achieve council goals. The shire is undivided for electoral purposes. Each councillor represents the overall public interest of the whole area, although council has adopted a portfolio management system.

Councillors provide the most direct form of representation to the community.

Each of them brings an individual perspective to the decision's council must make on behalf of the community.

Background information on each of the councillors as well as details for each councillor is provided in the following pages.

Acceptance of the duties and responsibilities of the Mayor and Councillors are signified by their declaration of office. This declaration requires the elected members to fulfil the duties of office by acting faithfully and impartially to the best of their judgment and ability and to agree to uphold the council code of conduct. In addition, Councillors are required to complete a set of forms on Councillor's interests.

To represent the community effectively Councillors are required to attend ordinary monthly council meetings and any other special meeting and to vote on all matters that require a decision or abstain from taking part in the discussions and voting on issues where they have conflict of interest. The role of the Councillors and the Mayor is set out in the Local Government Act 2009.

Council authority is exercised as a whole, with decisions being made by the council in the best interest of the community. In this regard the Act provides guidance to the Mayor and Councillors on what their roles and responsibilities are and the code of conduct expected of them to observe. The code of conduct provides for penalties ranging from reprimand to disqualification from office. All these are intended to safeguard against the misuse, abuse and miscarriage of power and authority by the elected members.



ELECTED COUNCIL 2016- MARCH 2020



Mayor
Rex Burke

Portfolio
Housing and Environment



Deputy Mayor
Sonia Schuh

Portfolio
Municipal Services, Small Business
Training and Development



Councillor
Ethel Bosuen

Portfolio
Administration
Alcohol Management



Councillor
Rhonda Charger

Portfolio
Education and Social Services



Councillor
Marie Pitt

Portfolio
Health, Sports, Recreation and Arts

CEO



Mr. Ilario Sabatino was appointed the Chief Executive Officer 15th May 2017 and resigned effective 15th May 2020

ELECTED COUNCIL APRIL 2020



Mayor
Janita Motton

Portfolio

Housing and Environment
Also covering all other Portfolio's



Deputy Mayor
Kaylene Jawai

Portfolio

Education and Social Services
Health, Sports, Recreation and Arts



Councillor
Margie Adidi

Portfolio

Municipal Services, Small Business,
Training and Development
Education and Social Services
Health, Sports, Recreation and Arts



Councillor
Egito Mairu

Portfolio

Alcohol Management



Councillor
Marie Pitt

Portfolio

Alcohol Management
Health, Sports, Recreation and Arts

CEO



Janelle Menzies

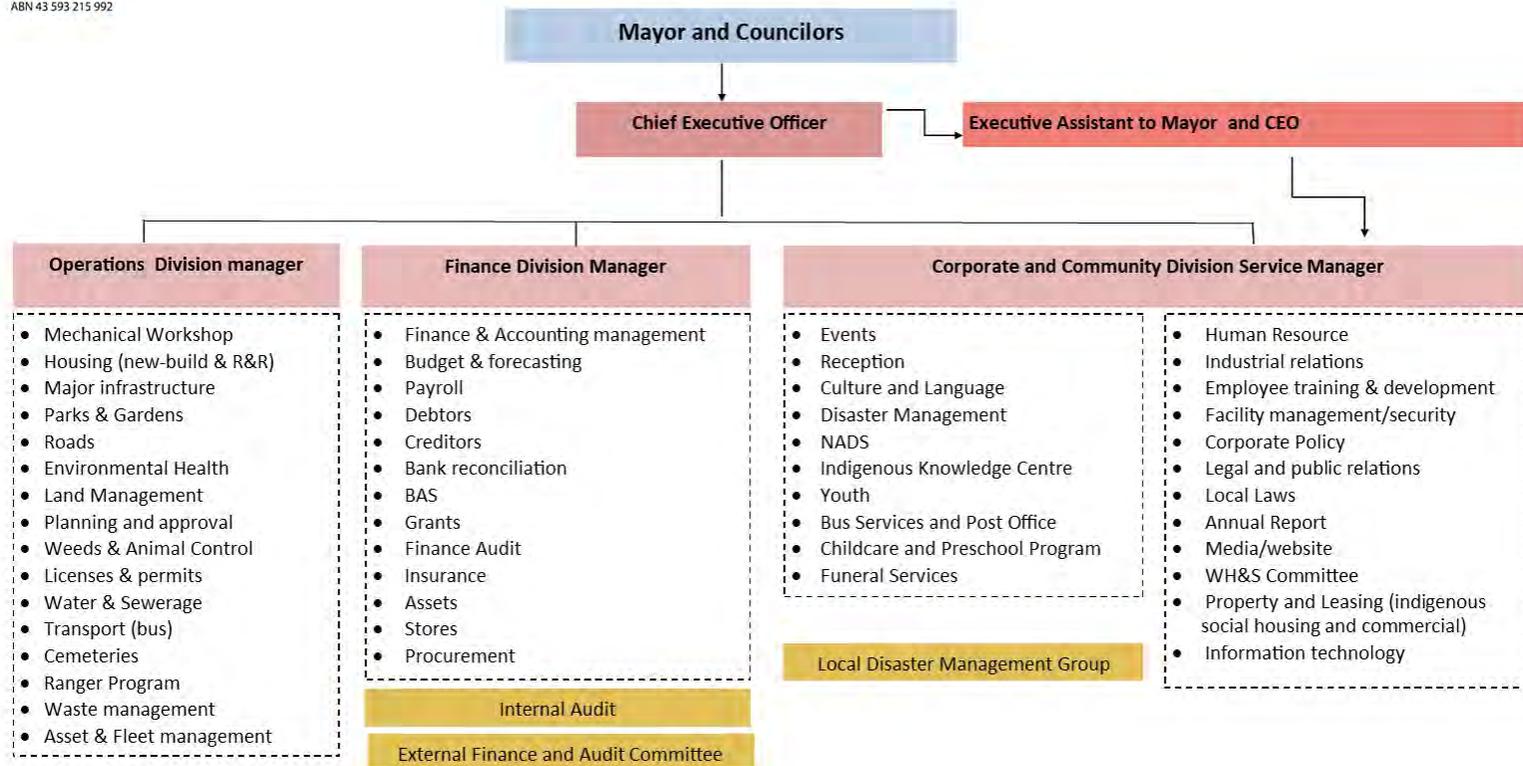
Mrs Janelle Menzies commenced as the Chief Executive Officer 1st June 2020

ORGANISATIONAL STRUCTURE 2019 -

Corporate Structure effective 1st July 2019



CORPORATE STRUCTURE 2019



Napranum Office—320 Wa-Tyne Street

COUNCIL DEPARTMENTS

OPERATIONS DIVISION



Stephen Turner

Divisional Manager

The Operations Division comprises Housing, Essential Services, Parks and Gardens, Fleet Management, Mechanical Workshop, Cemeteries, Waste Management and the Nanum Wungthim Rangers. The Division consisted of 30 personnel as at 30th June 2020. The workforce includes carpenters, plumbers, mechanics, boilermakers, plant operators, trades assistants and general labourers and apprentices.

Napranum Aboriginal Shire Council (NASC), encourages local residents to undertake apprenticeships and traineeships; currently NASC has two mature aged apprentice carpenters completing their training with Council.

The highlights this financial year include:

HOUSING AND MAINTENANCE

There are 256 Social Housing Properties of which 238 are under a 40year lease arrangement. These range from one bedroom units to seven bedroom houses.

Upgrades

2019/20 Upgrades program consisted of Council successfully tendering for 56 projects from Q-Build. This has allowed Council to retain and upskill staff, in light of any new Housing program not occurring during the reporting period.

Maintenance

The Operations Division maintains the housing in response to instructions from Building Asset Services. During the financial year, Council received approximately 1500 maintenance requests and accomplished a 95% completion rate. Operations took the initiative to ensure essential maintenance was undertaken in the event of a COVID-19 closure; two door knocks were undertaken in March and June during which 230 houses were canvassed. In each instance, this resulted in approximately 400 work requests in total with all being completed in the set timeframe.

ONGOING PROJECTS

Community Hall

The community hall has been refurbished and is currently 95% complete; the works included a re-roof, upgrade to current cyclone standards, interior upgrade, security fencing and a security system.



New Housing

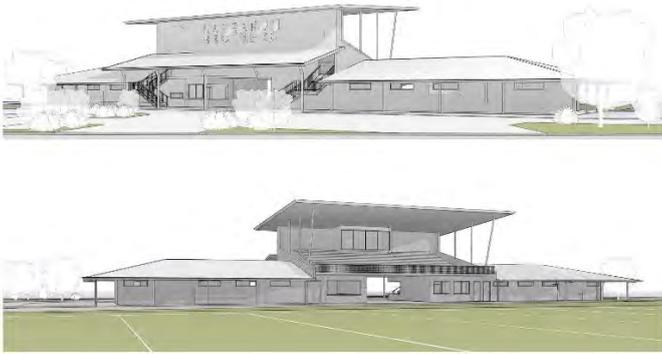
Two new two bedroom duplexes have been planned for 258 and 259 Kwokkenum Street under the 2019 Interim Capital Works program by the State Governments' \$40M commitment to an interim housing program for remote and discrete communities.



Napranum Football Precinct

Council commissioned consultants to plan a staged approach to upgrading the existing football oval to NRL standards

NAPRANUM FOOTBALL PRECINCT
FOOTBALL FIELD UPGRADE



ESSENTIAL SERVICES

The Essential Services section is responsible for the management of the potable water supply, the sewerage system and the general upkeep and maintenance of community parks and open spaces ensuring that all services are in line with current standards and community expectations.

WATER

NASC operates a modern gaseous chlorination plant with a Sodium Hypochlorite back up system; the system is maintained through a (SCADA) to provide a continuous supply of potable water to the community. Council is proactive in upskilling the operators to take advantage of latest developments. Water is sampled daily at five discrete outlets and audited by The Cairns Regional Council, a NATA credited laboratory. Council recently took delivery of a sewer water jetter and hydrovac equipment to become more self-sufficient and improve efficiency in maintaining both the water reticulation system and the sewerage network.

To monitor and maintain the community Sewerage System to provide a healthy environment for all community members. Napranum Aboriginal Shire Council has an effective sewage collection system and a primary treatment system in the form of evaporative lagoons.



SEWERAGE

The Essential Services section maintains three pump stations and a primary treatment facility comprising three evaporative treatment lagoons and outfall.

FLEET MANAGEMENT

Council maintains a relatively new vehicle and plant fleet to reduce maintenance costs and improve productivity.

ENVIRONMENTAL HEALTH

This program is funded by Qld Health and aims to protect the health of the community through improved Environmental Health and animal Management Programs. It encompasses the prevention, assessment, correction and control of adverse environmental factors impacting on public health. This is achieved by promoting, creating and managing healthy environments in relation to land, water, air and the built environment including Council infrastructure, open spaces and community housing.

NANUM WUNGTHIM RANGERS

The Napranum Land and Sea Management from continues to operate effectively and has done so since 2010. The rangers have a team of 6 including an administration officer; this will increase with a further two trainees to be engaged this year. The Rangers undertake land management activities on the Napranum DOGIT covering approximately 202,000 Ha. The land and sea country of the Napranum DOGIT has a high natural and cultural conservation value being home to a number of threatened and endangered plant and animal species; it comprises the traditional lands of the Algnith, Anathangayth, Mpakwithi, Thaynakwith, Wathayn and Yupungathi clans. The program is funded through the Prime Ministers' Department and Cabinet through the Working on Country Program and Cape York NRM.



Under the Nanum Wungthim Activity Plan, the four broad biosecurity areas include Coastal Surveillance, Community Animal Health, Aquatic Biosecurity and Fruit Fly Trapping; these are fee for service conducted for the Department of Agriculture, Water and the Environment.



CORPORATE AND COMMUNITY SERVICES DIVISION



Stephen Frost

Divisional Manager

Corporate and Community Services portfolio encompasses the following areas of Council operations:

- Human Resource
- Safety and Training
- Aged and Disability Service
- Preschool Program
- Community Events
- Indigenous Knowledge Centre
- Funeral Services
- Facility Management
- Information Technology
- Disaster Management

HUMAN RESOURCE

Council ended the financial year with 78 employees. 26 new employees were welcomed to the Council team. Some key employee data for Council is:

- 60% of council's workforce identify as Aboriginal and Torres Strait Islander.
- 16% of the workforce are aged between 21-29, 28% between 30-44 years, 34% between 45-55 years and 18% over 56 years
- 52.5% are female and 47.5% are male
- Staff Turnover was up by 26% this year with 25 people leaving the organisation in 2019/2020

Staff turnover remains an ongoing challenge for Council, however Council continues to work on means to improve this whilst aiming to be the employer of choice within our region.

SAFETY AND TRAINING

Council has made strong inroads to improve the safety of our workforce and community. Improvements and initiatives include:

- Revamp of Safety and HR Induction
- Commencement of "Take 5" risk assessment books for Operational staff
- Review and commencement of Workplace Drug and Alcohol Testing

- Roll out of WHS committee
- Ongoing review of WHS in our operations
- Introduction of Safety messages for all staff

Council continues to increase the capacity of its employees and assist with professional development. Key training delivered in the reporting period includes:

- Dealing with Hostile and Violent People
- Operate Breathing Apparatus
- Operate and Control liquefied chlorine gas disinfection
- Forklift
- Skid steer loader operation
- Attendance at Industry training as required.

NAPRANUM AGED AND DISABILITY SERVICES

Aged and Disability Services delivers a range of programs funded by both State and Federal government programs. These include Commonwealth Home Support Program (CHSP), Home Care Packages (HCP), Queensland Community Support Scheme (QCSS), Remote Community Connectors (RCC) and National Disability Insurance Scheme (NDIS). Within these programs, services delivered include: meals on wheels, social support (individual and group), transport, assisting clients with shopping, medical appointments, personal cares, medication assistance, domestic assistance and yard maintenance. Clients participate in activities based at the Atakuny Elders Village including e.g. bingo, hoy, craft, physiotherapy and exercise. There are also outings such as: cultural functions and events, picnics, community centre visits and men’s fishing group to name a few.



FUNDING

Services are delivered to eligible community members via appropriate funding including CHSP – 27 clients, HCP – 19 clients, NDIS – 11 clients and QCSS -1 client



New Funding IEI has been sourced for the next 3 years, enabling support to employ local people and provide mandatory training in the aged care sector to these support staff. Queensland Community Support Services funding has been extended to July 2022 and the Commonwealth Home Support Program funding through until July 2022. Remote Community Connector program has also been extended until June 2021. Queensland Meals on Wheels funding sourced now allows a 2nd meal to be delivered weekdays until June 2021 for all MOW clients.

STAFFING

The service currently employs 12 staff. There has been strong support and participation from support staff for training in Cert III Individual support, Cert IV Aged Care, First Aid & CPR, Dementia, NDIS and Food Safety Training.



NAPRANUM EARLY CHILDHOOD CENTRE

The Napranum Early Childhood Centre (NECC), operated by the Napranum Aboriginal Shire Council, has been functioning as a community kindergarten and preschool for 40 years. The NECC is affiliated with the Crèche and Kindergarten Association of Queensland, (C&K) indicating that a centre has reached prescribed high standards in relation to buildings and facilities, safety, qualifications of staff and delivery of educational service.

The NECC has 3 units with enrolments at 42.

- Alandhak 3yrs - 3 ½yrs,
- Kyembal A & B 3 ½ - 4 ½ yrs. (Approved Kindergarten program)

22 children successfully graduated in 2019.

Events/activities celebrated throughout the year included Halloween Disco, Christmas Party, Under 8's Day, NAIDOC, Father's Day Smoko, Child Protection Week, and National Aboriginal & Torres Strait Islander Children's day. Overall activities have been impacted by COVID-19

Continuity of service was maintained, albeit in a different model as the service was impacted by COVID-19 during terms 1 and 2. Additional challenges included the introduction of the Biosecurity Determination that resulted in Weipa and Napranum being locked out from each other for a period.

The long Day-care facility continues to have a Council requested suspension of service. Council is working with community and Government Agencies to develop an effective and sustainable model going forward. The suspension of the service is in place until August 2021

Western Cape College satellite Prep room at the NECC continues to operate with enrolment numbers at 14. This provides a vital link for community in transitioning children from Napranum campus to the large campus in Weipa

NECC has secured its own centre vehicle which will assist staff in vital parent/carer and community engagement.



FUNDING

Support for the service is via funding from Department of Education, Prime Minister and Cabinet, and Crèche and Kindergarten Association of Queensland

Additional funding has been received under Works for Queensland with upgrades scheduled including, air-conditioning of the main building including classrooms, new external fencing and upgrade of main office to improve security of the service.

STAFFING

Quality education and care is provided by the staff. Initiatives throughout the year continue to see strong partnerships develop with families, support services and community that focus on the Education and wellbeing of families and children.

Educators at the NECC continue to improve on their skills staff are actively working towards their Certificate qualifications with the C&K College and participate in Professional development days to ensure continued delivery of quality care and programs throughout the year; online or face to face.



COMMUNITY EVENTS

Successful events occurred throughout the reporting period. This included DOGIT Day and NAIDOC Week and the opening of the splash park. Unfortunately, COVID-19 resulted in Council cancelling events during the period March – June 2020. Councils signature event Ruchook Cultural Festival July 2020, has been rescheduled to July 2021. Events were supported by community and surrounding areas with funding sourced as required.





INDIGENOUS KNOWLEDGE CENTRE



Council provides a safe and culturally appropriate knowledge centre for community to access reading and learning materials, conduct research and yarning. The service is supported in funding by State Libraries Queensland (SLQ). This year continued update to our materials was supported by SLQ with regular turnover of reading material for the service, along with new resources via funding under

Tech Savvy and “First 5 Forever” programs. Indigenous language continues to be recognised with local words being included in SLQ word of the week program run throughout 2019 and 2020. The centre will continue to support community and develop programs and activities that cater for its need.

FACILITY MANAGEMENT

Council has continued to work towards ensuring its assets are used for the best purpose and obtaining the best return for the benefit of community. Council has been able to retain their long-term tenants in some of its larger buildings, thereby assisting with the sustainability of its assets and delivery of key services to community.

Council has continued to upgrade security at a number of its sites with CCTV and security systems assisting in protecting its assets.

The Community Hall upgrade commenced and was nearing completion as the financial year ended, with a view to having this improved facility available to community in Qtr. 2 of the 2020/21 financial year

INFORMATION TECHNOLOGY

Council has continued to invest strongly in upgrading its hardware and software throughout the year.

Workstation modernisation continued with new workstations for staff that support Windows 10 operating system allowing Council to improve its service delivery and modernisation using cloud based technology where permissible.

DISASTER MANAGEMENT

The Napranum Local Disaster Management Group along with the rest of Australia were kept busy this year with the declaration of a Pandemic in March 2020 due to COVID-19.

Response to this event resulted in strong collaboration with the Weipa and Mapoon LDMG's, QFES and our local and essential services to ensure the best preventative measures were put in place and strategies implemented in the event of an outbreak.

Funding support from the Queensland Reconstruction Authority (QRA) assisted council in purchasing evacuation kits for the benefit of Community. QRA funding was also used to enhance Councils disaster management communication strategies within Community.

FINANCE DIVISION

FINANCE



Paul Martin

Finance Division Manager

The finance team comprises eight staff taking care of payroll, payables, receivables, grants, business development, inventory, budgeting, cash management, accounts preparation and long-term forecasting.

The 19/20 statutory audit was brought in on time and on budget demonstrating a strong commitment to teamwork, quality results and strengthening internal controls.

The year ahead will focus on internal audit processes, internal controls, asset management plans and asset revaluations, the implementation of a more efficient accounting systems and professional development so as to build a stronger and more resilient finance team.

WAREHOUSE MANAGEMENT

Councils 'Warehouse Management System' "WMS" is continuing to make stock accountability and movement easier and links in to MYOB at the administration office. Extensive work by dedicated warehouse and finance staff has allowed for improved accountability and tracking of stock held and moved through Councils warehouse with cataloguing and recording progressing to stock codes. This makes accounting for materials used for specific jobs to be tracked more efficiently and accurately.

STATUTORY REPORTING REQUIREMENTS

COMMUNITY FINANCIAL REPORT

The information provided in the Community Financial Report is designed to allow readers to quickly grasp the fundamentals of Council's financial performance and its financial standing. This report has a very important role in making sure that the Council is accountable to the community making them aware of how well Council uses its resources and safeguards its assets. The financial statements are often difficult to understand for readers that don't have an accounting background. We hope this report will go a long way in removing the mystery and complexity of these documents.

In the financial statements the **Statement of Comprehensive Income**, in simple terms, sets out all the money Council has received and deducts all the money it needs to pay out. The figure that's left over (the net result) is available to buy new assets or set aside as savings (reserves) for future planned projects. **The Statement of Cash Flows** and **Statement of Changes in Equity** aim to show the impact of these decisions.

Income raised in the year ended 30 June 2020 is set out below. The notes refer to further detail that is available in the full set of accounts.

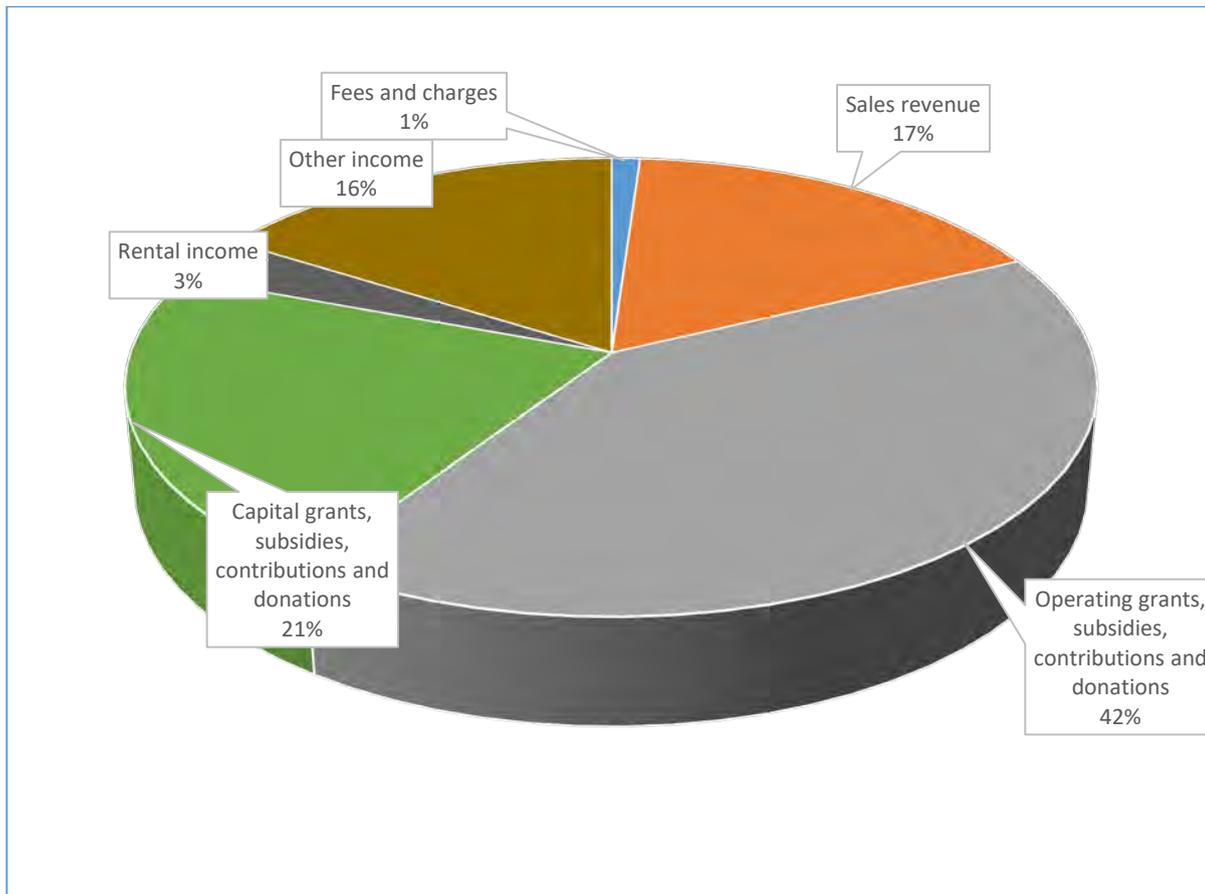
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

Income		2020
Revenue		\$
Recurrent revenue		
Fees and charges	3(a)	133,068
Sales revenue	3(b)	2,054,333
Grants, subsidies, contributions and donations	5(a)	5,083,188
		<hr/>
		7,270,589
Capital revenue		
Grants, subsidies, contributions and donations	5(b)	2,620,383
		<hr/>
		2,620,383
Other income		
Rental income	21(d)	396,512
Other income	4	1,967,535
		<hr/>
		2,364,047
Total income		<hr/>
		12,255,019
		<hr/>
Less total expenditure (detailed next)		12,272,852
		<hr/>
Equals the net result		-17,833

Important note – during the 2020 financial year there was a change in the way Council was required to account for its revenue. This change has resulted in a much lower profit than would have been the case if the

change was not required. If the change had not been required, net result for the year would have been a profit of \$2,932,332. The changes were made to ensure Council complies with the Australian Accounting Standards and has no impact on liquidity or service delivery



STATEMENT OF FINANCIAL POSITION

The *Statement of Financial Position* sets out all of the assets (including cash) and liabilities for Council as at 30 June 2020. The difference in the totals is the net assets or equity.

Statement of Financial Position For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	10	9,456,679	6,563,100
Trade and other receivables	11	258,497	2,281,706
Inventories	12	371,586	450,992
Contract assets	20(a)	226,191	-
Other assets	13	348,789	435,331
Lease receivable	21(e)	761,613	747,849
Total current assets		11,423,354	10,478,978
Non-current assets			
Lease receivable	21(e)	24,547,258	23,899,425
Property, plant and equipment	14	52,943,019	54,282,388
Right of use assets	21(a)	95,800	-
Total non-current assets		77,586,078	78,181,813
Total assets		89,009,432	88,660,791
Current liabilities			
Trade and other payables	16	1,036,136	2,651,042
Contract liabilities	20(b)	4,427,454	-
Lease liabilities	21(b)	33,321	-
Provisions	17	377,685	365,761
Total current liabilities		5,874,597	3,016,804
Non-current liabilities			
Lease liabilities	21(b)	61,725	-
Provisions	17	63,782	72,793
Total non-current liabilities		125,507	72,793
Total liabilities		6,000,102	3,089,597
Net community assets		83,009,330	85,571,194
Community equity			
Asset revaluation surplus	18	45,322,223	46,615,635
Retained surplus		37,687,107	38,955,559
Total community equity		83,009,330	85,571,194

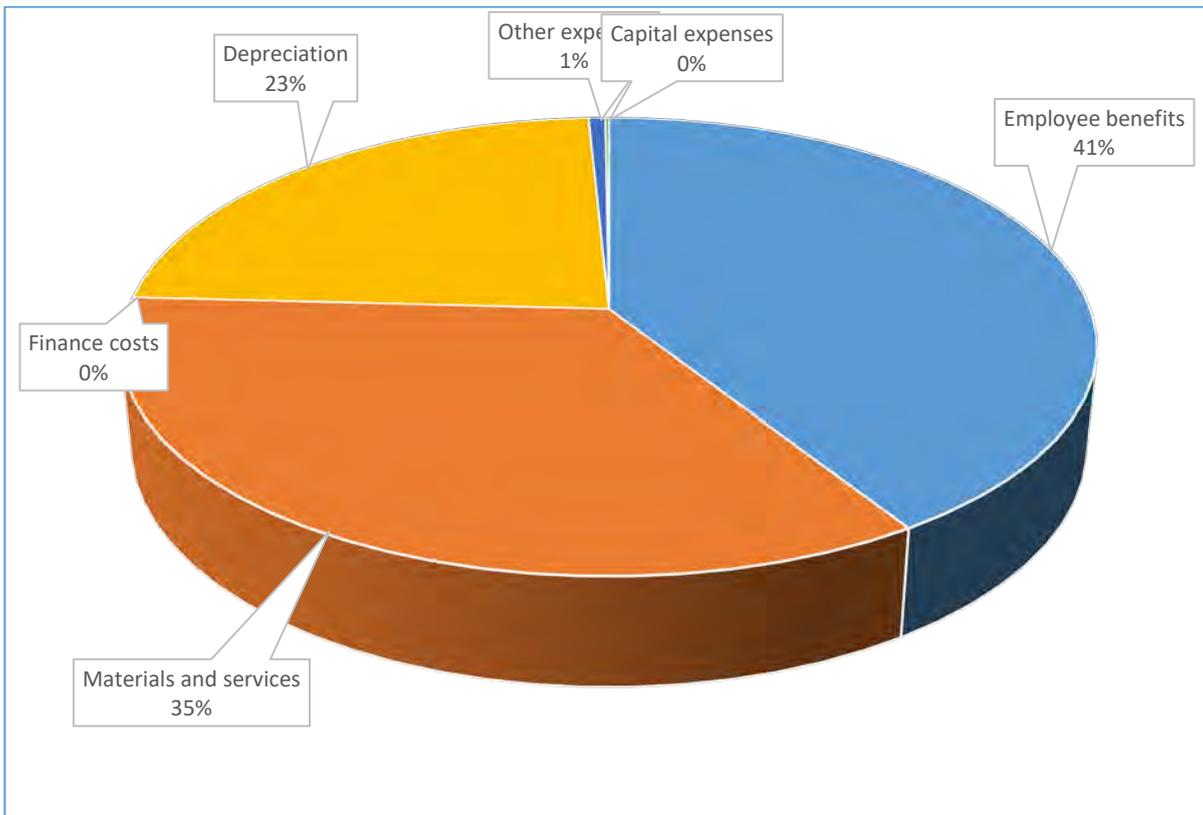
EXPENDITURE

In the financial statements, expenditure is split into two types namely:

Recurrent expenditure which is the day to day costs of running the Council and is all expenditure other than money spent on new assets and repayment of loans.

Capital expenditure represents losses on the disposal of assets.

Expenses		2020
		\$
Recurrent expenses		
Employee benefits	6	5,032,343
Materials and services	7	4,274,439
Finance costs		124
Depreciation	14	2,868,939
Other expenses	8	78,973
		<u>12,254,818</u>
		-
Capital expenses	9	<u>18,034</u>
Total expenses		<u>12,272,852</u>



FINANCIAL SUSTAINABILITY RATIOS

Measures of Financial Sustainability			
Council's performance at 30 June 2020 against key financial ratios and targets:	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-27%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	8%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-56%	not greater than 60%

PARTICULAR RESOLUTIONS

Local Government Regulation 2012 Section 185 Particular Resolutions.

The annual report for a financial year must contain –

- (a) A copy of the resolutions made during the financial year under section 250(1);

Council endorsed at its Council Meeting on Tuesday 31st October 2017 the Expenses Reimbursement Policy. Resolution and minutes can be found at

<http://www.napranum.qld.gov.au/nasc/documents/councillors-meetings> and

- (b) A list of any resolutions made during the financial year under section 206(2)

There were no new particular resolutions passed during the reporting period for item (b) above.

COUNCILLORS

Local Government Regulation 2012 Section 186 Councillors.

Napranum Aboriginal Shire Council councillor's remuneration payments 1/7/2019 – 13/04/2020

Position	Name	Councillor Remuneration	Super	Travel and Conference Expenses
Mayor	Rex Burke	84,041	NIL	19,789
Deputy Mayor	Sonia Schuh	48,485	NIL	NIL
Councillor	Ethel Bosuen	41,723	NIL	NIL
Councillor	Rhonda Charger	41,723	NIL	1,379
Councillor	Marie Pitt	40,730	NIL	NIL

Napranum Aboriginal Shire Council councillor's remuneration payments 14/4/2020 – 30/06/2020

Position	Name	Councillor Remuneration	Super	Travel and Conference Expenses
Mayor	Janita Motton	18,363	NIL	3,483
Deputy Mayor	Kaylene Jawai	10,594	NIL	NIL
Councillor	Marie Pitt	9,182	NIL	NIL
Councillor	Mopas Adidi	9,182	NIL	NIL
Councillor	Egito Mairu	9,182	NIL	NIL

OTHER FACILITIES

MAYOR

- Separate office accommodation with secretarial and Executive Assistant support and motor vehicle for business and personal use.

COUNCILLORS

- Office accommodation and secretarial/administrative support in accordance with the established staff structure

ADDITIONAL SUPPORT FOR COUNCILLORS

- Councillors are provided with access to facsimile, scanner, printer, photocopier and paper shredder for business use.

- Council provides each Councillor the necessary stationary and letterhead including postage costs, for the undertaking of duties directly associated with their position
- Councillors are provided with fully maintained and serviced meeting/committee rooms, kitchen amenities and ablution facilities
- Each Councillor has the option to be provided with an Electronic Tablet device. Each device will be provided with appropriate software to enable Councillors to perform their role.

Register of Attendance at Council meetings – July 2019 – March 2020

Position	Name	Number of Ordinary Council meetings held	Number of special Council meetings held	Number of meetings attended
Mayor	Rex Burke	9	0	9
Deputy Mayor	Sonia Schuh	9	0	9
Councillor	Ethel Bosuen	9	0	9
Councillor	Rhonda Charger	9	0	9
Councillor	Marie Pitt	9	0	8

Register of Attendance at Council meetings – April 2020 – June 2020

Position	Name	Number of Ordinary Council meetings held	Number of special Council meetings held	Number of meetings attended
Mayor	Janita Motton	3	2	5
Deputy Mayor	Kaylene Jawai	3	2	5
Councillor	Egito Mairu	3	2	5
Councillor	Margaret Adidi	3	2	5
Councillor	Marie Pitt	3	2	5

CONDUCT AND PERFORMANCE OF COUNCILLORS

To ensure appropriate standards of conduct and performance are maintained by Councillors, the Local Government Act 2009 outlines the roles, responsibilities and obligations required. In addition to this Napranum Aboriginal Shire Council has a number of Policies to support the behaviours expected of its elected representatives. The Local Government Act 2009 was updated in the 2019/20 Financial Year. Reporting requirements for conduct and performance of councillors is covered by the 2 different versions of the Act for the reporting period

Section 150I (2) of the Local Government Act 2009 – (Period 1 July 2019 to 23 March 2020)		
(a)	an order reprimanding the councillor for the conduct;	0
(b)	an order requiring the councillor to leave the place at which the meeting is being held, including any area set aside for the public, and stay away from the place for the rest of the meeting;	0
(c)	if the councillor fails to comply with an order to leave and stay away from the place—an order that the councillor be removed from the place.	0
Section 150AH (1) of the Local Government Act 2009 – (Period 1 July 2019 to 23 March 2020)		
	There were no reportable orders against any Councillors throughout the reporting period. above	
Section 150AR of the Local Government Act 2009 – (Period 1 July 2019 to 23 March 2020)		
	There were no reportable applications to conduct tribunal about misconduct and connected inappropriate conduct during the reporting period.	
Section 186 (1) (f)(i)-(iv) of the Local Government Regulation 2012 – (Period 1 July 2019 to 23 March 2020)		
(i)	complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	1
(ii)	matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	0
(iii)	notices given under section 150R(2) of the Act;	0
(iv)	notices given under section 150S(2)(a) of the Act;	0
Section 186 (1) (f)(v) and Section 353 of the Local Government Regulation 2012 – (Period 1 July 2019 to 23 March 2020)		
(v)	decisions made under section 150W(1)(a), (b) and (d) of the Act (1/7/2019 to 31/8/2019)	0
(v)	decisions made under section 150W(1)(a), (b) and (e) of the Act (1/9/2019 to 30/6/2020)	1
Section 186 (1) (f)(vi)-(viii) of the Local Government Regulation 2012 – (Period 1 July 2019 to 23 March 2020)		
(vi)	referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act;	0
(vii)	occasions information was given under section 150AF(4)(a) of the Act;	0
(viii)	occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	0

Section 186 (1) (f)(ix) and s353 of the Local Government Regulation 2012 – (Period 1 July 2019 to 23 March 2020)		
(ix)	applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct	0
Section 150I (2) of the Local Government Act 2009 – (Period 24 March 2020 to 30 June 2020)		
(a)	an order reprimanding the councillor for the conduct;	0
(b)	an order requiring the councillor to leave the place at which the meeting is being held, including any area set aside for the public, and stay away from the place for the rest of the meeting;	0
(c)	if the councillor fails to comply with an order to leave and stay away from the place—an order that the councillor be removed from the place.	0
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Section 150AR of the Local Government Act 2009 – (Period 24 March 2020 to 30 June 2020)		
	There were no reportable applications to conduct tribunal about misconduct and connected inappropriate conduct during the reporting period.	
Section 186 (1) (f)(i)-(iv) of the Local Government Regulation 2012 – (Period 24 March 2020 to 30 June 2020)		
(i)	complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	0
(ii)	matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	0
(iii)	notices given under section 150R(2) of the Act;	0
(iv)	notices given under section 150S(2)(a) of the Act;	0
Section 186 (1) (f)(v) and Section 353 of the Local Government Regulation 2012 – (Period 24 March 2020 to 30 June 2020)		
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Section 186 (1) (f)(vi)-(viii) of the Local Government Regulation 2012 –(Period 24 March 2020 to 30 June 2020)		
(vi)	referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act;	0
(vii)	occasions information was given under section 150AF(4)(a) of the Act;	0
(viii)	occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	0
Section 186 (1) (f)(ix) and s353 of the Local Government Regulation 2012 – (Period 24 March 2020 to 30 June 2020)		
(ix)	applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct	0

ADMINISTRATIVE ACTION COMPLAINTS

Napranum Aboriginal Shire Council is committed to the principles of natural justice and fairness in all administrative complaint dealings. Council intends to provide a level of customer service that does not attract complaints, but acknowledges the right of persons to provide feedback, both positive and negative, on its services and/or to lodge a complaint about a decision or other action it takes. Councils Administrative Complaints Policy and Procedure is available on Councils website and has been updated to reflect changes as required in the Human Rights Act 2019. Council commits to providing adequate resources and trained officers to deal with complaints and to record and analyse complaints data. This enables Council to respond to complaints accurately and in a timely manner to ensure outcomes are achieved and delivered

Administrative Action Complaints recorded in accordance with Section 187 (2)(a) of the Local Government Regulation 2012		
(i)	administrative action complaints made to the local government	2
(ii)	administrative action complaints resolved by the local government under the complaints management process	2
(iii)	administrative action complaints not resolved by the local government under the complaints management process	0
(b)	the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year	0

Council updated its Administrative Action Complaints policy to support the updates required and outlined in the Human Rights Act 2019. Council will continue to review and update policies and procedures and educate its employees and community of changes and improvements in administering the obligations of the Human Rights Act 2019.

OVERSEAS TRAVEL

The annual report for a financial year must contain information about any overseas travel made by a Councillor or local government employee in an official capacity during the financial year.

Overseas travel recorded in accordance with Section 188 (1) of the Local Government Regulation 2012			
Name/Position	Destination	Purpose	Amount \$
N/A	N/A	N/A	-

There was no overseas travel during the reporting period.

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

Local Government Regulation 2012 Section 189

There was no expenditure on grants to community organisations during the 2018/19 financial year

OTHER CONTENTS

Local Government Regulation 2012 Section 190 Other Content.

SPECIAL RATES OR CHARGES

Section 190 (1) (d) During the 2019/20 Financial Year Napranum Aboriginal Shire Council did not enter into any agreement with any other local government to conduct any joint government activity or levy any special rates or charges.

INVITATIONS TO CHANGE TENDERS

Section 190 (1) (e) The annual report for a financial year must contain the number of invitations to change tenders under section 228(7) during the year.

There were no invitations to change tenders during the reporting period

REGISTERS

The annual report for the year must contain the list of registers kept by the local government.

The following registers are held by council:

REGISTER	PURPOSE
Administrative action complaints	To record the administrative action complaints made to the local government
Annual report	To document the financial position and to report on achievements and the attainment of objectives set out in the corporate and operations plans
Asset register	To record names including details of all council assets
Budget	To record the proposed expenditure and revenues required to implement the council strategies and goals for the year
Complaints referred to the department	Complaints made and referred to the department
Corporate and Operational plans	To document goals strategies and performance indicators set by the council for the period of the corporate plan and yearly for the operations plan.
Delegations register	To record the delegations made by the Council and the CEO
Fees and charges and rates	To record charges set by the council
Minutes of council meeting	To record all resolutions made by the council of ordinary and special meetings
Personal interest of Councillor	To record certain financial and other personal interests of the councillor
Public Interest Disclosure	To record and action disclosures against Council employees or Councillors
Policy register	To record all policies adopted by the council
Purchasing policy	To document the procedures to be followed for the procurement of goods and services
Related Parties Register	To record certain financial and other personal interests of Council senior executive staff and employees
Roads Register	To record the roads and their location within Napranum Shire

COMPETITIVE NEUTRALITY COMPLAINTS

A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints

There were no competitive neutrality complaints received during the reporting period and no responses were required under section 52(3)

SENIOR STAFF REMUNERATION

Local Government Act 2009 Section 201 Annual Report must detail remuneration

Senior Staff Remuneration/ Payments to contractors

Senior Staff	\$		\$	Total
Range	100,000	to	200,000	4
Contractors				
Range	100,000	to	250,000	8
Range	250,000	to	500,000	2
Range	500,000	to	1,000,000	1
Range	1,000,000	to	1,500,000	0

AUDIT REPORT ON AUDITED FINANCIAL STATEMENTS

Council's financial statements are required to be audited by the Queensland Audit Office or their delegate. The audit of Napranum Aboriginal Shire Council is contracted to BDO North Qld. The Auditor provides an audit report which gives an opinion on whether the financial statements present fairly the Council's financial performance & position. The Auditor issued a clean report (unmodified audit opinion) for the 2019/20 financial year. A complete version of Council's audited financial statements for the 12 months ending 30 June 2020 are attached and are also available at our website. www.napranum.qld.gov.au.

NAPRANUM ABORIGINAL SHIRE COUNCIL FINANCIAL STATEMENTS – YEAR END 30 JUNE 2020

Financials commence on following page.

Napranum Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2020



ABN 43 593 215 992

Napranum Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2020

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Management Certificate

Independent Auditor's Report

Current-year Financial Sustainability Statement (audited)

Certificate of Accuracy - Current-year Financial Sustainability Statement

Long term Financial Sustainability Statement (not audited)

Certificate of Accuracy - Long term Financial Sustainability Statement

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

	Note	2020 \$	2019 \$
Income			
Revenue			
Recurrent revenue			
Fees and charges	3(a)	133,068	302,721
Sales revenue	3(b)	2,054,333	3,215,314
Grants, subsidies, contributions and donations	5(a)	5,083,188	5,359,504
		<u>7,270,589</u>	<u>8,877,539</u>
Capital revenue			
Grants, subsidies, contributions and donations	5(b)	2,620,383	4,298,318
		<u>2,620,383</u>	<u>4,298,318</u>
Other income			
Rental income	21(d)	396,512	380,893
Interest and other income	4	1,967,535	3,274,980
		<u>2,364,047</u>	<u>3,655,873</u>
Total income		<u>12,255,019</u>	<u>16,831,730</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(5,032,343)	(5,366,086)
Materials and services	7	(4,274,439)	(3,803,214)
Finance costs		(124)	(6,069)
Depreciation			
Property, plant and equipment	14	(2,864,162)	(2,547,473)
Right of use assets	21(a)	(4,776)	-
Other expenses	8	(78,973)	(113,030)
		<u>(12,254,818)</u>	<u>(11,835,872)</u>
Capital expenses			
Loss on disposal of non-current assets	9	(18,034)	(178,010)
Total expenses		<u>(12,272,852)</u>	<u>(12,013,882)</u>
Net result		<u>(17,833)</u>	<u>4,817,848</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	18	(1,293,412)	2,939,651
Total other comprehensive income for the year		<u>(1,293,412)</u>	<u>2,939,651</u>
Total comprehensive income for the year		<u>(1,311,245)</u>	<u>7,757,499</u>

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

Napranum Aboriginal Shire Council
Statement of Financial Position
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	10	9,456,679	6,563,100
Trade and other receivables	11	258,497	2,281,706
Inventories	12	371,586	450,992
Contract assets	20(a)	226,191	-
Other assets	13	348,789	435,331
Lease receivable	21(e)	761,613	747,849
Total current assets		11,423,354	10,478,978
Non-current assets			
Lease receivable	21(e)	24,547,258	23,899,425
Property, plant and equipment	14	52,943,019	54,282,388
Right of use assets	21(a)	95,800	-
Total non-current assets		77,586,078	78,181,813
Total assets		89,009,432	88,660,791
Current liabilities			
Trade and other payables	16	1,036,136	2,651,042
Contract liabilities	20(b)	4,427,454	-
Lease liabilities	21(b)	33,321	-
Provisions	17	377,685	365,761
Total current liabilities		5,874,597	3,016,804
Non-current liabilities			
Lease liabilities	21(b)	61,725	-
Provisions	17	63,782	72,793
Total non-current liabilities		125,507	72,793
Total liabilities		6,000,102	3,089,597
Net community assets		83,009,330	85,571,194
Community equity			
Asset revaluation surplus	18	45,322,223	46,615,635
Retained surplus		37,687,107	38,955,559
Total community equity		83,009,330	85,571,194

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

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

	Asset revaluation surplus	Retained surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2019	46,615,635	38,956,038	85,571,673
Adjustment on initial application of AASB 15 / AASB 1058		(1,251,098)	(1,251,098)
Adjustment on initial application of AASB 16			
Net result		(17,833)	(17,833)
Increase / (decrease) in asset revaluation surplus	18 (1,293,412)	-	(1,293,412)
Total comprehensive income for the year	(1,293,412)	(1,268,931)	(2,562,343)
Balance as at 30 June 2020	45,322,223	37,687,107	83,009,330
Balance as at 1 July 2018	43,675,984	34,206,280	77,882,264
Adjustment on initial application of AASB 9	-	(68,569)	(68,569)
Net result	-	4,817,847	4,817,847
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	18 2,939,651	-	2,939,651
Total comprehensive income for the year	2,939,651	4,749,279	7,688,930
Balance as at 30 June 2019	46,615,635	38,955,559	85,571,194

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

Napranum Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		5,125,820	3,356,968
Payments to suppliers and employees		<u>(10,948,587)</u>	<u>(8,920,814)</u>
		(5,822,767)	(5,563,846)
Finance Costs		(124)	(6,069)
Interest received	4	55,689	89,907
Other rental income		35,436	72,800
Non capital grants and contributions	5(a)	5,263,209	5,359,504
Net cash inflow (outflow) from operating activities	24	<u>(468,557)</u>	<u>(47,703)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	14	(2,069,770)	(3,521,391)
Finance lease payments received	21(e)	747,849	736,706
Proceeds from sale of property plant and equipment		34,905	26,725
Capital grants, subsidies, contributions and donations	5(b)	4,654,683	4,298,318
Net cash inflow (outflow) from investing activities		<u>3,367,666</u>	<u>1,540,357</u>
Cash flows from financing activities			
Repayment of borrowings		(5,530)	(164,435)
Net cash inflow (outflow) from financing activities		<u>(5,530)</u>	<u>(164,435)</u>
Net increase (decrease) in cash held		<u>2,893,579</u>	<u>1,328,219</u>
Cash at beginning of the financial year		6,563,100	5,234,882
Cash at end of the financial year	10	<u>9,456,679</u>	<u>6,563,100</u>

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

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

1 Significant accounting policies

1.a Basis of preparation

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable for not-for-profit entities.

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

Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1. Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.b COVID-19 and the impact to Council

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, however as at 30 June 2020 management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

1.c Constitution

Napranum Aboriginal Shire Council (Council) is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

1.d Adoption of new and revised Accounting Standards adopted during the year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases. The impact of adopting these changes is detailed at note 26.

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

1.e Estimates and Judgements

Council make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes.

The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the following relevant note:

Valuation and depreciation of property, plant and equipment - Note 14 and 15

Valuation of finance leases - Note 21(e)

Provisions - Note 17

Contingent liabilities - Note 22

1.f Financial assets and financial liabilities

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

Napranum 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 10

Receivables - measured at amortised cost Note 11

Other financial assets (finance leases) - measured at fair value Note 21(e)

Financial liabilities

Payables - measured at amortised cost Note 16

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

1.g Taxation

Council is exempt from income tax, however council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

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

2 (a) Analysis of results by function

Components of Council functions

The activities relating to Council's components are as follows :

Corporate services

The support functions of management of the Council's finance, information technology and administration. This component covers management of the day to day affairs of the local community, planning and managing the human and financial resources in an efficient manner to maximise community involvement and facilities.

Community services

Community services and facilities including cultural, health, welfare and recreational services. It includes social services, community hall, art and cultural activities, recreation and sport facilities, aged care, preschool, and school buses.

Building works

The community works program includes maintenance, upgrade and construction in an efficient, effective manner offering local employment and training.

Civil works

Includes maintenance of roads, water and sewerage infrastructure.

Economic and community development

Council provides a range of community services to support quality community life and maximise opportunities for community participation and development. Community services such as community business training.

Environmental services

Providing water, refuse collection and disposal services.
Animal management services.
Environmental management and cultural heritage management.

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

2(b) Analysis of results by function
Income and expenses defined between recurring and capital are attributed to the following functions:

Functions	Year ended 30 June 2020						Total income	Gross program income		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurring		Capital		2020	2020		Recurring	Capital				
	Grants	Other	Grants	Other									
Corporate services	2,645,008	1,978,235	-	-	4,623,243	(5,368,739)	-	(745,495)	(745,495)	31,872,074			
Community services	1,570,745	532,660	253,457	-	2,356,862	(2,536,425)	-	(179,564)	(433,020)	21,248,049			
Building works	-	2,029,600	12,580	-	2,042,180	(1,799,283)	-	242,897	230,317	35,889,309			
Civil works	48,760	-	930,191	-	978,951	(1,245,285)	(18,034)	(284,368)	(1,196,525)	-			
Economic & Community Development	50,000	-	1,424,155	-	1,474,155	(219,054)	-	1,255,101	(169,054)	-			
Environmental services	768,675	10,953	-	-	779,628	(1,086,032)	-	(306,404)	(306,404)	-			
Total Council	5,083,188	4,551,448	2,620,382	-	12,255,019	(12,254,818)	(18,034)	(17,833)	(2,620,182)	89,009,432			

Functions	Year ended 30 June 2019						Total income	Gross program income		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurring		Capital		2019	2019		Recurring	Capital				
	Grants	Other	Grants	Other									
Corporate services	2,742,656	3,448,742	2,640	-	6,194,039	(2,912,931)	-	3,281,108	3,278,467	34,390,092			
Community services	1,782,103	500,672	238,838	-	2,521,614	(1,505,507)	-	1,016,107	777,269	27,525,271			
Building works	218,801	3,086,033	288,218	-	3,593,052	(4,050,945)	-	(457,893)	(746,111)	26,745,428			
Civil works	52,452	21,859	3,686,348	-	3,760,660	(2,798,895)	(178,010)	783,754	(2,724,584)	-			
Economic & Community Development	-	-	82,273	-	82,273	(20,584)	-	61,689	(20,584)	-			
Environmental services	563,491	116,603	-	-	680,094	(547,011)	-	133,083	133,083	-			
Total Council	5,359,504	7,173,909	4,298,318	-	16,831,790	(11,835,872)	(178,010)	4,817,848	697,541	88,660,791			

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

3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable as follows;

Note	AASB 15	AASB 1058
	2020	2020
	\$	\$
Revenue recognised at a point in time		
Fees and charges	133,068	-
Sales	1,371,675	-
Grants and subsidies	-	4,327,793
	<u>1,504,743</u>	<u>4,327,793</u>
Revenue recognised over time		
Fees and charges	-	-
Sales	682,658	-
Grants and subsidies	755,395	2,620,383
	<u>1,438,053</u>	<u>2,620,383</u>
	2020	2019
	\$	\$
(a) Fees and charges		
Building and equipment hire	3,867	10,033
Employment subsidies (non-government)	51,705	18,750
Daycare fees	-	720
Kindergarten fees	61,840	202,677
Other fees and charges	11,109	14,944
Restitution and reimbursements	4,547	55,598
	<u>133,068</u>	<u>302,721</u>
Due to trading, staffing and ratio concerns, Council initiated the suspension of its daycare licence from 1 June 2018. At the time of preparation, Council is considering its long term options and has until early August 2021 to make a decision in relation to the license.		
2020 Accounting Policy		
Revenue arising from fees and charges is 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 service or in some cases, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.		
2019 Accounting Policy		
Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents or when the service is provided.		
(b) Sales revenue		
Sale of services		
Bus run income	25,932	153,425
BAS contract income	2,028,401	3,061,888
Total sales revenue	<u>2,054,333</u>	<u>3,215,314</u>

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

3 Revenue continued

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

The amount recognised for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period and accrued income for the construction of assets in progress at the year end for which a contract has been issued. The contract work carried out is not subject to retentions.

4 Interest and other income

	2020	2019
	\$	\$
Interest received	55,689	89,907
Other income	502,400	247,207
Gain on revaluation of finance leases	1,409,446	2,937,866
	<u>1,967,535</u>	<u>3,274,980</u>

5 Grants, subsidies, contributions and donations

(a) Recurrent

State government subsidies and grants	3,492,039	3,580,149
Commonwealth government subsidies and grants	1,591,149	1,779,355
	<u>5,083,188</u>	<u>5,359,504</u>

(b) Capital

State government subsidies and grants	1,288,382	3,639,398
Commonwealth government subsidies and grants	37,904	-
Subsidies and grants-other providers	266,025	658,920
	<u>1,592,311</u>	<u>4,298,318</u>
Add non-cash contributions (donated assets)	1,028,072	-
	<u>2,620,383</u>	<u>4,298,318</u>

2020 Accounting Policy

Grant Income under AASB 15

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

The performance obligations are varied based on the agreement but include such things as the provision of meals, transport and hours of domestic and respite care. 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.

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

5 Grants, subsidies, contributions and donations (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 asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital Grants

Capital 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 since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.

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

Physical assets contributed to Council in the form of road works, stormwater, water and wastewater infrastructure and buildings are recognised as revenue when the development becomes 'on maintenance' (i.e. The Council obtains control of the assets and becomes liable for any on-going maintenance) and there is sufficient data in the form of drawings and plans to determine the appropriate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received at the date of acquisition. During the year Council recognised \$1,028,072 as revenue in relation to the Splash Park contributed by the Queensland Government.

2019 Accounting Policy

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them, which is usually upon receipt of funds.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

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

5 Grants, subsidies, contributions and donations (continued)

(c) Conditions over grants

Contributions during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

	2020	2019
	\$	\$
Grants for expenditure on services	266,541	979,242
Grants for expenditure on infrastructure	4,160,913	2,118,625
	<u>4,427,454</u>	<u>3,097,867</u>

6 Employee benefits

Total staff wages and salaries	4,290,326	4,598,788
Councillors' remuneration	313,205	308,686
Movement in annual, sick and long service leave entitlements	2,912	16,907
Superannuation	459,490	482,064
	<u>5,065,933</u>	<u>5,406,445</u>
Other employee related expenses	97,076	165,890
	<u>5,163,009</u>	<u>5,572,335</u>
Less: Capitalised employee costs	(130,666)	(206,249)
	<u>5,032,343</u>	<u>5,366,086</u>

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

	2020	2019
Total full time equivalent (FTE) employees at the reporting date:		
Elected members	5	5
Administration staff	18	16
Depot and outdoors staff	50	65
Total FTE	<u>73</u>	<u>86</u>

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

7 Materials and services	2020	2019
	\$	\$
Administration supplies and consumables	204,008	137,414
Audit of annual financial statements by the Auditor-General of Queensland*	79,960	97,900
Attractive and portable items	79,977	20,700
Consultants and contractor fees	2,690,274	3,160,568
Operating expenses	1,072,965	1,297,777
Motor vehicle and garage expenses	172,976	255,312
Property and infrastructure expenses	1,123,097	1,135,808
Power	236,356	273,212
Travel	117,847	229,630
	<u>5,777,462</u>	<u>6,608,321</u>
Less: Capitalised materials-supplies	<u>(1,503,023)</u>	<u>(2,805,108)</u>
	<u>4,274,439</u>	<u>3,803,214</u>

* Total audit fee quoted by the Queensland Audit Office relating to the 2019-20 was \$84,500 (2019; \$87,100)

8 Other expenses

Impairment of receivables	<u>78,973</u>	<u>113,030</u>
	<u>78,973</u>	<u>113,030</u>

9 Capital expenses

Loss on disposal of non-current assets

Book value of property, plant and equipment disposed of/written off	<u>18,034</u>	<u>178,010</u>
Total capital expenses	<u>18,034</u>	<u>178,010</u>

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

10 Cash and cash equivalents	2020	2019
	\$	\$
Cash at bank and on hand	1,259,959	142,369
Deposits held with financial institutions with variable interest rate	8,196,721	6,420,731
Balance per Statement of Cash Flows	<u>9,456,679</u>	<u>6,563,100</u>

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

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. Externally imposed expenditure restrictions at the reporting date are disclosed in Note 5(c).

Council is exposed to credit risk through its investments and deposits held with the Queensland Country Bank. Council aims to reduce its exposure to credit risk by investing in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

Council manages its exposure to liquidity risk by maintaining sufficient cash and cash equivalents to cater for unexpected volatility in cash flows.

11 Trade and other receivables	2020	2019
	\$	\$
Current		
Trade debtors	1,054,978	2,677,627
Less expected credit losses	(796,481)	(717,507)
Accrued income	-	321,586
	<u>258,497</u>	<u>2,281,706</u>

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

The collectability of receivables is assessed periodically and where considered appropriate an allowance is made for impairment.

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

11 Trade and other receivables (continued)

Movement in accumulated expected credit losses losses is as follows:

Impairment	2020	2019
	\$	\$
Balance at beginning of financial year	717,507	535,907
Adjustment to opening balance upon application of AASB 9*	-	68,570
Additional impairment recognised	8	113,030
Balance at end of financial year	<u>796,481</u>	<u>717,507</u>

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

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

Ageing of receivables and the amount of any impairment is disclosed in the following table:

Not past due	75,899	1,647,246
Past due 31-60 days	11,232	3,861
Past due 61-90 days	-	33,070
More than 90 days	967,847	993,451
Impaired	(796,481)	(717,507)
Total	<u>258,497</u>	<u>1,960,120</u>

12 Inventories

	2020	2019
	\$	\$
Inventories held for distribution		
Fuel stock	3,665	16,435
Building materials stock	339,215	388,006
Workshop stock	28,706	46,551
Total	<u>371,586</u>	<u>450,992</u>

Inventories held for distribution are valued at the lower of cost and net realisable value. Goods are to be utilised in the provision of services or in the construction, maintenance or upgrade of social housing and other infrastructure, and are charged at either cost or cost plus a margin as appropriate. These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

13 Other assets

Current		
Prepayments	334,767	275,534
GST receivable	14,022	159,797
	<u>348,789</u>	<u>435,331</u>

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

14 Property, plant and equipment

30 June 2020

Basis of measurement

Asset values

Opening gross value as at 1 July 2019

Revaluation adjustment to asset revaluation surplus

Additions

Disposals

WIP transferred to assets

Transfer to right of use asset

WIP not capitalised

Closing gross value as at 30 June 2020

Social Houses	Council Buildings		Plant and Equipment	Road, drainage & bridge network		Water		Sewerage		IT & comms		Work in progress		Total
	Fair Value	Fair Value		Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost		
\$ 3,547,258	\$ 43,493,906	\$ 2,843,437	\$ 21,624,259	\$ 6,766,673	\$ 10,167,488	\$ 154,701	\$ 2,336,453	\$ 90,994,155					\$ 574,404	
17,736	217,985	-	-	135,333	203,349	-	-	-	-	-	-	-	3,097,842	
-	1,131,155	332,662	37,273	-	-	4,095	1,592,657	3,097,842	4,095	4,095	4,095	1,592,657	(175,710)	
-	(90,409)	(90,409)	(24,856)	-	-	(60,445)	-	-	(60,445)	(60,445)	(60,445)	-	-	
-	1,378,284	64,767	684,370	-	-	84,990	-	-	84,990	84,990	84,990	(2,212,411)	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3,564,994	46,221,331	3,150,458	22,321,046	6,902,006	10,370,817	183,341	1,455,097	(261,602)	183,341	183,341	183,341	1,455,097	94,169,090	

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Adjustment to opening value due to change in accounting policy

Depreciation provided in period

Depreciation recouped on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2020

Total written down value as at 30 June 2020

Range of estimated useful life in years

2,299,163	17,216,730	1,916,094	9,002,709	2,083,193	3,990,865	143,013	-	-	-	-	-	-	36,651,764
108,706	1,481,742	250,360	526,044	197,269	252,827	47,214	-	-	-	-	-	-	2,864,162
-	-	(78,374)	(18,857)	-	-	(60,445)	-	-	-	-	-	-	(157,676)
12,039	401,625	-	1,323,675	45,601	84,877	-	-	-	-	-	-	-	1,867,816
2,419,908	19,100,087	2,088,080	10,833,571	2,326,063	4,328,569	129,782	-	-	-	-	-	-	41,226,067
1,145,086	27,121,234	1,062,378	11,487,474	4,575,944	6,042,249	53,569	1,455,097	52,943,019	53,569	53,569	53,569	1,455,097	84,169,090
42-60	10 - 60	7.5 - 38	12 - 64	5 - 45	8 - 64	2 - 5	-	-	-	-	-	-	-

Additions Comprise:

Renewals

Other additions

Total additions

\$ 116,329	\$ 37,273	\$ 84,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,592
-	2,393,110	397,428	684,370	-	-	4,095	-	-	-	-	-	-	3,479,004
-	2,509,439	397,428	721,643	-	-	89,085	-	-	-	-	-	-	3,717,595

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

14 Property, plant and equipment (continued)

30 June 2019

Basis of measurement

Asset values

Opening gross value as at 1 July 2018	3,454,000
Revaluation adjustment to asset revaluation surplus	93,258
Additions	-
Disposals	-
WIP transferred to assets	615,451
WIP not capitalised	-
Closing gross value as at 30 June 2019	4,162,709

Accumulated depreciation and impairment

Opening balance as at 1 July 2018	2,135,652
Depreciation provided in period	105,848
Depreciation recouped on disposals	-
Revaluation adjustment to asset revaluation surplus	57,663
Accumulated depreciation as at 30 June 2019	2,299,163
Total written down value as at 30 June 2019	1,863,546
Range of estimated useful life in years	42-60

	Social Houses		Council Buildings		Plant and Equipment		Road, drainage & bridge network		Water		Sewerage		IT & comms		Work in progress		Total
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	3,454,000	40,261,459	18,810,439	2,881,346	18,810,439	2,881,346	18,810,439	2,881,346	6,366,655	9,563,949	150,606	150,606	1,931,783	1,931,783	63,420,237	4,767,580	83,420,237
	93,258	2,616,995	1,133,352	426,377	1,133,352	426,377	1,133,352	426,377	369,266	554,709	-	-	3,011,357	3,011,357	4,767,580	3,521,391	4,767,580
	-	-	-	(544,038)	(231,017)	(544,038)	(231,017)	(231,017)	30,752	48,810	4,095	4,095	-	-	-	-	-
	-	615,451	1,911,486	79,750	1,911,486	79,750	1,911,486	79,750	-	-	-	-	(2,606,687)	(2,606,687)	(775,055)	(775,055)	(775,055)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,547,258	43,493,906	21,624,259	2,843,437	21,624,259	2,843,437	21,624,259	2,843,437	6,766,673	10,167,468	154,701	154,701	2,336,453	2,336,453	90,934,155	90,934,155	90,934,155
	2,135,652	14,928,282	8,104,214	2,203,291	8,104,214	2,203,291	8,104,214	2,203,291	1,796,419	3,551,746	135,084	135,084	-	-	32,854,686	32,854,686	32,854,686
	105,848	1,318,110	491,160	208,709	491,160	208,709	491,160	208,709	182,607	233,110	7,929	7,929	-	-	2,547,473	2,547,473	2,547,473
	-	-	(82,417)	(495,906)	(82,417)	(495,906)	(82,417)	(82,417)	-	-	-	-	-	-	(578,323)	(578,323)	(578,323)
	57,663	970,338	489,752	1,916,094	489,752	1,916,094	489,752	489,752	104,167	206,009	143,013	143,013	-	-	1,827,929	1,827,929	1,827,929
	2,299,163	17,216,730	9,002,709	927,343	9,002,709	927,343	9,002,709	9,002,709	2,083,193	3,990,865	143,013	143,013	-	-	36,651,767	36,651,767	36,651,767
	1,248,095	26,277,176	12,621,550	7,533,437	12,621,550	7,533,437	12,621,550	7,533,437	4,883,480	6,176,603	11,688	11,688	2,336,453	2,336,453	54,282,368	54,282,368	54,282,368
	42-60	10-60	12-64	7.5-38	12-64	7.5-38	12-64	7.5-38	5-45	8-64	2-5	2-5	-	-	-	-	-

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

14 Property, plant and equipment (continued)

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

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

- Social houses
- Council buildings
- Plant and equipment
- Road, drainage and bridge network
- Water
- Sewerage
- IT & comms
- Work in progress

Acquisition of assets

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

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

Capital and operating expenditure

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

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

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

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

14 Property, plant and equipment (continued)

Valuation

Social houses, Council buildings, road, drainage, bridge network, water and sewerage are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment. Plant and equipment, IT & comms and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

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

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

Details of valuers and methods of valuations are disclosed in Note 15.

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.

NDRRA capital works

NDRRA funding is received in response to natural disasters which have resulted in significant damage to Council infrastructure assets. The expenditure to restore the asset is treated as a capital addition in the financial year that the work is carried out.

The decrease to the value of the asset as a result of the natural disaster event is treated in one of two ways:

1. If it is possible to quantify the write down to the value of the asset in the financial year the natural disaster event occurred, a downward revaluation adjustment is processed to the revaluation reserve against accumulated depreciation. In the year that the restoration work is then carried out, an adjustment is processed to reverse the prior year adjustment to accumulated depreciation and record a decrease in the replacement cost of the asset, resulting in no movement in the fair value of the asset. The actual costs of the restoration work are then recorded as a capital addition.
2. If it is not possible to quantify the write down to the value of the asset until the financial year in which the restoration work is performed, a capital write-off against the replacement cost of the asset is recognised in that same year and shown as a capital expense in the Statement of Comprehensive Income.

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

14 Property, plant and equipment (continued)

Depreciation

Depreciation on property, plant and equipment assets is calculated on a straight line basis so as to write-off the net cost or revalued amount of each depreciable asset progressively over its estimated useful life to the Council. Management believe that this method appropriately reflects the pattern of consumption of the vast majority of Council assets.

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

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

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in the table in Note 13.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. Napranum Aboriginal Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

Deed of Grant in Trust Land

Napranum Aboriginal Shire 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 201,447 hectares.

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

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

15 Fair value measurements

(a) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, plant and equipment

- Social housing
- Council buildings
- Road, drainage and bridge network
- Water
- Sewerage

Other financial assets

- Finance leases

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

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

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

The following table categorises fair value measurements as level 3 in accordance with AASB 13. Council does not have any assets measured at fair value which meet the criteria for categorisation as level 1.

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

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

15 Fair value measurements (continued)

The table presents the Council's assets measured and recognised at fair value at 30 June 2020.

		Level 3 (Significant unobservable inputs)		Total	
		\$		\$	
		2020	2019	2020	2019
Recurring fair value					
Property, plant and equipment					
- Social houses	14	1,145,086	1,248,095	1,145,086	1,248,095
- Council buildings	14	27,121,234	26,277,176	27,121,234	26,277,176
- Road, drainage and bridge network	14	11,487,474	12,621,550	11,487,474	12,621,550
- Water	14	4,575,944	4,683,480	4,575,944	4,683,480
- Sewerage	14	6,042,249	6,176,603	6,042,249	6,176,603
Other financial assets					
- Finance leases	21(e)	25,308,871	24,647,274	25,308,871	24,647,274
		<u>75,680,858</u>	<u>75,654,177</u>	<u>75,680,858</u>	<u>75,654,177</u>

There were no transfers between categories during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. Reconciliation of opening balances to closing balances for level 3 assets is included in the movement table in Note 14.

(b) Specific valuation techniques used to value Council assets

Where there is an active and liquid market as evidenced by sales transactions of similar property types, the market approach by direct comparison, income or summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a market approach is adopted, the building valuation is deemed to be a level 2 input.

Direct comparison and summation methods involve the analysis of sales evidence and comparisons with the subject taking into account matters such as method of construction, size, condition, age, land area and location. The land value is subtracted from the market value of the property to measure the asset fair value.

Napranum Aboriginal Shire Council
Notes to the financial statements
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15 Fair value measurements (continued)

Due to the predominantly specialised nature of local government assets, the valuations have been undertaken on a cost approach, an accepted valuation methodology under AASB13. The cost approach is deemed a level 3 input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a level 2 input.
- Current replacement cost (CRC) was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's operational plans.
- The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a 'greenfield' assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis (where assets have been componentised).

While the replacement cost of the assets could be supported by market supplied evidence (level 2), other unobservable, or level 3 inputs, such as useful life and asset condition were also required, meaning that under AASB13 the valuation of Council assets is considered to fall under level 3.

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and rely as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

(i) Social houses and Council buildings (level 3)

The last comprehensive valuation for social houses and Council buildings was performed as at 30 June 2017 by independent valuer, AssetVal Pty Ltd, with a desktop valuation undertaken for the year ended 30 June 2020 resulting in a 0.5% upwards revaluation of both Social Houses and Council Buildings. A comprehensive revaluation had been scheduled however it could not be undertaken due to COVID-19 travel restrictions.

Current replacement cost

Construction costs are predominately based on published construction cost guides.

Accumulated depreciation

As at 30 June 2017, an assessment of remaining useful life was made by the valuer after inspection, taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from Council engineering staff. For the 2020 year, a desktop valuation comprising a review of relevant cost indices and condition assessments was undertaken and applied to accumulated depreciation as appropriate.

Napranum Aboriginal Shire Council
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15 Fair value measurements (continued)

(ii) Infrastructure assets (level 3)

The last comprehensive valuation for infrastructure assets was performed as at 30 June 2017 by independent valuer, AssetVal Pty Ltd, with a desk top valuation undertaken for the year ended 30 June 2020 resulting in an 2.0% upwards revaluation of Water Assets and Sewerage Assets and no change for Roads. A comprehensive revaluation had been scheduled however it could not be undertaken due to COVID-19 travel restrictions.

Road, drainage and bridge network

Current replacement cost

The road network is not segmented, or if a road is segmented it is at a high level (e.g. between intersections). Unit rates are applied to the individual components, formation, pavement, seal and kerb of each road in order to determine the replacement cost.

The unit rates applied are based on greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

Accumulated depreciation

As at 30 June 2017, all town roads were visually inspected by the valuer. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Outlying roads were inspected by a third party consultant who reported the condition information relied upon for the valuation. For the 2020 year, a desktop valuation comprising a review of relevant cost indices and condition assessments was undertaken and applied to accumulated depreciation as appropriate.

Water and sewerage infrastructure

Current replacement cost

The water and sewer assets were segregated into active and passive assets; passive assets were not further componentized and consisted primarily of mains. Unit rates were applied based on similar recent project costs from other entities, unit rate databases, indices, Rawlinson's Construction rates and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentized and valued independently, with allowances for complexity, size, function and site factors. As a check these components are generally combined into a lump sum item and compared against recent similar projects and in-house databases.

Accumulated depreciation

As at 30 June 2017, an assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from Council engineering staff. For the 2020 year, a desktop valuation comprising a review of relevant cost indices and condition assessments was undertaken and applied to accumulated depreciation as appropriate.

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

15 Fair value measurements (continued)

(iii) Finance leases (level 3)

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). The calculation of the present value of the expected future lease income has included an estimate of the average annual Consumer Price Index "CPI" increases of 2.5% and a discount rate of 2.39%.

(c) Changes in fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 20 (e) (Leases) and Note 14 (Property, plant and equipment). There have been no transfers between level 1,2 or 3 measurements during the year.

(d) Valuation processes

Council's valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer and Finance Manager. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of finance leases and property, plant and equipment (recurring fair value measurements) is set out in this note. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

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

	2020	2019
	\$	\$
16 Trade and other payables		
Current		
Creditors and accruals	1,030,224	2,642,272
Other payables	5,912	8,769
	<u>1,036,136</u>	<u>2,651,042</u>

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

	0 to 1 year	Total contractual cash flows	Carrying amount
	\$	\$	\$
2020			
Trade and other payables	1,036,136	1,036,136	1,036,136
	<u>1,036,136</u>	<u>1,036,136</u>	<u>1,036,136</u>
2019			
Trade and other payables	2,651,042	2,651,042	2,651,042
	<u>2,651,041</u>	<u>2,651,041</u>	<u>2,651,041</u>

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

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.

Liabilities are recognised for employee benefits detailed below.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 23.

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

	2020	2019
	\$	\$
17 Provisions		
Current		
Annual leave - current	209,427	210,348
Long service leave - current	168,258	155,413
	<u>377,685</u>	<u>365,761</u>
Non-current		
Long service leave - non-current	63,782	72,793
	<u>63,782</u>	<u>72,793</u>
Details of movements in provisions:		
Long service leave		
Balance at beginning of financial year	228,206	196,942
Long service leave entitlement arising	77,248	103,745
Long service entitlement extinguished	(64,323)	(38,969)
Long service entitlement paid	(9,092)	(33,512)
Balance at end of financial year	<u>232,040</u>	<u>228,206</u>

Annual leave

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

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

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 Council's employment or other associated employment which would result in 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.

Employee benefits are classified as current / non-current based on the requirements of AASB 101.

Annual leave and long service leave which has vested (or will vest in less than 12 months) is classified as current regardless of the measurement basis used in AASB 119.

Provision for restoration of landfill

Balance at beginning of financial year	-	102,906
Amount used	-	-
Amount re-recognised as a Contingent Liability	-	(102,906)
Balance at end of financial year	<u>-</u>	<u>-</u>

Provision for the restoration of landfill

NASC had previously voluntarily assumed responsibility for remediation and mitigation of the illegal dump site. However, the contracted company employed to remediate the site was unable to complete the task and NASC have been unable to find a suitable replacement. Given that this present obligation does not result from a legally enforceable agreement, contract or legislation, Council have decided to re-recognise this provision as a contingent liability for the foreseeable future.

Napranum Aboriginal Shire Council
Notes to the financial statements
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	2020	2019
	\$	\$
18 Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	46,615,635	43,675,984
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Social houses	5,697	35,595
Council buildings	(183,640)	1,646,657
Road, drainage and bridge network	(1,323,675)	643,600
Water	89,733	265,099
Sewerage	118,473	348,700
Balance at end of financial year	<u>45,322,223</u>	<u>46,615,635</u>

Asset revaluation surplus analysis

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

Social houses	16,746,500	16,740,803
Council buildings	20,070,983	20,254,623
Road, drainage and bridge network	2,968,952	4,292,627
Water	2,201,814	2,112,081
Sewerage	<u>3,333,974</u>	<u>3,215,501</u>
	<u>45,322,223</u>	<u>46,615,635</u>

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.

19 Commitments for expenditure

	2020	2019
	\$	\$
Contractual commitments		
Contractual commitments at the end of the financial year that have not been recognised in the financial statements.		
Software implementation	-	31,332
Design services	-	47,689
Electrical upgrades	-	37,195
Rural roads restoration and betterment	4,909,313	-
	<u>4,909,313</u>	<u>116,216</u>

Napranum Aboriginal Shire Council
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20 Contract balances

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

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

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

	2020	2019
	\$	\$
(a) Contract assets		
Accrued Income	226,191	-
	<u>226,191</u>	<u>-</u>

Contract assets arise when work has been performed by Council relating to a contract with customer (or capital grant paid in arrears) but no receivable has arisen since the invoice has not been raised, for example construction work where an invoicing milestone has not yet been met.

(b) Contract liabilities

	2020	2019
	\$	\$
Funds received upfront to construct Council controlled assets	4,160,913	-
Deposits received in advance of services provided (e.g. retirement home fees, performance obligations in grants)	266,541	-
	<u>4,427,454</u>	<u>-</u>
Current contract liabilities	4,427,454	-
Non-current contract liabilities	-	-
	<u>4,427,454</u>	<u>-</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	1,610,193	-
Deposits received in advance of services provided	86,520	-
	<u>1,696,713</u>	<u>-</u>

(c) Significant changes in contract balances

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.

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

21 Leases

Council has leases in place over 2 vehicles. They are both 36 month fully maintained operating leases payable monthly in advance. We have not applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

(a) Right of use assets

Consolidated and Council	Vehicles	Total
	\$	\$
Adoption of AASB 16 at 1 July 2019	-	-
Transfer from leased assets (former finance leases)	-	-
Additions to right-of-use assets	100,576	100,576
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-
Depreciation charge	(4,776)	(4,776)
Impairment of right-of-use assets	-	-
Balance at 30 June 2020	<u>95,800</u>	<u>95,800</u>

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

21 Leases (continued)

(b) Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	< 1 year	1–5 years	> 5 years	Total	Total per statement of financial position
	\$	\$	\$	\$	\$
	33,905	62,158	-	96,063	95,046

Amounts included in the statement of comprehensive income related to leases

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee

	2020	2019
	\$	\$
Interest on lease liabilities	121	-
Variable lease payments based on usage not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Depreciation of right to use assets	4,776	-
Expenses relating to short-term leases	28,398	33,854
Expenses relating to low-value assets	-	-
Total cash outflows for leases	33,295	33,854

(c) Leases at significantly below market value - Concessionary / peppercorn leases

Council as lessor has in place one lease that could be considered a less than market value arrangement. The supermarket is leased to CEQ Ltd for a 30 year period at \$6,000 per annum. This (below market rate) is offered in exchange for undefined Community support and taking on all maintenance and upgrades over the term of the lease.

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

21 Leases (continued)

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

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

(d) Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to the investment property in the statement of financial position.

Rent from investment and other property is recognised as income on a periodic straight line basis over the lease term.

	2020	2019
	\$	\$
Investment property income (excluding variable lease payments not dependent on an index or rate)	361,076	308,093
Investment property income relating to variable lease payments not dependent on an index or rate	35,436	72,800
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Contract obligations for future repairs and maintenance	-	-

Council has commercial leases and other occupancy arrangements in place in relation to a total of ten locations. All of these properties either have a non cancellable operating lease in place or such an instrument is in the process of being extended or amended. Minimum receipts have been expressed in 2020 dollars without having regard to the impact of future CPI adjustments. Expected minimum receipts are as follows:

	2020	2019
	\$	\$
Within one year	257,478	270,278
One to five years	778,730	775,520
Later than five years	393,218	301,018
	<u>1,429,426</u>	<u>1,346,816</u>

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

21 Leases (continued)

(e) *Finance leases*

Current

Finance lease - current

	2020	2019
	\$	\$
	761,613	747,849
	<u>761,613</u>	<u>747,849</u>

Non-current

Finance lease - non current

	24,547,258	23,899,425
	<u>24,547,258</u>	<u>23,899,425</u>

A reconciliation between the gross investment in the lease and the fair value of lease payments receivable is as follows:

Gross minimum lease payments receivable:

Not later than one year

761,613 747,849

Later than one year but not later than five years

3,046,451 2,991,395

Later than five years

20,897,195 21,268,130

24,705,259 25,007,374

Add: Estimated contingent rent

12,722,262 13,412,072

Less: Present value adjustment

(12,118,650) (13,772,171)

Fair value of lease payments

25,308,871 24,647,275

The fair value of lease payments is receivable as follows:

Not later than one year

761,613 747,849

Later than one year but not later than five years

3,058,377 2,984,840

Later than five years

21,488,881 20,914,586

25,308,871 24,647,275

Movements in finance leases were as follows:

Opening balance

24,647,274 22,446,114

Add: Initial recognition of new leases

- -

Derecognition of surrendered lease

- -

Less: Lease receipts

(747,849) (736,706)

Add: Gain (Loss) on revaluation

1,409,446 2,937,866

Closing balance

25,308,871 24,647,274

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

21 Leases (continued)

Where a third party enters into a finance lease with Council, Council de-recognises the asset held under finance lease at an amount equal to the lower of fair value of the leased property and the present value of the expected lease payments receivable. A lease receivable is recognised at the same amount. Lease debts are reduced by repayments of principal.

Council has leased 238 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year ranged from \$2,055 to \$2,379. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable. Gains / (loss) on revaluation of finance lease assets are recognised as other income / expense.

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2019: 2.5%) and a discount rate of 2.34% (2019: 2.59%).

There is no unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

22 Contingent liabilities

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

Local Government Mutual

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 being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2020 the financial statements LGM Queensland reported an accumulated surplus and it is not anticipated any liability will arise.

23 Superannuation - Regional Defined Benefit Fund

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

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

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

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

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

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

23 Superannuation - Regional Defined Benefit Fund (Continued)

	Note	2020 \$	2019 \$
Superannuation contributions made to the Regional Defined Benefits Fund		-	-
Other superannuation contributions for employees	6	459,490	482,064
Total superannuation contributions paid by Council for employees:		<u>459,490</u>	<u>482,064</u>

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

The next triennial actuarial review is not due until 1 July 2021.

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

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

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

	2020 \$	2019 \$
Contributions council expects to make to the Regional Defined Benefits Fund for 2020-21	<u>500,000</u>	<u>500,000</u>

24 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities

Net operating result		(17,833)	4,817,848
Non-cash operating items:			
Depreciation		2,868,939	2,547,473
WIP not capitalised	14	261,606	-
Revaluation of finance lease debtors	4	(1,409,446)	(2,937,866)
Donated assets (splash park)		(1,028,072)	-
		<u>693,027</u>	<u>(390,393)</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	9	18,034	178,010
Capital grants and contributions	5(b)	(1,592,311)	(4,298,318)
		<u>(1,574,277)</u>	<u>(4,120,307)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables	11	2,015,112	(763,724)
(Increase)/decrease in contract assets		(226,191)	-
(Increase)/decrease in inventory	12	79,406	(78,242)
Increase/(decrease) in payables	16	(1,614,906)	558,260
Increase/(decrease) in contract liabilities		180,021	-
Increase/(decrease) in provisions	17	(2,913)	(71,142)
		<u>430,529</u>	<u>(354,848)</u>
Net cash inflow (outflow) from operating activities		<u>(468,557)</u>	<u>(47,703)</u>

25 Events after the reporting period

There were no material adjusting or disclosing events after the balance date.

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

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

	2020	2019
	\$	\$
Short-term employee benefits	947,205	891,303
Post-employment benefits	64,907	60,128
Long-term benefits	8,767	12,604
Termination benefits	-	-
Total	1,020,879	964,035

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2020	2019
		\$	\$
Fees and charges charged to entities controlled by key management personnel	25(b)	-	-
Employee expenses for close family members of key management personnel	25(b)(i)	178,381	252,103
Purchase of materials and services from entities controlled by key management personnel	25(b)	19,059	-

Number of employees of close family members comprises:

FTE	2020	2019
Total number of council employees	73	77
Close family members of key management personnel	7	5
% of total number of council employees	10%	6%

(i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

(c) Outstanding balances

There were no outstanding balances at 30 June 2020 (2019: NIL).

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council does not have any commitments to/from other related parties other than disclosed above.

(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 Napranum Aboriginal Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- payments received for minor maintenance works (eg key replacement)
- payments received for facility hire
- requests for maintenance as received via Building and Asset Services
- fees collected on behalf of services as provided by Council (eg Meals on Wheels, Child Care fees)

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.

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

27 Changes in accounting policies

During the year ended 30 June 2020, the Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

Revenue standards - AASB 15 and AASB 1058

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modifications were minor.

Opening contract balances on transition at 1 July 2019

	Balance at 1 July 2019
	\$
Contract assets	
- Under AASB 15	-
- Under AASB 1058	445,615
Total contract assets	<u>445,615</u>
Contract liabilities	
- Under AASB 15	86,520
- Under AASB 1058	1,610,193
Total contract liabilities	<u>1,696,713</u>

Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

Statement of financial position at 30 June 2020

	Carrying amount per Statement of Financial Position Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied Dr / (Cr) \$
Contract assets	226,191	(226,191)	-
Contract liabilities - current	(4,427,454)	4,427,454	-
Contract liabilities - non-current	-	-	-
Retained surplus	<u>(37,687,101)</u>	<u>(4,201,263)</u>	<u>(41,888,364)</u>

Statement of comprehensive income for the year ended 30 June 2020

	Balance per Statement of Comprehensive Income Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied Dr / (Cr) \$
Revenue			
Operating grants	(5,083,188)	(180,021)	(5,263,209)
Fees and charges			
Revenue - capital	(2,620,383)	(3,062,371)	(5,682,755)
Expenses - materials and services	4,274,439	292,227	4,566,666
	<u>(3,429,132)</u>	<u>(2,950,165)</u>	<u>(6,379,297)</u>

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

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

27 Changes in accounting policies (continued)

Lease standard - AASB 16

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's Incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of adopting AASB 16 at 1 July 2019

Council has not recognised right-of-use assets and lease liabilities at 1 July 2019 as leases ended during 2020 and the amount to be recognised at 1 July 2019 was not material.

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

Management Certificate
For the year ended 30 June 2020

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

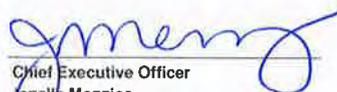
In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 40, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Janita Motton

Date: 8, 10, 2020



Chief Executive Officer
Janelle Menzies

Date: 8, 10, 2020

Napranum Aboriginal Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-27%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	8%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-56%	not greater than 60%

Note 1 - Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.

**Napranum Aboriginal Shire Council
Financial statements**

For the year ended 30 June 2020

**Certificate of Accuracy
For the year ended 30 June 2020**

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

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



Mayor
Janita Motton

Date: 8 / 10 / 2020



Chief Executive Officer
Janelle Menzies

Date: 8 / 10 / 2020

**Napranum Aboriginal Shire Council
Long Term Financial Sustainability Statement (UNAUDITED)
For the year ended 30 June 2020**

Measures of Financial Sustainability	Measure	Target	Actuals at	30 June									
			30 June	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-27%	-28%	-26%	-27%	-27%	-27%	-27%	-27%	-27%	-27%	-28%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	8%	36%	33%	32%	31%	30%	29%	29%	29%	28%	27%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-56%	-67%	-71%	-60%	-62%	-60%	-58%	-59%	-58%	-57%	-56%

Napranum Aboriginal Shire Council's Financial Management Strategy

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

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

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

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

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



Mayor
Janita Motton

Date: 8 / 10 / 2020



Chief Executive Officer
Janelle menzies

Date: 8 / 10 / 2020