

BOORINGA SHIRE COUNCIL
Notes to the Financial Statements
For the period ended 14 March 2008

Note	Council 8½ Months 14-Mar-08	Council Year 30-Jun-07
4 Revenue analysis		
(a) Rate and charges		
General rates	1,805,506	1,789,347
Separate rates	112,325	93,521
Water	169,291	151,977
Water consumption	134,070	138,775
Sewerage	231,636	221,597
Garbage	143,986	102,448
Total rates and utility charge revenue	<u>2,596,813</u>	<u>2,497,665</u>
Less: Discounts	(233,804)	(347,971)
Less: Pensioner remissions	(32,364)	(34,747)
Less: Write-offs	-	(101)
Net Rates and Utility Charges	<u><u>2,330,646</u></u>	<u><u>2,114,846</u></u>
(b) Fees and Charges		
Fees and charges	<u>384,906</u>	<u>563,441</u>
	<u>384,906</u>	<u>563,441</u>
(c) Interest received		
Interest received from investments	140,386	194,034
Penalty interest from rates and utility charges	3,719	4,310
	<u>144,105</u>	<u>198,344</u>
(d) Sales - Contract and recoverable works		
Sales contracts and recoverable works	<u>2,167,704</u>	<u>1,337,937</u>
	<u>2,167,704</u>	<u>1,337,937</u>
(e) Other recurrent income		
Other Income	<u>97</u>	<u>4,390</u>
	<u>97</u>	<u>4,390</u>
5 Grants, subsidies, contributions and donations		
5 (a) Recurrent - government grants and subsidies, other contributions and donations are analysed as follows.		
Specific project government subsidies & grants	2,130,829	1,935,654
General purpose government grants	1,271,036	2,617,588
Total recurrent revenue	<u>3,401,865</u>	<u>4,553,242</u>
5 (b) Capital - government grants and subsidies, and other contributions are analysed as follows.		
Government grants and contributions	<u>746,754</u>	<u>986,285</u>
Total capital revenue	<u>746,754</u>	<u>986,285</u>
6 Capital income		
Gain(loss) on the disposal of non-current assets		
6 (a) Proceeds from the sale of property, plant & equipment	343,035	105,864
Less: Book value of property, plant & equipment sold	350,205	108,643
	<u>(7,170)</u>	<u>(2,780)</u>
6 (b) Proceeds from the sale of land	13,255	4,000
Less : Book value of land sold	11,872	700
	<u>1,383</u>	<u>3,300</u>
Total gain (loss) on disposal of non-current assets	<u><u>(5,787)</u></u>	<u><u>520</u></u>

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7 Employee benefits		
Total wages and salaries	2,662,922	2,851,231
Annual, sick and long service leave entitlements	371,949	416,912
Superannuation	293,163	353,152
	3,328,034	3,621,296
Other employee related expenses	83,887	143,849
	3,411,921	3,765,144
Less : Capitalised employee costs	(237,585)	(320,982)
	3,174,336	3,444,163
Total Council employees at the reporting date:		
Administration staff	17	15
Depot & outdoor staff	41	37
Other staff	19	17
Total full time equivalent employees	77	69
8 Materials and services		
Advertising	37,702	22,116
Audit Services	27,700	26,850
Councillor Remuneration	68,335	81,698
Electricity	129,221	177,479
Information Technology	76,422	168,349
Subscriptions and Publications	30,764	44,079
Telephone and Communications	61,515	70,152
Other Materials and services	2,529,641	2,921,870
	2,961,301	3,512,593
9 Finance Costs		
Bank charges	6,006	8,524
Bad and Doubtful Debts	5,030	26,935
Finance costs charged by the Queensland Treasury Corporation	-	-
Sawmill & Depot rehabilitation	-	(595)
	11,037	34,864
10 (a) Depreciation		
Buildings	341,944	438,917
Furniture, fittings and equipment	6,175	8,760
Plant and Equipment	345,098	525,246
Road, Drainage and Bridge Network	691,936	966,296
Water	130,131	183,685
Sewerage	74,426	97,513
Other Infrastructure Assets	118,845	167,273
	1,708,556	2,387,689
Total depreciation of non current assets		
10 (b) Amortisation of intangible assets		
Intangibles	421	597
Rehabilitation assets		
Total Depreciation and amortisation	1,708,977	2,388,285

Unfunded Depreciation

Accumulated Unfunded Depreciation

The accumulated un-funded depreciation represents the accumulated shortfall in funding being provided from operating revenue to replace the assets at some future time.

It is anticipated external borrowings will be required as the assets are replaced resulting in higher future operating costs. Recognition of unfunded depreciation represents a decline in the capital value of the shire. Net adjusted un-funded depreciation is calculated by taking the gross unfunded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.

The gross un-funded depreciation across all assets for the period is \$0, (2007 - \$1,051,954)

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11 Cash and cash equivalents		
Cash at bank and on hand	4,332,660	3,561,830
Balance per statement of cash flows	4,332,660	3,561,830
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	1,215,727	809,383
Total unspent restricted funds	1,215,727	809,383
Cash and deposits at call are held in the National Australia Bank in normal business cash maximiser and business cheque accounts. The bank currently has a short term credit rating of A1+ and a long term rating of AA-		
12 Trade and other receivables		
Current		
Rates and utility charges	194,487	90,459
Fees and charges	2,969	-
Government grants and subsidies	16,353	22,647
Main Roads Department	799,644	32,032
Other debtors	87,278	119,205
Less: Provision for doubtful debts	(28,847)	(28,847)
	1,071,885	235,496
Interest is charged on outstanding rates at a rate of 10% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtor receivables.		
13 Inventories		
Current		
Inventories for distribution:		
Quarry and road materials	48,369	36,636
Plant and equipment stores	228,174	239,303
	276,543	275,940
14 Other financial assets		
Prepayments	61,246	77,988
GST Recoverable	22,920	21,151
Other	33	-
	84,199	99,139
15 Non-current assets classified as held for sale		
Opening balance	30,400	30,400
Land acquired in current period	-	-
Revaluation adjustment	-	-
Less: Cost of land sold	-	-
	30,400	30,400

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16 (a) COUNCIL PROPERTY, PLANT AND EQUIPMENT

Valuation Note	Land	Buildings	Plant and Equipment	Furniture Fixtures and Equipment	Road, Drainage & Bridge	Water	Sewerage	Other Infrastructure	Other Assets	Total
Asset Values	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08	14-Mar-08
Opening gross value	1,550,974	21,643,265	9,965,341	168,254	78,486,216	9,073,342	4,991,700	4,375,203	11,938	330,266,337
Additions at cost	8,154	92,402	864,126	-	564,135	-	-	1,984	-	1,550,801
Disposals	(11,872)	(450,000)	(678,837)	-	-	-	-	-	-	(1,140,409)
Revaluation adjustment to the ARR	7,100	-	-	-	-	-	-	-	-	7,100
Closing Gross Value	1,554,957	21,285,668	10,150,931	168,254	79,050,351	9,073,342	4,991,700	4,377,187	11,938	330,863,729
Accumulated Depreciation										
Opening balance	-	9,561,492	5,672,603	123,699	9,896,100	5,321,593	3,275,100	1,182,152	3,579	35,036,320
Depreciation provided in period	-	341,944	345,098	6,175	691,996	130,431	74,426	118,945	421	1,709,977
Depreciation on disposals	-	(329,555)	(448,777)	-	-	-	-	-	-	(778,332)
Revaluation adjustment to the ARR	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation at period end	-	9,573,882	5,568,925	129,874	10,588,037	5,451,724	3,249,527	1,300,997	4,000	35,965,965
Consolidated book value at 14 March 2008	1,554,957	11,711,786	4,582,006	38,381	68,462,315	3,621,618	1,642,174	3,076,190	7,938	94,896,764
Range of estimated useful life in years	Not depreciated	20-80	3-15	3-20	6-100	5-20	5-20	3-50	5-15	

16 (b) COUNCIL PROPERTY, PLANT AND EQUIPMENT - prior year

Valuation Note	Land	Buildings	Plant and Equipment	Furniture Fixtures and Equipment	Road, Drainage & Bridge	Water	Sewerage	Other Infrastructure	Other Assets	Total
Asset Values	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07	30-Jun-07
Opening gross value	471,880	20,519,244	10,405,834	168,254	89,759,219	8,987,568	4,578,120	5,865,111	11,938	140,767,171
Additions at cost	265,752	149,129	80,079	-	1,510,515	30,299	-	156,906	-	2,192,680
Disposals	(700)	-	(520,572)	-	-	-	-	-	-	(521,272)
Revaluation adjustment to the ARR	814,042	974,892	-	-	(12,783,518)	55,475	413,580	(1,646,814)	-	(2,172,942)
Closing Gross Value	1,550,974	21,643,265	9,965,341	168,254	78,486,216	9,073,342	4,991,700	4,375,203	11,938	330,266,337
Accumulated Depreciation										
Opening balance	-	9,251,791	5,559,286	114,939	30,229,095	5,074,934	2,885,823	2,337,829	2,983	55,456,683
Depreciation provided in period	-	438,917	525,246	8,760	966,296	183,685	97,513	167,273	597	2,898,895
Depreciation on disposals	-	-	(411,929)	-	-	-	-	-	-	(411,929)
Revaluation adjustment to the ARR	-	(129,216)	-	-	(21,299,292)	62,974	291,764	(1,322,951)	-	(22,395,710)
Accumulated depreciation at period end	-	9,561,492	5,672,603	123,699	9,896,100	5,321,593	3,275,100	1,182,152	3,579	35,036,320
Consolidated book value at 30 June 2007	1,550,974	12,081,773	4,292,738	44,555	68,580,116	3,751,749	1,716,600	3,193,052	8,359	95,229,916
Range of estimated useful life in years	Not depreciated	20-80	3-15	3-20	6-100	5-20	5-20	3-50	5-15	

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16 (c) Property, plant and equipment valuations were determined by reference to the following

(i) Land

The valuation of land and improvements was determined by Rushton Assetval Pty Ltd, Registered Valuers as at 30 June, 2007.

(ii) Buildings

The valuation of buildings was determined by Rushton Assetval Pty Ltd, Registered Valuers as at 30 June, 2007.

(iii) Plant and Equipment

The valuation of plant and equipment was determined by Australia Pacific Valuers, Registered Valuers as at 30 June, 2003. A review was conducted on 1 July, 2006 of all assets in this class by Plant Manager Mr. Bryan Mackay and Finance Manager Mrs. Deelee Sullivan (MNA, BComAcc, AdvDipBus).

(iv) Infrastructure

The valuations of Infrastructure assets including roads were determined by Rushton Assetval Pty Ltd, Registered Valuers as at 30 June, 2007.

(v) Other Assets

The valuations of other assets were determined by Australia Pacific Valuers, Registered Valuers as at 30 June, 2003.

(vi) Intangibles

Water Trademarks

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Note		
17 Capital Works in Progress	<u>950,694</u>	<u>335,237</u>
	<u>950,694</u>	<u>335,237</u>
18 Intangible assets		
Trademark		
Opening gross carrying value	<u>11,938</u>	<u>11,938</u>
Closing gross carrying value	<u>11,938</u>	<u>11,938</u>
Accumulated amortisation		
Opening balance	3,580	2,983
Amortisation in the period	<u>421</u>	<u>597</u>
Closing balance	<u>4,001</u>	<u>3,580</u>
Net carrying value at the period end	<u>7,937</u>	<u>8,358</u>
This trademark has a finite life estimated at 20 years. Straight line amortisation has been used with no residual value.		
19 Trade and other payables		
Current		
Creditors and accruals	409,238	167,755
Employee related tax payable	196,866	52,411
Annual leave	165,083	180,931
Long service leave	<u>59,813</u>	<u>51,694</u>
	<u>830,999</u>	<u>452,791</u>
Non-Current		
Annual Leave	87,087	86,185
Long service leave	<u>296,131</u>	<u>321,794</u>
	<u>383,218</u>	<u>407,979</u>
20 Provisions		
Current	-	-
Non-Current		
Depot and Sawmill Restoration	<u>35,029</u>	<u>35,029</u>
	<u>35,029</u>	<u>35,029</u>
Depot and Sawmill Restoration		
Opening Balance	35,029	35,624
Increase in provision - borrowing costs	-	-
Increase (decrease) in provision due to change in discount rate	-	(595)
Balance at end of Period	<u>35,029</u>	<u>35,029</u>
21 Asset Revaluation Reserve		
Movements in the asset revaluation reserve were as follows:		
Balance at beginning of period	88,945,029	78,720,647
Net adjustment to capital non-current assets at end of period to reflect a change in fair value:		
Land for resale	-	-
Land	7,100	814,042
Buildings	-	1,104,108
Plant and equipment	-	-
Furniture and equipment	-	-
Infrastructure	-	8,306,231
Provisions	-	-
Net change	<u>7,100</u>	<u>10,224,381</u>
Balance at the reporting date	<u>88,952,129</u>	<u>88,945,029</u>
(ii) Asset revaluation reserve analysis		
The closing balance of the asset revaluation reserve is comprised of the following asset categories:		
Land	1,241,257	1,234,157
Buildings	9,346,353	9,346,353
Plant and equipment	464,993	464,993
Furniture and equipment	201	201
Infrastructure	77,899,326	77,899,326
Provisions	-	-
	<u>88,952,129</u>	<u>88,945,029</u>

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22 Other Reserves		
(a) Reserves held for future capital expenditure:		
(i) Constrained works reserve	1,215,727	809,383
(ii) Future capital works reserve	762,943	272,636
(iii) Plant renewal reserve	282,142	499,795
	<u>2,260,812</u>	<u>1,581,814</u>
Reserves held for future capital expenditure:		
(i) Constrained works reserve		
Balance at beginning of period	809,383	1,285,155
Transfers from the retained surplus grants and subsidies, constrained for capital purposes, received in period	1,087,274	1,341,684
Transfers to retained surplus, funds expended in the period	(680,930)	(1,817,456)
Balance at the reporting date	<u>1,215,727</u>	<u>809,383</u>
(ii) Future capital works reserve		
Balance at beginning of period	272,636	223,233
Transfer from retained surplus, funds for future expenditure	544,039	49,403
Transfer to retained surplus, funds expended in the period	(53,732)	-
Transfers of funds to the retained surplus, no longer required	-	-
Balance at the reporting date	<u>762,943</u>	<u>272,636</u>
(iii) Plant renewal reserve		
Balance at beginning of period	499,795	104,950
Transfer from retained surplus, funds for future expenditure	645,564	499,993
Transfer to retained surplus, funds expended in the period	(863,217)	(105,148)
Transfers of funds to the retained surplus, no longer required	-	-
Balance at the reporting date	<u>282,142</u>	<u>499,795</u>
23 Retained surplus		
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at the beginning of financial year	8,345,316	7,934,692
Result from ordinary activities	1,314,639	379,100
Transfer to (from) capital reserves for future capital project funding, or from reserves funds that have been expended:		
Constrained works reserve	(406,344)	475,772
Future capital works reserve	(490,307)	(49,403)
Plant renewal reserve	217,653	(394,845)
Retained surplus/(deficit) at the end of the financial year	<u>8,980,958</u>	<u>8,345,316</u>
24 COMMITMENTS FOR EXPENDITURE		
Commitments at balance date but not recognised in the financial statements are as follows:		
Purchase Western Star Side Tipper Truck (excluding GST)	-	212,503
Purchase Moore Side Tipper Trailer (excluding GST)	-	82,273
Purchase Spreader Box (excluding GST)	-	25,136
Purchase of Reservoir plus Indicator (excluding GST)	-	167,617
	<u>-</u>	<u>487,529</u>

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Note

25 CONTINGENT LIABILITIES

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

(a) The Booringa Shire Council is a member of the local government self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise.

The Council's maximum exposure is:

62,612	58,599
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(b) The Booringa Shire Council is a member of the local government mutual liability self-insurance pool, LG Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises. As at 30 June, 2006 the financial statements reported a surplus of \$2,501,904. The board of management has developed a long term financial strategy to address this deficit. As at the reporting date the Council's share of any liability cannot be reliably estimated.

(c) A number of Native Title Claims have been lodged affecting the Booringa Shire Council. These have been Gungari No. 2, Bidjara No. 2, Bidjara No. 3, Bidjara No. 4 and Kooma People No. 3. Council has registered interests in these claims. Currently a ILUA is being negotiated for Gungarri No.2. Council has engaged MacDonnell Solicitors to monitor the progress and provide advice in the interests of the Shire.

26 EVENTS AFTER BALANCE DATE

There were no material adjusting events after the balance date.

The Council ceased to exist immediately after 14 March 2008 and its assets, liabilities and business were transferred to Roma Regional Council. This is not considered to be an adjusting event as it does not impact on Booringa Shire Council immediately before the transfer.

The transfer to Roma Regional Council does not give rise to any impairment as any change in the use of the assets would be the result of a decision made after the cessation by Roma Regional Council.