



AGENDA

Supplementary Reports Ordinary Council Meeting Wednesday, 15 December 2021

Date: Wednesday, 15 December 2021

Time: 9am

**Location: Council Chambers
23 West Street
Mount Isa**

**David Keenan
Chief Executive Officer**

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11 CORPORATE AND COMMUNITY SERVICES REPORTS**11.11 AUDITED FINANCIAL STATEMENTS 2020-21**

Document Number: 755434

Author: Director Corporate and Community

Authoriser: Chief Executive Officer

Directorate: Executive Services

Portfolio: Finance, Customer Services, Economic Development, Promotion & Community Development, Arts

EXECUTIVE SUMMARY

The Audited Financial Statement 2020-21 is presented to the Council for information and consideration.

RECOMMENDATION

THAT Council formally receive and adopt the Audited Financial Statement 2020-21 as presented.

BACKGROUND

Under *Section 212 (5) a and b of Local Government Regulation 2012*:

(5) The financial statements given to the auditor-general must be accompanied by a certificate in the approved form given by the mayor and chief executive officer, certifying whether, in their opinion—

(a) in relation to the general purpose financial statement—

(i) any requirements prescribed under the *Act* or another Act for establishing and keeping the local government's accounts have been complied with in all material respects; and

(ii) the statement presents a true and fair view, in compliance with the prescribed accounting standards, of the local government's transactions for the financial year and financial position at the end of the year; and

(b) in relation to the current-year financial sustainability statement and the long-term financial sustainability statement—the statements have been accurately calculated.

OVERVIEW

DCCS provided an overview of the changes made between the draft financial statements provided to the October 2021 Audit & Risk Committee meeting and the final audited financial statements for consideration. Key changes noted include:

- Elimination of Rates levied to MICOOE from consolidated Rates revenue,
- Elimination of MICCOE subsidy and sales to MICC from consolidated total revenue,
- Remapping of grant revenue between operational and capital grants,
- A net increase of revenue of \$928k attributable to recognition of additional contract assets and grant revenue,
- Elimination of MICCOE subsidy from consolidated expenditure,

- Remapping and restatement of Employee costs and Materials and Services for FY19/20, and
- Increase in the revaluation surplus of \$3.4m due to increase in valuation of the Isa Bridge

The changes above were made to the Statement of Financial Position, Statement of Changes in Equity and relevant Notes to the Financial Statements.

When compared to FY20 Restated and FY21 Annual Budget, the following observations were made with regards to FY21 performance:

- Actual revenue was higher than prior year by 2% but lower than budget by 2%. Going forward, revised mapping is required for annual budget Recurrent Revenue sources to match audited FY21 and restated FY20 figures,
- Capital grant revenue is 54% of annual budget and 22% higher than FY20. This can be attributed to lower than budget expenditure on capital works, leading to lower than budget claims for works done,
- Other Revenue is higher than prior year or annual budget, due to recognition of additional capital revenue from the adjustment of the provision for landfill restoration,
- Revised mapping of Employee costs and Materials and Services was done, leading to high reported variances against annual budget (18% and 24% respectively). Overall, combined Employee Costs and Materials and Services for FY21 are \$48m against \$45m for prior year and \$54m annual budget,
- Depreciation charge has increased to \$17m for both FY21 and prior year compared to budget of \$14m due to additional assets brought into account in FY21 and prior year,
- Overall, total Recurrent Expenditure is higher than prior year by 4% and lower than budget by 5%, and
- An increase in revaluation surplus of \$22m has been recognised for FY21

RECOMMENDATION OPTIONS

THAT Council formally receive and adopt the Audited Financial Statement 2020-21 as presented.

OR

THAT Council do not formally receive and adopt the Audited Financial Statement 2020-21 as presented.

ATTACHMENTS

1. **Audited Financial Statement 2020-21**  

Mount Isa City Council
Financial Statements
for the year ended 30 June 2021

Mount Isa City Council

Financial statements

For the year ended 30 June 2021

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Mount Isa City Council
Statement of Comprehensive Income
For the year ended 30 June 2021

	Note	Consolidated		Council	
		2021	Restated 2020	2021	Restated 2020
		\$	\$	\$	\$
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3(a)	43,213,071	43,163,190	43,343,049	43,582,496
Fees and charges	3(b)	2,596,710	2,535,139	2,596,710	2,535,139
Sales revenue	3(c)	1,646,994	1,844,636	741,278	1,169,279
Grants, subsidies, contributions and donations	3(d)	10,544,649	9,085,629	10,544,649	10,831,382
Total recurrent revenue		<u>58,001,424</u>	<u>56,628,594</u>	<u>57,225,685</u>	<u>58,118,296</u>
Capital revenue					
Grants, subsidies, contributions and donations	3(d)	7,376,774	6,069,087	7,376,774	6,069,087
Total capital revenue		<u>7,376,774</u>	<u>6,069,087</u>	<u>7,376,774</u>	<u>6,069,087</u>
Rental income		77,322	105,572	35,293	45,543
Interest received	4(a)	963,607	1,027,323	963,607	1,027,323
Other income	4(b)	5,866,415	2,113,858	5,866,415	2,113,858
Other capital income	5	4,352,130	298,044	4,352,130	298,044
Total income		<u>76,637,671</u>	<u>66,242,478</u>	<u>75,819,904</u>	<u>67,672,151</u>
Expenses					
Recurrent expenses					
Employee benefits	6	(18,624,418)	(17,478,556)	(17,277,252)	(16,160,842)
Materials and services	7	(29,455,151)	(28,015,524)	(29,979,407)	(30,673,465)
Finance costs	8	(1,658,011)	(1,753,323)	(1,657,765)	(1,752,763)
Depreciation and amortisation					
Property, plant and equipment	13	(17,652,682)	(17,109,736)	(17,614,728)	(17,077,628)
Intangible assets		(63,997)	(39,452)	(63,997)	(39,452)
		<u>(67,454,261)</u>	<u>(64,396,591)</u>	<u>(66,593,150)</u>	<u>(65,704,150)</u>
Capital expenses	9	(344,273)	(1,682,730)	(344,273)	(1,682,730)
Total expenses		<u>(67,798,533)</u>	<u>(66,079,321)</u>	<u>(66,937,423)</u>	<u>(67,386,880)</u>
Net result		<u>8,839,138</u>	<u>163,157</u>	<u>8,882,481</u>	<u>285,272</u>
Other comprehensive income					
Items that will not be reclassified to net result					
Increase / (decrease) in asset revaluation surplus	13	22,885,354	(624,940)	22,885,354	(624,940)
Total other comprehensive income for the year		<u>22,885,354</u>	<u>(624,940)</u>	<u>22,885,354</u>	<u>(624,940)</u>
Total comprehensive income for the year		<u>31,724,491</u>	<u>(461,783)</u>	<u>31,767,835</u>	<u>(339,668)</u>

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

**Mount Isa City Council
Statement of Financial Position
As at 30 June 2021**

	Note	Consolidated		Council	
		2021	Restated*	2021	Restated*
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	10	63,275,964	52,086,621	62,933,897	51,796,613
Receivables	11	11,082,045	11,764,659	10,906,146	11,646,408
Inventories	12	298,515	395,928	244,527	307,269
Contract assets	14	2,284,103	862,667	2,284,103	862,667
Total current assets		<u>76,940,627</u>	<u>65,109,875</u>	<u>76,368,673</u>	<u>64,612,957</u>
Non-current assets					
Other financial assets		-	-	1	1
Property, plant and equipment	13	472,616,857	454,887,241	472,427,140	454,706,799
Intangible assets		287,779	279,223	287,779	279,223
Total non-current assets		<u>472,904,636</u>	<u>455,166,464</u>	<u>472,714,920</u>	<u>454,986,023</u>
Total assets		<u>549,845,262</u>	<u>520,276,338</u>	<u>549,083,592</u>	<u>519,598,980</u>
Current liabilities					
Payables	15	7,987,792	5,417,468	7,708,486	5,294,768
Contract liabilities	14	3,840,762	2,110,696	3,840,762	2,110,696
Borrowings	16	1,640,007	1,544,599	1,640,007	1,544,599
Provisions	17	2,114,884	2,981,974	2,052,448	2,864,048
Provision for Taxation	23	-	-	-	-
Total current liabilities		<u>15,583,445</u>	<u>12,054,737</u>	<u>15,241,703</u>	<u>11,814,111</u>
Non-current liabilities					
Borrowings	16	18,967,484	20,614,527	18,967,484	20,614,527
Provisions	17	10,467,147	14,504,377	10,440,605	14,504,377
Total non-current liabilities		<u>29,434,631</u>	<u>35,118,904</u>	<u>29,408,089</u>	<u>35,118,904</u>
Total liabilities		<u>45,018,075</u>	<u>47,173,641</u>	<u>44,649,791</u>	<u>46,933,015</u>
Net community assets		<u>504,827,187</u>	<u>473,102,697</u>	<u>504,433,799</u>	<u>472,665,965</u>
Community equity					
Asset revaluation surplus		242,347,041	219,461,687	242,347,041	219,461,687
Retained surplus		262,480,146	253,641,010	262,086,758	253,204,277
Total community equity		<u>504,827,187</u>	<u>473,102,697</u>	<u>504,433,799</u>	<u>472,665,965</u>

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

*Council has made a retrospective restatement as a comparative of the correction of errors. Further details are disclosed in Note 23.

Mount Isa City Council
Statement of Changes in Equity
For the year ended 30 June 2021

Consolidated		Asset revaluation surplus	Retained surplus	Total
		\$	\$	\$
Balance as at 1 July 2019		220,086,627	220,791,203	440,877,830
Prior year correction - effect landfill restoration	23	-	(12,893,228)	(12,893,228)
Prior year correction - provision for income tax	23	-	167,700	167,700
Prior year correction - newly identified assets	23	-	47,063,478	47,063,478
Balance as at 1 July 2019 (Restated)		220,086,627	255,129,153	475,215,780
Net result		-	163,157	163,157
Adjustment on initial application of AASB 15 / AASB 1058		-	(1,651,369)	(1,651,369)
Other comprehensive income for the year				-
Increase / (decrease) in asset revaluation surplus		(624,940)	-	(624,940)
Adjustments to equity		-	69	69
Restated balance at 30 June 2020		219,461,687	253,641,010	473,102,697
Net result		-	8,839,138	8,839,138
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		22,885,354	-	22,885,354
Total comprehensive income for the year		22,885,354	8,839,138	31,724,491
Balance as at 30 June 2021		242,347,041	262,480,147	504,827,187

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

**Council has made a retrospective restatement as a comparative of the correction of errors. Further details are disclosed in Note 23.*

Mount Isa City Council
Statement of Changes in Equity
For the year ended 30 June 2021

Council		Asset revaluation surplus	Retained surplus	Total
		\$	\$	\$
Balance as at 1 July 2019		220,086,627	220,400,120	440,486,747
Prior year correction - effect landfill restoration	23	-	(12,893,228)	(12,893,228)
Prior year correction - newly identified assets	23		47,063,478	47,063,478
Balance as at 1 July 2019 (Restated)		220,086,627	254,570,370	474,656,997
Net result		-	285,272	285,272
Adjustment on initial application of AASB 15 / AASB 1058		-	(1,651,369)	(1,651,369)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		(624,940)	-	(624,940)
Transfer from equity (rounding)		-	5	5
Restated balance at 30 June 2020		219,461,687	253,204,277	472,665,964
Net result		-	8,882,481	8,882,481
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		22,885,354	-	22,885,354
Share of comprehensive income of equity		-	-	-
Total comprehensive income for the year		22,885,354	8,882,481	31,767,835
Balance as at 30 June 2021		242,347,041	262,086,758	504,433,799

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

**Council has made a retrospective restatement as a comparative of the correction of errors. Further details are disclosed in Note 23.*

Mount Isa City Council
Statement of Cash Flows
For the year ended 30 June 2021

Note	Consolidated		Council	
	2021 \$	2020 \$	2021 \$	2020 \$
Cash flows from operating activities				
Receipts from customers	53,741,130	51,020,565	52,391,993	49,927,059
Payments to suppliers and employees	(46,048,778)	(49,453,343)	(44,798,933)	(48,154,622)
	7,692,351	1,567,222	7,593,060	1,772,437
Interest received	963,607	1,027,323	963,607	1,027,323
Operating Grants and Contributions	10,203,912	10,315,145	10,203,912	10,370,928
Rental Income	35,293	105,572	35,293	45,543
Borrowing costs	(1,421,816)	(1,341,904)	(1,421,816)	(1,341,904)
Net cash inflow (outflow) from operating activities	21 <u>17,473,347</u>	<u>11,673,358</u>	<u>17,374,056</u>	<u>11,874,327</u>
Cash flows from investing activities				
Payments for property, plant and equipment	(12,929,351)	(17,358,278)	(12,882,119)	(17,321,614)
Payments for intangible assets	-	(78,830)	-	(78,830)
Capital Grants, Subsidies, Contributions and Donations	8,180,847	7,777,570	8,180,847	7,777,570
Proceeds from sale of property plant and equipment	16,136	549,000	16,136	549,000
Net cash inflow (outflow) from investing activities	<u>(4,732,368)</u>	<u>(9,110,538)</u>	<u>(4,685,135)</u>	<u>(9,073,874)</u>
Cash flows from financing activities				
Repayment of borrowings	(1,551,636)	(1,461,909)	(1,551,636)	(1,461,909)
Net cash inflow (outflow) from financing activities	<u>(1,551,636)</u>	<u>(1,461,909)</u>	<u>(1,551,636)</u>	<u>(1,461,909)</u>
Net increase (decrease) in cash and cash equivalent held	<u>11,189,343</u>	<u>1,100,911</u>	<u>11,137,285</u>	<u>1,338,543</u>
Cash and cash equivalents at the beginning of the financial year	52,086,621	50,985,710	51,796,613	50,458,070
Cash and cash equivalents at end of the financial year	10 <u><u>63,275,964</u></u>	<u><u>52,086,621</u></u>	<u><u>62,933,897</u></u>	<u><u>51,796,613</u></u>

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

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

1 Information about these financial statements

1.A Basis of preparation

The Mount Isa City Council is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

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

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

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

1.B Basis of consolidation

Council and its controlled entities together form the consolidated entity, the financial statements of controlled entities are included in the consolidated financial statements where material by size or nature, from the date when control commences until the date when control ceases.

Transactions between council and entities controlled by council have been eliminated when preparing consolidated accounts. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial statements of the consolidated entity are prepared using accounting policies that are consistent with those of the council. Information on controlled entities that have been consolidated is included in Note 26.

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

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

1.D Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a material impact for council then further information has been provided in this note.

Effective 2021-22 financial year, entities will be required to apply the accounting of configuration or customisation costs in a Cloud Computing Arrangement. Cloud computing covers software-as-a-service (SaaS) arrangements. Council will review existing and future arrangements and revise accounting policy where applicable as required by AASB 138 and AASB 15.

1.E Estimates and judgements

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

Valuation and depreciation of property, plant and equipment (Note 13)

Provisions (Note 17)

Contingent liabilities (Note 19)

Financial instruments and financial risk management (note 25)

Revenue recognition (Note 3)

1.F Rounding and comparatives

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

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

**Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021**

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.

1.H COVID-19

Council has assessed the impact of the Covid-19 pandemic on its financial statements for the current year and the impact is considered minor and not material. At the commencement of the epidemic Council ceased charging interest and stopped all debt collection activity on outstanding property and water rates from 30 March 2020 to 30 June 2020. From 1 July 2020 collection procedures and interest rate charges returned to normal business practices. No further concessions, discounts or deferrals have been put in place by Council at this time. Council has experienced an increase in payment plan applications and this is considered to be caused in part by the Covid-19 pandemic. These have been processed according to existing policy and procedures as part of the normal daily operations.

Council has reduced its services to the public during the financial year ending 30 June 2021 according to Covid-19 guidelines issued by the Queensland and federal government. There has been a shortage of trades staff in regional areas due to Covid-19 and this has considered to have been a significant factor in the lower capital expenditure for the current financial year.

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

2. Analysis of Results by Function

2(a) Components of council functions

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

Business Services and finance

This function includes budget support, financial accounting, taxation advice, asset management, marketing and communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Construction and maintenance

Construction and maintenance is responsible for constructing new and maintaining existing infrastructure across a diverse range of assets that underpin the wellbeing of the Mount Isa community. These assets include roads, drains, stormwater, cemeteries, parks and open spaces.

Community services

The goal of community services is to ensure Mount Isa City Council is a healthy, vibrant, contemporary and connected community. Community services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

- libraries
- entertainment venues
- public health services including vaccination clinics
- environmental licences and approvals, mosquito and other pest management programs
- animal management

Planning and development

This function facilitates the City's growth and prosperity through well planned and quality development. The objective of planning and development is to ensure the Mount Isa City Council is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the city. This function includes activities and services related to city, neighbourhood and regional planning, and management of development approval processes.

Transport infrastructure

The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network.

Waste management

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services.

Water and Sewerage infrastructure

The goal of this program is to support a healthy, safe community through sustainable water and sewerage services. This function includes all activities relating to water.

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

2 Analysis of results by function

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

Year ended 30 June 2021

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital				Recurrent	Capital					
	Grants	Other	Grants	Other									
	\$	\$	\$	\$									
Business services and finance	5,861,695	21,527,707	686,774	6,160	(561,883)	27,520,453	(8,867,778)	(344,273)	2,001,883	(7,210,168)	19,961,624	20,310,285	166,955,064
Construction and maintenance	-	943,581	-	-	-	943,581	(3,573,020)	-	-	(3,573,020)	(2,629,438)	(2,629,438)	10,694,669
Community services	3,286,468	475,195	-	-	-	3,761,663	(11,344,076)	-	-	(11,344,076)	(7,582,414)	(7,582,414)	-
Planning & development	-	448,935	-	-	-	448,935	(1,263,371)	-	-	(1,263,371)	(814,436)	(814,436)	-
Transport infrastructure	1,396,486	-	6,690,000	-	-	8,086,486	(13,823,793)	-	-	(13,823,793)	(12,427,307)	(5,737,307)	263,441,951
Waste management	-	13,067,226	-	4,345,970	-	17,413,196	(11,483,034)	-	-	(11,483,034)	1,584,192	5,930,162	60,215,839
Water infrastructure	-	17,083,706	-	-	-	17,083,706	(16,238,078)	-	-	(16,238,078)	845,629	845,629	47,776,068
Total Council	10,544,649	53,546,351	7,376,774	4,352,130	(561,883)	75,258,020	(66,593,150)	(344,273)	2,001,883	(64,935,540)	(1,062,150)	10,322,481	549,083,591
Controlled entity net of eliminations	-	2,819,650	-	-	(1,440,000)	1,379,650	(2,862,994)	-	-	(2,862,994)	(1,483,343)	(1,483,343)	761,672
Total consolidated	10,544,649	56,366,001	7,376,774	4,352,130	(2,001,883)	76,637,671	(69,456,144)	(344,273)	2,001,883	(67,798,533)	(2,545,493)	8,839,138	549,845,262

Year ended 30 June 2020

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	\$	\$	\$	\$									
Business services and finance	8,862,771	15,619,287	-	-	(779,900)	23,702,158	(6,596,557)	(328,910)	2,529,900	(4,395,567)	19,635,501	19,306,591	136,808,402
Construction and maintenance	20,496	1,172,305	-	51,881	-	1,244,682	(3,113,963)	-	-	(3,113,963)	(1,921,162)	(1,869,281)	11,181,776
Community services	308,504	439,749	-	-	-	748,253	(10,959,392)	-	-	(10,959,392)	(10,211,139)	(10,211,139)	-
Planning & development	-	435,168	-	-	-	435,168	(1,239,822)	-	-	(1,239,822)	(804,654)	(804,654)	-
Transport infrastructure	1,506,483	918,640	6,069,087	-	-	8,494,210	(16,925,257)	-	-	(16,925,257)	(14,500,134)	(8,431,047)	263,813,979
Waste management	133,127	14,919,137	-	246,163	-	15,298,427	(11,288,325)	(1,353,820)	-	(12,642,145)	3,763,940	2,656,283	59,319,103
Water infrastructure	-	16,969,353	-	-	-	16,969,353	(15,580,834)	-	-	(15,580,834)	1,388,519	1,388,519	48,475,720
Total Council	10,831,382	50,473,639	6,069,087	298,044	(779,900)	66,892,252	(65,704,150)	(1,682,730)	2,529,900	(64,856,980)	(2,649,129)	2,035,272	519,598,980
Controlled entity net of eliminations	4,247	1,095,979	-	-	(1,750,000)	(649,774)	(1,222,341)	-	-	(1,222,341)	(1,218,094)	(1,872,115)	677,358
Total consolidated	10,835,629	51,569,618	6,069,087	298,044	(2,529,900)	66,242,478	(66,926,491)	(1,682,730)	2,529,900	(66,079,321)	(3,867,223)	163,157	520,276,338

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

3 Revenue

(a) Rates, levies and charges

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
General rates	15,086,382	14,810,939	15,216,360	15,230,245
Separate rates	426,806	425,619	426,806	425,619
Water	9,850,187	9,961,141	9,850,187	9,961,141
Water consumption, rental and sundries	6,960,299	6,831,826	6,960,299	6,831,826
Sewerage	7,195,278	7,206,855	7,195,278	7,206,855
Waste Management	3,807,353	4,041,732	3,807,353	4,041,732
Total rates and utility charge revenue	43,326,305	43,278,112	43,456,283	43,697,418
Less: Discounts	1,797	-	1,797	-
Less: Pensioner remissions	(115,031)	(114,922)	(115,031)	(114,922)
	<u>43,213,071</u>	<u>43,163,190</u>	<u>43,343,049</u>	<u>43,582,496</u>

(b) Fees and charges

Revenue arising from fees and charges are recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided. The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns. Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence. Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

Animal Control	203,926	203,049	203,926	203,049
Buchanan Park fees	-	21,373	-	21,373
Building and Development	448,935	382,635	448,935	382,635
Cemetery fees	113,222	126,659	113,222	126,659
Finance	80,574	64,094	80,574	64,094
Infringements	48,678	-	48,678	-
Other fees and charges	516,891	419,537	516,891	419,537
Refuse tip and recycling	1,184,484	1,317,793	1,184,484	1,317,793
	<u>2,596,710</u>	<u>2,535,139</u>	<u>2,596,710</u>	<u>2,535,139</u>

(c) Sales revenue

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.

Rendering of services

Contract and recoverable works	(188,308)	130,956	153,660	130,956
Concrete sales	587,618	933,858	587,618	933,858

	<u>399,310</u>	<u>1,064,814</u>	<u>741,278</u>	<u>1,064,814</u>
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Sale of goods

Other	1,247,684	779,822	-	104,465
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	<u>1,247,684</u>	<u>779,822</u>	<u>-</u>	<u>104,465</u>
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Total Sales Revenue	<u>1,646,994</u>	<u>1,844,636</u>	<u>741,278</u>	<u>1,169,279</u>
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Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receive funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
(i) Operating				
General purpose grants	7,076,121	6,599,816	7,076,121	6,599,816
State government subsidies and grants	3,468,528	2,485,813	3,468,528	4,231,566
	<u>10,544,649</u>	<u>9,085,629</u>	<u>10,544,649</u>	<u>10,831,382</u>
(ii) Capital				
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.				
State Government subsidies and grants	3,106,919	5,020,202	3,106,919	5,020,202
Commonwealth Government subsidies and grants	4,269,855	981,133	4,269,855	981,133
Contributions	-	67,752	-	67,752
	<u>7,376,774</u>	<u>6,069,087</u>	<u>7,376,774</u>	<u>6,069,087</u>
(iv) Revenue recognised at a point in time				
Grants and subsidies	7,476,288	9,085,629	7,476,288	7,248,125
	<u>7,476,288</u>	<u>9,085,629</u>	<u>7,476,288</u>	<u>7,248,125</u>
Revenue recognised over time				
Grants and subsidies	10,445,135	6,069,087	10,445,135	9,652,344
	<u>10,445,135</u>	<u>6,069,087</u>	<u>10,445,135</u>	<u>9,652,344</u>
4 Interest and other income				
(a) Interest received				
Interest received from bank and term deposits is accrued over the term of the investment.				
Interest received from financial institutions	415,259	730,584	415,259	730,584
Interest from overdue rates and utility charges	548,348	296,739	548,348	296,739
	<u>963,607</u>	<u>1,027,323</u>	<u>963,607</u>	<u>1,027,323</u>
(b) Other income				
Dividends are recognised when they are declared.				
Dividend (Mount Isa Water Board)	5,081,702	1,477,623	5,081,702	1,477,623
Other income	784,713	636,235	784,713	636,235
	<u>5,866,415</u>	<u>2,113,858</u>	<u>5,866,415</u>	<u>2,113,858</u>

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

		Consolidated		Council	
		2021	2020	2021	2020
		\$	\$	\$	\$
5 Other Capital income					
Gain / loss on disposal of non-current assets					
Proceeds from sale of property, plant and equipment					
		16,136	49,000	16,136	49,000
Less: Carrying value of disposed property, plant and equipment					
13		(9,977)	(72,119)	(9,977)	(72,119)
		<u>6,160</u>	<u>(23,119)</u>	<u>6,160</u>	<u>(23,119)</u>
Proceeds from sale of land and improvements					
		-	500,000	-	500,000
Less: Carrying value of disposed land					
13		-	(425,000)	-	(425,000)
		<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Provision for restoration of land					
17					
Adjustment due to change discount rate					
		3,988,432	-	3,988,432	-
Adjustment due to change in inflation rate					
		185,545	-	185,545	-
Adjustment due to change in cost estimate					
		171,993	246,163	171,993	246,163
		<u>4,345,970</u>	<u>246,163</u>	<u>4,345,970</u>	<u>246,163</u>
Total Other Capital Income		<u>4,352,130</u>	<u>298,044</u>	<u>4,352,130</u>	<u>298,044</u>
6 Employee benefits					
Employee benefit expenses are recorded when the service has been provided by the employee.					
Staff wages and salaries					
		14,440,171	12,866,631	13,313,098	11,835,829
Councillors' remuneration					
		512,346	509,993	512,346	509,993
Annual, Sick and Long Service Leave Entitlements					
		2,413,269	2,427,737	2,335,768	2,288,192
Workers compensation Insurance					
		243,204	195,401	243,204	195,401
Fringe Benefits Tax (FBT)					
		46,412	24,982	46,412	24,982
Superannuation					
20		1,759,112	1,644,228	1,648,784	1,539,400
		<u>19,414,514</u>	<u>17,668,973</u>	<u>18,099,612</u>	<u>16,393,798</u>
Other employee related expenses					
		108,113	367,895	75,848	325,356
		<u>19,522,626</u>	<u>18,036,867</u>	<u>18,175,460</u>	<u>16,719,153</u>
Less: Capitalised employee expenses					
		(898,208)	(558,311)	(898,208)	(558,311)
		<u>18,624,418</u>	<u>17,478,556</u>	<u>17,277,252</u>	<u>16,160,842</u>
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.					
Total Council employees at the reporting date:		Consolidated		Council	
		2021	2020	2021	2020
		Number	Number	Number	Number
Administration staff		102	98	88	86
Depot and outdoors staff		100	109	100	101
Total full time equivalent employees		<u>202</u>	<u>207</u>	<u>188</u>	<u>187</u>
Elected members		<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
7 Materials and services					
		\$	\$	\$	\$
Advertising, marketing and promotion					
		103,758	142,838	29,810	92,896
Audit Fees *					
		104,500	88,200	91,300	75,000
Bulk Water Purchases					
		11,783,652	11,358,799	11,783,652	11,358,799
Communications and IT					
		1,057,336	1,019,415	1,015,796	1,019,415
Council Enterprises Support					
		87,737	93,488	1,527,737	2,021,471
Governance and Promotions					
		2,014,688	2,136,445	2,014,688	2,136,445
Land Use Planning and Regulation					
		103,781	284,497	103,781	284,497
Parks and Gardens					
		1,610,032	2,411,949	1,610,032	2,411,949
Recruitment and Training					
		949,876	581,864	949,876	581,864
Road Maintenance					
		1,574,608	1,430,631	1,574,608	1,430,631
Flood Works					
		1,956,772	2,458,296	1,956,772	2,458,296
Utilities					
		720,204	959,675	647,354	1,237,469
Vehicle and plant operating costs					
		2,016,800	2,227,449	2,016,800	2,227,449
Waste Levy Payments (Total)					
		2,268,180	1,295,455	2,268,180	1,295,455
Waste Levy Refund **					
		(866,345)	(946,205)	(866,345)	(946,205)
Waste Management					
		914,312	211,133	914,312	211,133
Water and Sewerage Maintenance					
		1,916,263	2,160,777	1,916,263	2,160,777
Other materials and services					
		1,138,999	100,818	424,792	616,124
		<u>29,455,151</u>	<u>28,015,524</u>	<u>29,979,407</u>	<u>30,673,465</u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$104,500 (2020: \$124,500)

** The State Government rebated \$ 866,345 of the State waste levy to mitigate the direct impacts on households. (2020: \$946,205)

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

		Consolidated		Council	
		2021	2020	2021	2020
		\$	\$	\$	\$
8 Finance costs					
Finance costs charged by the Queensland Treasury Corporation		1,252,177	1,292,834	1,252,177	1,292,834
Bank charges		169,885	173,705	169,639	173,145
Impairment of receivables		1,340	49,069	1,340	49,069
Unwinding of discount on provisions	17	234,610	237,715	234,610	237,715
		<u>1,658,011</u>	<u>1,753,323</u>	<u>1,657,765</u>	<u>1,752,763</u>
9 Capital expenses					
Disposal of non current asset					
Property, plant and equipment		344,273	-	344,273	-
Total impairment losses/write off recorded as expenses		<u>344,273</u>	<u>-</u>	<u>344,273</u>	<u>-</u>
Revaluation decrement					
Revaluation decrement on property, plant and equipment	17	-	328,910	-	328,910
		<u>-</u>	<u>328,910</u>	<u>-</u>	<u>328,910</u>
Landfill rehabilitation					
Adjustment due to discount rate change	17	-	1,134,924	-	1,134,924
Adjustment due to change in inflation rate	17	-	218,896	-	218,896
		<u>-</u>	<u>1,353,820</u>	<u>-</u>	<u>1,353,820</u>
Total Capital expenses		<u>344,273</u>	<u>1,682,730</u>	<u>344,273</u>	<u>1,682,730</u>
10 Cash and cash equivalents					
Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.					
Cash at bank and on hand		831,162	775,726	489,094	485,718
Deposits at call		62,444,802	51,310,895	62,444,803	51,310,895
Balance per Statement of Financial Position		<u>63,275,964</u>	<u>52,086,621</u>	<u>62,933,897</u>	<u>51,796,613</u>
Council is exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.					
Cash and cash equivalents		63,275,965	52,086,621	62,933,897	51,796,613
Less: Externally imposed restrictions on cash		(5,253,401)	(4,264,349)	(5,253,401)	(4,264,349)
Unrestricted cash		<u>58,022,564</u>	<u>47,822,272</u>	<u>57,680,496</u>	<u>47,532,264</u>
Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use. These include:					
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:					
Unspent Government Grants and Subsidies		3,840,762	2,851,710	3,840,762	2,851,710
Special Rate Levies Unspent		1,192,037	1,192,037	1,192,037	1,192,037
Unspent developer contributions		220,602	220,602	220,602	220,602
Total externally imposed restrictions on cash assets		<u>5,253,401</u>	<u>4,264,349</u>	<u>5,253,401</u>	<u>4,264,349</u>

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

10 Cash and cash equivalents (continued)

Cash and deposits at call are held in the Westpac Bank and business cheque accounts.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trust funds held for outside parties				
Monies collected or held on behalf of other entities yet to be paid out	24,805	23,195	24,805	23,195
Security deposits	1,667	1,667	1,667	1,667
	<u>26,472</u>	<u>24,862</u>	<u>26,472</u>	<u>24,862</u>

11 Receivables

Receivables, loans and advances are amounts owed to Council at year end and are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued.

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for expected credit loss. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

Current Trade and Other Receivables

Rates and charges	7,978,579	7,657,222	7,143,071	7,657,222
Statutory Charges (Water charges not yet levied)	2,807,042	2,570,471	2,807,042	2,570,471
GST Recoverable	151,386	129,169	151,386	129,169
Prepayments	296,584	107,524	196,597	-
Other debtors	(20,807)	1,499,718	738,789	1,488,991
	<u>11,212,784</u>	<u>11,964,104</u>	<u>11,036,885</u>	<u>11,845,853</u>
Less: Expected credit losses				
Other debtors	-	(68,714)	-	(68,714)
Rates and general debtors	(130,739)	(130,731)	(130,739)	(130,731)
Total Current Trade and Other Receivables	<u>11,082,045</u>	<u>11,764,659</u>	<u>10,906,146</u>	<u>11,646,408</u>

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk. The Council does not require collateral in respect of trade and other receivables. Interest is charged on outstanding rates. No interest is charged on other debtors.

12 Inventories

Stores and raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads.

Inventories held for distribution are:

- goods to be supplied at nil or nominal charge and
- goods to be used for the provision of services at nil or nominal charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Inventories held for sale

Other trading stocks	42,802	69,492	-	-
Civic Centre stock	11,187	19,167	-	-
	<u>53,989</u>	<u>88,659</u>	<u>-</u>	<u>-</u>

Inventories held for distribution

Quarry and road materials	205,095	264,416	205,095	264,416
Plant and equipment stores	39,432	42,853	39,432	42,853
	<u>244,527</u>	<u>307,269</u>	<u>244,527</u>	<u>307,269</u>
Total inventories	<u>298,515</u>	<u>395,928</u>	<u>244,527</u>	<u>307,269</u>

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

13 Property, Plant and Equipment

Consolidated - 30 June 2021

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2020

Additions

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Write off from WIP

Transfers between classes

Closing gross value as at 30 June 2021

Accumulated depreciation

Opening balance as at 1 July 2020

Depreciation expense

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Impairment adjustment to asset revaluation surplus

Impairment adjustment to Income

Transfers between classes

Accumulated depreciation as at 30 June 2021

Total Written Down Value as at 30 June 2021

Range of estimated useful life in years

Other Additions

Renewals

Note	Land	Buildings and Other Structures	Plant and equipment	Road Infrastructure	Water	Sewerage	Capital Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
	Level 2	Levels 2 & 3		Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	5,793,130	109,478,413	20,577,914	408,536,041	133,870,606	117,252,513	7,638,433	803,147,050
	-	-	47,232	-	-	-	12,904,219	12,951,451
5,9	-	-	(51,533)	-	(539,275)	-	-	(590,808)
	546,378	17,041,167	(282,255)	(7,582,002)	7,219,008	176,190	-	17,118,485
		(123,030)	(61,859)				(27,748)	(212,637)
	306,500	4,567,286	493,242	4,544,963	3,330,315	222,429	(13,464,735)	-
	6,646,008	130,963,836	20,722,740	405,499,002	143,880,654	117,651,132	7,050,170	832,413,540
	-	42,205,535	9,215,697	153,510,283	85,394,885	57,933,411	-	348,259,811
	-	3,864,708	1,429,832	8,306,192	2,214,858	1,837,092	-	17,652,682
	-	-	(41,557)	-	(307,386)	-	-	(348,943)
	-	7,273,449	7,561	(19,514,898)	8,802,229	(2,335,210)	-	(5,766,869)
	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	53,343,693	10,611,533	142,301,578	96,104,586	57,435,292	-	359,796,682
	6,646,008	77,620,143	10,111,207	263,197,424	47,776,068	60,215,839	7,050,170	472,616,856
	Not depreciated	10 - 150	3 - 1000	15 - 300	15 - 100	20 - 200	Not depreciated	-
	-	1,278,479	653,914	2,206,311	1,333,372	106,375		5,578,451
	-	3,380,832	5,064	2,070,902	1,542,102	374,101		7,373,001

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

Consolidated - 30 June 2020

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2019

Opening balance adjustment - newly identified assets

Reclassification from inventory

Additions

Disposals

Revaluation

Other adjustments

Transfers between classes

Write off from WIP

Closing gross value as at 30 June 2020

Accumulated depreciation

Opening balance as at 1 July 2019

Opening balance adjustment - newly identified assets

Depreciation expense

Disposals

Revaluation

Other adjustments

Accumulated depreciation as at 30 June 2020

Total Written Down Value as at 30 June 2020

Residual Value

Range of estimated useful life in years

Note	Land	Buildings and Other Structures	Plant and equipment	Road Infrastructure	Water	Sewerage	Capital Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
	Level 2	Levels 2 & 3		Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	4,742,017	88,529,822	20,138,720	351,950,368	133,870,606	117,252,513	3,913,554	720,397,600
		17,085,194		51,460,062				68,545,256
	2,217,950							2,217,950
			30,123				17,440,356	17,470,479
			(780,136)	(2,700,000)				(3,480,136)
	(1,166,837)	108,474						(1,058,363)
		(202,975)	(276,377)	61,785				(417,567)
		3,957,898	1,465,584	7,763,826			(13,187,308)	-
							(528,169)	(528,169)
	5,793,130	109,478,413	20,577,914	408,536,041	133,870,606	117,252,513	7,638,433	803,147,051

-	31,294,138	8,776,424	134,116,429	83,278,398	56,088,579	-	313,553,968
	7,833,633		13,648,145				21,481,778
	2,638,293	1,617,025	5,672,017	2,116,487	1,844,832		13,888,654
		(661,585)	(2,700,000)				(3,361,585)
	(410,530)						(410,530)
	386,661	(516,167)	15,950				(113,556)
-	42,205,535	9,215,697	153,510,283	85,394,885	57,933,411	-	348,259,810

5,793,130	67,272,878	11,362,217	255,025,758	48,475,721	59,319,102	7,638,433	454,887,241
-	-	3,272,900	-	-	-	-	-
Not depreciated	9 - 100	4 - 35	7 - 1000	15 - 100	20 - 300	Not depreciated	-

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

Property, Plant and Equipment
Council - 30 June 2021

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2020

Additions

Disposals

Revaluation

Write off

Write off from WIP

Transfers between classes

Closing gross value as at 30 June 2021

Accumulated depreciation and impairment

Opening balance as at 1 July 2020

Depreciation expense

Depreciation on disposals

Revaluation

Write off

Accumulated depreciation as at 30 June 2021

Total Written Down Value as at 30 June 2021

Range of estimated useful life in years

Other Additions

Renewals

Note

	Land and improvements	Buildings and Other Structures	Other plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
	Fair Value	Fair Value	At Cost	Fair Value	Fair Value	Fair Value	Cost	
	Level 2	Levels 2 & 3		Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	5,793,130	109,478,413	20,212,135	408,536,041	133,870,606	117,252,513	7,638,433	802,781,272
							12,904,219	12,904,220
5			(51,533)		(539,275)			(590,808)
	546,378	16,758,912	-	(7,582,002)	7,219,008	176,190		17,118,485
		(123,030)	(61,859)					(184,890)
							(27,748)	(27,748)
	306,500	4,567,286	493,242	4,544,963	3,330,315	222,429	(13,464,735)	-
	6,646,008	130,681,581	20,591,984	405,499,002	143,880,654	117,651,132	7,050,170	832,000,529

-	42,205,535	9,030,360	153,510,283	85,394,885	57,933,411	-	348,074,473
	3,864,708	1,391,878	8,306,192	2,214,858	1,837,092		17,614,728
		(41,557)		(307,386)			(348,943)
	7,281,010	-	(19,514,898)	8,802,229	(2,335,210)		(5,766,869)
							-
-	53,351,254	10,380,681	142,301,578	96,104,586	57,435,292	-	359,573,390

6,646,008	77,330,327	10,211,303	263,197,424	47,776,068	60,215,839	7,050,170	472,427,140
Not depreciated	10 - 150	3 - 1000	15 - 300	15 - 100	20 - 200	Not depreciated	-
	1,278,479	606,682	2,206,311	1,333,372	106,375		5,531,219
	3,380,832	5,064	2,070,902	1,542,102	374,101		7,373,001

Mount Isa City Council
Notes to the Financial Statements
For the year ended 30 June 2021

Council - 30 June 2020

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2019

Opening balance adjustment - newly identified assets

Reclassification from Inventory

Additions

Disposals

Revaluation

Other adjustments

Transfer from WIP

Write off from WIP

Closing gross value as at 30 June 2020

Accumulated depreciation

Opening balance as at 1 July 2019

Opening balance adjustment - newly identified assets

Depreciation expense

Depreciation on disposals

Depreciation on newly identified assets

Revaluation

Other adjustments

Accumulated depreciation as at 30 June 2020

Total Written Down Value as at 30 June 2020

Residual Value

Range of estimated useful life in years

Note

Land and improvements	Buildings and Other Structures	Plant and equipment	Road Infrastructure	Water	Sewerage	Capital Work in Progress	TOTAL
Fair Value	Fair Value	At Cost	Fair Value	Fair Value	Fair Value	Cost	
Level 2	Levels 2 & 3		Level 3	Level 3	Level 3		
\$	\$	\$	\$	\$	\$	\$	\$
4,742,017	88,529,822	19,810,953	351,950,368	133,870,606	117,252,513	3,913,554	720,069,833
	17,085,194		51,460,062				68,545,256
2,217,950							2,217,950
						17,440,356	17,440,356
		(780,136)	(2,700,000)			-	(3,480,136)
(1,166,837)	108,474						(1,058,363)
	(202,975)	(284,266)	61,785				(425,456)
	3,957,898	1,465,584	7,763,826			(13,187,308)	-
						(528,169)	(528,169)
5,793,130	109,478,413	20,212,135	408,536,041	133,870,606	117,252,513	7,638,433	802,781,272

-	31,294,138	8,624,540	134,116,429	83,278,398	56,088,579	-	313,402,084
	7,833,633		13,648,145				21,481,778
-	2,638,293	1,584,917	5,672,017	2,116,487	1,844,832	-	13,856,546
-	-	(661,584)	(2,700,000)	-	-	-	(3,361,584)
	463,340		2,757,742				3,221,082
-	(410,530)	-	-	-	-	-	(410,530)
-	386,661	(517,513)	15,950	-	-	-	(114,902)
-	42,205,535	9,030,360	153,510,283	85,394,885	57,933,411	-	348,074,473

5,793,130	67,272,879	11,181,775	255,025,758	48,475,721	59,319,102	7,638,433	454,706,799
		3,272,900					
Not depreciated	9 - 100	4 - 35	7 - 1000	15 - 100	20 - 300	Not depreciated	-

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

13 a Property, Plant and Equipment

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

Acquisition of Assets

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

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

Capital and Operating Expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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.

Valuation

Land, buildings and other structures and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB 116 Property, Plant & Equipment* and *AASB 13 Fair Value Measurement*. Plant and equipment 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 3-5 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, Council uses independent, external valuers, internal engineers and asset managers to assess the condition and cost assumptions associated with all land, building and other structures and infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for each asset class in each of the intervening years.

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13 b.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital Work in Progress

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

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believe a straight-line basis appropriately reflects the pattern of consumption 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 components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

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

The depreciable amount of improvements on leasehold land is allocated progressively over the estimated useful lives of the improvements to Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down 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 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. Mount Isa City 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.

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

Impairment of Non-Current Assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

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

13 b Fair Value Measurements

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

- Land and Land Improvements
- Buildings and Other Structures
- Road Infrastructure
- Water
- Sewerage

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.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 16 is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date.

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

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 or liability (Level 3)

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable the asset is included in level 2. If one or more of the significant inputs is not based on observable market data the asset is included in level 3. This is the case for Council 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.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2021.

Recurring Fair Value Measurements 2021		Level 2	Level 3	TOTAL
Land		6,646,008	-	6,646,008
Buildings and Other Structures		147,500	77,472,643	77,620,143
Road Infrastructure		-	263,197,424	263,197,424
Water		-	47,776,068	47,776,068
Sewerage		-	60,215,839	60,215,839
Recurring Fair Value Measurements 2020		Level 2	Level 3	TOTAL
Land		5,198,494	594,636	5,793,130
Buildings		137,228	67,135,650	67,272,878
Road Infrastructure		-	255,025,758	255,025,758
Water		-	48,475,721	48,475,721
Sewerage		-	59,319,102	59,319,102

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

Land (Level 2 and 3)

Land fair values were determined by independent valuers at Australis Advisory Group, effective 30 June 2021. Valuation inputs used to value land include freehold title as well as land used for special purposes which is restricted in use under zoning rules.

Sale prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Where a paucity of directly comparable sales evidence or observable inputs was evident, or a significant level of unobservable adjustments were required, the assets were identified as a Level 3. In other cases, where there was active and liquid sales evidence and thus observable inputs available, the assets were identified as a Level 2. The Valuer undertook land assessments under a Market Approach (Direct Comparison). This methodology also meets the standards required by AASB116, AASB5 and AASB102.

In 2021 Council engaged Australis Asset Advisors to conduct a desktop valuation of all land assets. As a result of this an increment was recorded as at 30 June 2021.

**Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

Buildings and Other Structures (Levels 2 and 3)

The fair value of Buildings and Other Structures was independently determined by Australis Advisory Group effective 31 October 2020. Where an observable market for these assets could be identified, fair value was measured by way of a Market Approach (Level 2) derived from the sale prices of comparable properties after adjusting for differences in key attributes, such as size.

Buildings that were considered of a specialist nature and did not meet the criteria for a market approach, Fair Value was measured on the basis of a Cost Approach (Level 3).

Under this methodology the gross replacement cost was assessed on the basis that it reflected a modern equivalent asset with similar service potential.

The gross current values have been derived from reference to market data for recent projects and costing guides issued by reputable institutions.

Under the Cost approach, the asset's Fair Value is the result of the gross current value less accumulated depreciation, to reflect the consumed or expired service potential of the asset.

The most significant inputs into the valuation were the rate per square metre or unit (to arrive at the Gross Replacement Cost), the useful life of the asset and a condition rating reflecting the remaining useful life of the asset. Some 100 assets were assessed under this approach, and represent 99% of the Building register.

In determining the level of accumulated depreciation, as the first step an Economic Useful Life (EUL) was provided to each asset on either a single line or componentised asset basis (for assets of \$500,000 or more).

As a second step, the condition rating, which has direct influence on the Remaining Useful life (RUL) of the asset was assessed and applied to each asset. The RUL takes into consideration the assets physical characteristics, age, recent repairs or capital works, as well as factors such as functionality, capability, utilisation and obsolescence. Refer to Council's Condition Rating Matrix which outlines the correlation between an asset's condition score and remaining useful life.

Given the variation of asset types and construction materials, it is not meaningful to provide the average cost of construction used to calculate the gross value.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis and all buildings with a replacement cost of \$500,000 or more were disaggregated into significant components which exhibit different useful lives.

While some of the inputs to the Gross Replacement Cost, such as the rate per square metre or per unit, can be supported by observable data (Level 2), the estimates of economic useful life, pattern of consumption, and condition rating, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3).

Due to the fact the inputs are significant to the valuation, the overall Cost Approach Methodology is considered a Level 3.

In 2021 Council engaged Australis Asset Advisors to conduct a desktop valuation of a portion of assets in the buildings and other structures class. As a result, no adjustment was recorded as at 30 June 2021 as the movement of these assets were not material.

Infrastructure Assets - Roads, Water and Sewer

All Council infrastructure assets were valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this to take account of the expired service potential of the asset. There are no residual values on Council infrastructure assets.

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 overdesigned, 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 Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or 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 written down current replacement cost was determined using methods relevant to the asset class as described under individual asset categories.

In 2021 Council engaged Australis Asset Advisors to conduct the Infrastructure valuation, to determine the materiality of any potential movement in infrastructure values, referencing information from the Australian Bureau of Statistics, Rawlinson's Construction Handbook, and the indices of nearby local governments. There were no indicators of a material movement.

Road Infrastructure (Level 3)

The fair value of roads infrastructure was independently determined by Australis Asset Advisory Group effective 31 October 2020.

This class of asset includes roads, stormwater drainage, bridges and footpaths.

Council categorises its road infrastructure into formed, unformed, sealed and gravelled roads. Urban roads are managed in smaller segments while rural roads are managed in larger segments. All roads are then componentised into formation, pavement, base seal and top seal (where applicable).

Drainage assets are managed in segments; pipes, pits and channels being the major components.

Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current maintenance records are used to determine the fair value at the reporting date.

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

CRC was calculated by reference to asset linear and area specifications, labour and material inputs, service costs, and overhead allocations.

The costs of raw materials, as well as plant and labour hire rates, are established through quoted supplier prices, through reviewing prices for recent projects and using industry standards such as the Rawlinsons Construction Handbook. Intangible costs such as overheads are estimated using industry standards which are then tailored to local conditions by Council's engineers using recent project cost breakdowns.

In determining the level of accumulated depreciation, roads assets were disaggregated into significant components which exhibited similar useful lives.

Condition was assessed by experienced Valuers taking into account factors such as the age of the asset, overall condition, economic and/or functional obsolescence. Refer to Council's Condition Rating Matrix which outlines the correlation between an asset's condition rating and remaining useful life.

Remaining useful lives were assessed taking into account considerations including visual condition, construction date evidence of recent repairs or capital works and surrounding environmental factors.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis.

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives. Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

Water and Sewerage (Level 3)

Water and sewerage infrastructure fair values were independently determined by Australis Asset Advisory Group, Registered Valuers effective 31 October 2020.

Where water and sewer assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current maintenance records are used to determine the fair value at the reporting date.

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

CRC was calculated by reference to asset linear and area specifications, labour and material inputs, service costs, and overhead allocations.

The costs of raw materials, as well as plant and labour hire rates, are established through quoted supplier prices, through reviewing prices for recent projects and using industry standards such as the Rawlinsons Construction Handbook. Intangible costs such as overheads are estimated using industry standards which are then tailored to local conditions by Council's engineers.

For wastewater mains the assumption that pipes will be relined was adopted. Fair value for sewer mains was determined as follows:

For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life. If a pipe is relined generally the brownfield relining cost is similar to the greenfield pipe installation cost for shallow/moderate depth pipes, in this case the relined pipe is re-lived with the liner life, due to there being no recycled value on a greenfield basis.

Where pipes have been relined, the total pipe useful life was determined as the pipe liner useful life. The relining of pipes was valued at reline rates and depreciated over the reline life. Fair value of relined pipes was based on age. In determining the level of accumulated depreciation, water and sewer assets were disaggregated into significant components which exhibited similar useful lives.

Condition was assessed by experienced Valuers taking into account factors such as the age of the asset, overall condition, economic and/or functional obsolescence.

Remaining useful lives were assessed taking into account considerations including visual condition, construction date evidence of recent repairs or capital works and surrounding environmental factors. Estimates of expired service potential and remaining useful lives were determined on a straight line basis.

Council's Condition Rating Matrix		
Condition Rating	Description	Remaining Life
1	Brand new or rehabilitated to new, no visible deterioration.	95% - 100%
2	Excellent overall condition, early stages of deterioration.	55% - 95%
3	Fair overall condition, obvious deterioration, some serviceability loss.	15% - 55%
4	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	5% - 15%
5	Extremely poor condition, severe serviceability problems. Renewal required immediately.	0% - 5%

Where site inspections cannot be undertaken the remaining useful life is calculated on an age basis taking into consideration current and planned maintenance records.

Valuation Processes

Council's valuation policies and procedures are set by Council resolution and by the Executive Management Team. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in this note. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

14 Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

(a) Contract assets

Consolidated		Council	
2021	2020	2021	2020
\$	\$	\$	\$
2,284,103	862,667	2,284,103	862,667

(b) Contract liabilities

Funds received upfront to construct Council controlled assets	3,840,762	2,110,696	3,840,762	2,110,696
	3,840,762	2,110,696	3,840,762	2,110,696

This may include funds received prior to performance obligations being satisfied.

Revenue recognised that was included in the contract liability balance at the beginning of the year.

	2021	2020	2021	2020
	\$	\$	\$	\$
Funds to construct Council controlled assets	2,110,696	1,910,368	2,110,696	1,910,368
	2,110,696	1,910,368	2,110,696	1,910,368

(c) Significant changes in contract balances

Significant movements in contract assets and contract liabilities occurred during the year which include change in the timing of the work and cash advance received in advance of construction:

- for Flood Damage and COVID- Works for Queensland funding (contract assets), and
- for Local Road and Community Infrastructure program (contract liabilities).

15 Payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Current

Creditors	6,784,359	4,433,289	6,666,186	4,310,589
Prepaid rates	835,508	741,014	835,508	741,014
Accrued expenses	137,308	-	91,300	-
Other creditors	230,618	243,165	115,492	243,165
	7,987,792	5,417,468	7,708,486	5,294,768

16 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears. All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 31 December 2028 to 15 March 2034. Council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's (QTC) borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current

Loans - QTC	1,640,007	1,544,599	1,640,007	1,544,599
	1,640,007	1,544,599	1,640,007	1,544,599

Non-current

Loans - QTC	18,967,484	20,614,527	18,967,484	20,614,527
	18,967,484	20,614,527	18,967,484	20,614,527

Opening balance at beginning of financial year	22,159,126	23,621,035	22,159,126	23,621,035
Principal repayment	(1,551,636)	(1,461,909)	(1,551,636)	(1,461,909)
Book value at end of financial year	20,607,490	22,159,126	20,607,490	22,159,126

The QTC loan market value at the reporting date was \$ 25,068,855 (\$27,784,667 in 2020). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the council for any liabilities, however all loans are guaranteed by the Queensland Government. There have been no defaults or breaches of the loan agreement during the 2021 or 2020 financial years.

17 Provisions

Liabilities are recognised for employee benefits such as 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.

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

Long Service Leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

Landfill rehabilitation

A provision is made for the cost of restoring the Mount Isa landfill where it is probable the council will have an obligation to rehabilitate this site when the use of the facility is complete. Any provision on the Camooweal landfill would be immaterial as the footprint of the formerly active cell compared to the overall site is small and future rehabilitation would be minimal.

The calculation of the provision uses assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision is reviewed at least annually and updated based on the facts and circumstances available at the time.

Landfill rehabilitation provision represents the present value of anticipated future costs associated with the closure of the dump site, decontamination and monitoring of historical residues and leaching on this site.

As refuse dumps are on state reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current				
Annual leave	1,332,720	1,685,153	1,270,284	1,685,153
Long service leave	782,164	1,296,821	782,164	1,178,895
Total Current Provisions	2,114,884	2,981,974	2,052,448	2,864,048
Non-Current				
Long service leave	339,907	265,777	313,365	265,777
Landfill rehabilitation	10,127,240	14,238,600	10,127,240	14,238,600
Total Non-Current Provisions	10,467,147	14,504,377	10,440,605	14,504,377
Landfill rehabilitation				
Balance at beginning of financial year	14,238,600	12,893,228	14,238,600	12,893,228
Increase due to unwinding of discount	8 234,610	237,715	234,610	237,715
Adjustment due to change in cost estimate	5,9 (357,538)	(27,267)	(357,538)	(27,267)
Increase/(decrease) due to change in discount rate	5,9 (3,988,432)	1,134,924	(3,988,432)	1,134,924
Balance at end of financial year	10,127,240	14,238,600	10,127,240	14,238,600

This is the present value of the estimated cost of restoring the Mount Isa landfill site to a useable state at the end of its useful life which is expected to be 2062.

18 Commitments for expenditure

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

Plant Purchases	2,093,794	143,737	2,093,794	143,737
Riversleigh Project	-	70,000	-	70,000
Other Capital Works Projects	10,851,923	1,095,087	10,851,923	1,095,087
Other expenditure commitments	1,608,759	198,537	1,608,759	198,537
	14,554,476	1,507,361	14,554,476	1,507,361

19 Contingent liabilities

Mount Isa City Council is party to a contract under which it may be obligated to construct a new road reserve. This contract is currently undergoing legal review. Until such time as this is completed, the extent and timing of any liability on Council in relation to this contract is unable to be accurately quantified.

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

Local Government Mutual

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

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

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$366,871 (\$298,528 in 2020).

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

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

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the council.

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

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

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

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

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

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

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

	Consolidated		Council	
	2021 \$	2020 \$	2021 \$	2020 \$
Superannuation contributions made to the Regional Defined Benefits Fund	28,075	39,501	28,075	39,501
Other superannuation contributions for employees	1,702,962	1,565,226	1,620,709	1,460,398
Total superannuation contributions paid by Council for employees	1,731,037	1,604,727	1,648,784	1,499,899

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

Net result	8,839,137	163,157	8,882,481	285,272
Non-cash items:				
Write off of Prior years WIP to Profit and Loss	5,602	482,867	5,602	482,867
Depreciation and amortisation	17,716,680	17,149,187	17,678,726	17,117,080
Unwinding discount on provisions	234,610	237,715	234,610	237,715
Impairment/write off	344,273	-	344,273	-
Provision for restoration of landfill	(4,345,970)	1,107,657	(4,345,970)	1,107,657
Net (profit)/loss on disposal of non-current assets	(6,160)	(51,881)	(6,160)	(51,881)
Loss / (gain) on revaluation of assets	-	328,910	-	328,910
Capital grants and contributions	(8,180,847)	(7,777,570)	(8,180,847)	(7,777,570)
	5,768,187	11,476,885	5,730,233	11,444,777
Changes in operating assets and liabilities:				
(Increase)/ decrease in receivables	675,078	412,743	740,262	415,217
(Increase)/ decrease in other assets	7,536	-	-	-
(Increase)/ decrease in contract assets	(1,421,436)	417,756	(1,421,436)	417,756
(Increase)/decrease in inventory	97,413	43,834	62,742	48,234
Increase/(decrease) in payables	3,310,834	(1,934,556)	3,154,732	(1,761,404)
Increase/(decrease) in contract liabilities	989,052	941,342	989,052	941,342
Increase/(decrease) in employee leave entitlements	(792,456)	152,197	(764,012)	83,133
	2,866,022	33,316	2,761,341	144,278
Net cash inflow from operating activities	17,473,346	11,673,358	17,374,055	11,874,327

22 Reconciliation of liabilities arising from financing activities

	As at 30 June 2020 \$	Cash flows \$	As at 30 June 2021 \$
Borrowings	22,159,126	(1,551,636)	20,607,490
2020	As at 30 June 2019 \$	Cash flows \$	As at 30 June 2020 \$
Borrowings	23,621,035	(1,461,909)	22,159,126

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

23 Prior Year Correction

- i) The provision for landfill rehabilitation is required to be recognised and disclosed in the financial statements (*AASB 137 Provisions, Contingent Liabilities and Contingent Assets*). Council did not take up this provision and the associated finance and capital expenses in prior years. The adjustment information are as follows:

	Consolidated	Council
	2020	2020
	\$	\$
Restated Opening balance	12,893,228	12,893,228
Increase (Decrease) In Provision Due To Unwinding Of Discount	237,715	237,715
Increase (Decrease) In Provision Due To Change In Discount Rate	1,134,924	1,134,924
Increase (Decrease) In Provision Due To Change In Inflation Rate	218,896	218,896
Increase (Decrease) In Provision Due to Change in Cost Estimates	(246,163)	(246,163)
Closing balance	14,238,600	14,238,600

- ii) A provision for income tax was provided in the 2019/20 consolidated financial statements of \$167,700. It has been determined that the MICCOE "the entity" is exempt from income tax hence a correction is recorded as a prior year adjustment against retained earnings.

	2020	2019
	\$	\$
Provision for income tax	167,700	-

- iii) During the comprehensive revaluation of assets, the Valuers identified non-current assets that had not previously been captured on the asset register and not constructed in the current financial year. These "Newly identified" assets have been adjusted as follows and the impact to the depreciation in prior years:

	2020	2019	2020	2019
	\$	\$	\$	\$
Gross replacement cost	68,545,256	-	68,545,256	-
Accumulated depreciation	(21,481,778)	-	(21,481,778)	-
Depreciation	3,221,082	-	3,221,082	-
Written Down Value	43,842,396	-	43,842,396	-

Summary:

Statement of Comprehensive Income

Other Capital income	51,881	-	51,881	-
Adjustment	246,163	-	246,163	-
Restated Other Capital Income	298,044	-	298,044	-
Total Income	68,526,215	-	67,425,988	-
Adjustment	246,163	-	246,163	-
Restated Total Income	68,772,378	-	67,672,151	-
Depreciation and amortisation	(13,928,106)	-	(13,895,998)	-
Adjustment	(3,221,082)	-	(3,221,082)	-
Restated Depreciation and Amortisation	(17,149,188)	-	(17,117,080)	-
Finance Costs	(1,515,608)	-	(1,515,048)	-
Adjustment	(237,715)	-	(237,715)	-
Restated Finance Costs	(1,753,323)	-	(1,752,763)	-
Capital Expense	(328,910)	-	(328,910)	-
Adjustment	(1,353,819)	-	(1,353,819)	-
Restated Capital Expense	(1,682,729)	-	(1,682,729)	-
Total Recurrent Expenses	(63,467,694)	-	(62,245,352)	-
Adjustment	(3,458,797)	-	(3,458,797)	-
Restated Total Recurrent Expenses	(66,926,491)	-	(65,704,150)	-
Net Result	4,729,611	-	4,851,726	-
Adjustment	(4,566,454)	-	(4,566,454)	-
Restated Net Result	163,157	-	285,272	-
Total Comprehensive income	4,104,671	-	4,226,786	-
Adjustment	(4,566,454)	-	(4,566,454)	-
Restated Total Comprehensive income	(461,783)	-	(339,668)	-

Mount Isa City Council
Notes to the financial statements
For the year ended 30 June 2021

Statement of Financial Position	2020	2019	2020	2019
Property, Plant and Equipment	411,044,845	-	410,864,403	-
Prior year adjustments	43,842,396	-	43,842,396	-
Restated Total Non Current Assets	454,887,241	-	454,706,799	-
Restated Total Assets	520,276,338	-	519,598,980	-
Provision for income tax	167,700	-	-	-
Adjustment	(167,700)	-	-	-
Restated provision for income tax	-	-	-	-
Restated Total Current Liabilities	12,054,737	-	-	-
Provision for restoration landfill	12,893,228	-	12,893,228	-
Adjustments	1,345,372	-	1,345,372	-
Restated provision for restoration landfill	14,238,600	-	14,238,600	-
Restated Total Non Current Liabilities	35,118,904	-	35,118,904	-
Community Equity				
Retained Surplus	223,461,687	-	223,600,482	-
Adjustments: Non Current Assets	47,063,478	-	47,063,478	-
Adjustments: Provision for landfill restoration	(12,893,228)	-	(12,893,228)	-
Restated Retained Surplus	257,631,937	-	257,770,732	-
Restated Total Community Equity	473,102,696	-	472,665,964	-

24 Events after the reporting period

There were no material adjusting events after the balance date.

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

25 Financial Instruments and Financial Risk Management

Mount Isa City Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial Risk Management

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

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

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council. Council does not enter into derivatives.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

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

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State / Commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The following represents the maximum exposure to credit risk based on the carrying amounts of financial assets at end of the reporting period:

	Note	Consolidated		Council	
		2021	2020	2021	2020
		\$	\$	\$	\$
Financial Assets					
Cash and Equivalents	10	63,275,964	52,086,621	62,933,897	51,796,613
Receivables - Rates	11	7,978,579	10,227,693	7,978,579	10,227,693
Receivables - Other	11	130,579	1,628,887	54,667	1,618,160
Impairment	11	(130,739)	(199,445)	(130,739)	(199,445)
Other Credit Exposures					
Guarantees	19	366,871	298,528	366,871	298,528
Total Financial Assets		71,621,253	64,042,284	71,203,275	63,741,549

Trade and Other Receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults. In other cases, the 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. Because the area is largely agricultural and mining, there is also a concentration in the agricultural and mining sectors.

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

Liquidity Risk

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

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

Consolidated	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2021					
Trade and Other Payables	7,987,792	-	-	7,987,792	7,987,792
Loans - QTC	2,803,813	11,215,251	13,027,436	27,046,500	20,607,490
	10,791,605	11,215,251	13,027,436	35,034,292	28,595,282
2020					
Trade and Other Payables	4,428,388	-	-	4,428,388	4,428,388
Loans - QTC	2,803,812	11,215,251	15,831,251	29,850,314	22,159,126
	7,232,200	11,215,251	15,831,251	34,278,702	26,587,514
Council					
	\$	\$	\$	\$	\$
2021					
Trade and Other Payables	7,708,486	-	-	7,708,486	7,708,486
Loans - QTC	2,803,813	11,215,251	13,027,436	27,046,500	20,607,490
	10,512,299	11,215,251	13,027,436	34,754,986	28,315,976
2020					
Trade and Other Payables	4,310,589	-	-	4,310,589	4,310,589
Loans - QTC	2,803,812	11,215,251	15,831,251	29,850,314	22,159,126
	7,114,401	11,215,251	15,831,251	34,160,903	26,469,715

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

Market Risk

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

Interest Rate Risk

Council is exposed to interest rate risk through investments with QTC. Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised. Financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

Sensitivity

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

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 16.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

Mount Isa City Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$	\$	\$	\$

26 Transactions with Related Parties

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

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

Short-Term Employee Benefits	1,844,441	1,577,410	1,711,381	1,434,749
Long-Term Benefits	6,240	13,071	2,830	13,071
Post Employment Benefits	157,916	156,637	144,958	142,695
Termination Benefits	122,100	-	122,100	-
Total	2,130,697	1,747,119	1,981,269	1,590,515

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:

Employee expenses for close family members of KMP	51,651	234,840	51,651	234,840
Total	51,651	234,840	51,651	234,840

(a) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. Council employs 188 staff of which only three are close family members of key management personnel.

(b) Council purchased the following materials and services from entities that are controlled by members of key management personnel or their related parties. The values below include GST:

SKLT Professional Services	80,355	296,505	80,355	296,505
Other Suppliers	115,290	60,686	115,290	60,686
Total	195,645	357,191	195,645	357,191

SKLT Professional Services has been disclosed by the former Chief Executive Officer as a related party and provides project management services to Council.

Most of the entities and people that are related parties of council live and operate within Mount Isa City Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include payment of rates, dog registration, and borrowing books from the library. Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

Subsidiaries

Council's consolidated financial statements incorporate the financial information of the wholly owned subsidiary company, Mount Isa City Council Owned Enterprises Pty Ltd.

The principal activity of the Company is the management of various entertainment facilities in Mount Isa with the principal place of business at 19 Marian St, Mount Isa.

Council Sales to MICCOE	341,968	394,288
Council Purchases from MICCOE	89,938	75,159
Rates Issued to and for MICCOE	129,978	160,229
	561,884	629,676

During the year Council provided a cash subsidy of \$1,440,000 (2020: \$1,750,000) to MICCOE. MICCOE is substantially dependent on funding provided by Council which has been agreed to for the 2021/22 financial year.

Mount Isa City Council
Financial statements
For the year ended 30 June 2021

Management Certificate
For the year ended 30 June 2021

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 37, present a true and fair view, in accordance with Australian Accounting Standards, of the council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

Mayor
Danielle Slade

Date: ____/____/2021

Chief Executive Officer
David Keenan

Date: ____/____/2021

Mount Isa City Council

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

Mount Isa City Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2021

Measures of Financial Sustainability

	How the measure is calculated	Actual -Council	Actual - Consolidated	Target
Council's performance at 30 June 2021 against key financial ratios and targets:				
Operating surplus ratio	Net operating result (excluding capital items) divided by total operating revenue (excluding capital items)	-3.90%	-3.92%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	41.9%	41.9%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-49.5%	-49.2%	not greater than 60%

Note 1 - Basis of Preparation

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

Certificate of Accuracy
For the year ended 30 June 2021

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

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

Mayor
Name
Danielle Slade

Date: ____/____/2021

Chief Executive Officer
Name
David Keenan

Date: ____/____/2021

Mount Isa City Council

Long Term Financial Sustainability Statement - Unaudited

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

Mount Isa City Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2021

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2021	Projected for the years ended									
				30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Consolidated													
Operating surplus ratio	Net operating result divided by total operating revenue	Between 0% and 10%	-3.92%	1.25%	2.27%	1.40%	1.81%	2.25%	2.70%	2.52%	2.97%	3.38%	3.72%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	42%	210%	137%	126%	85%	66%	76%	73%	73%	73%	73%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-49.5%	-34%	-35%	-36%	-49%	-67%	-82%	-97%	-112%	-127%	-142%

Council

Operating surplus ratio	Net operating result divided by total operating revenue	Between 0% and 10%	-3.90%	1.25%	2.27%	1.40%	1.81%	2.25%	2.70%	2.52%	2.97%	3.38%	3.72%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	42%	210%	137%	126%	85%	66%	76%	73%	73%	73%	73%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-49.2%	-34%	-35%	-36%	-49%	-67%	-82%	-97%	-112%	-127%	-142%

Mount Isa City Council's Financial Management Strategy

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

Certificate of Accuracy	
For the long-term financial sustainability statement prepared as at 30 June 2021	
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (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 Danielle Slade Date: ____/____/____	_____ Chief Executive Officer David Keenan Date: ____/____/____

14 CONSIDERATION OF CONFIDENTIAL BUSINESS ITEMS**RECOMMENDATION**

THAT Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 254J of the Local Government Regulation 2012:

14.5 Audit and Risk Management Committee Meeting Minutes dated 13 December 2021 - Unconfirmed

This matter is considered to be confidential under Section 275 - h of the Local Government Regulation, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.
