

Wujal Wujal Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2012

Wujal Wujal Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2012

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Wujal Wujal Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2012

	Council	
	Note	\$
Income		2012
		2011
Revenue		
Recurrent revenue		
Fees and charges	3(a)	91,935
Rental income	3(b)	534,669
Interest received	3(c)	157,359
Sales revenue	3(d)	4,535,371
Other recurrent income	3(e)	30,658
Grants, subsidies, contributions and donations	4(a)	4,190,948
		<u>9,540,939</u>
Capital revenue		
Grants, subsidies, contributions and donations	4(b)	291,675
		<u>1,069,141</u>
Total revenue		<u>9,832,614</u>
		<u>7,748,640</u>
Capital income	5	5,192,685
		-
Total income		<u>15,025,299</u>
		<u>7,748,640</u>
Expenses		
Recurrent expenses		
Employee benefits	6	(2,834,604)
Materials and services	7	(3,094,663)
Finance costs	8	(4,316)
Depreciation and amortisation	9	(1,878,299)
		<u>(7,811,881)</u>
		<u>(7,286,987)</u>
Capital expenses	10	-
		(196,971)
Total expenses		<u>(7,811,881)</u>
		<u>(7,483,958)</u>
Net result		<u>7,213,418</u>
		<u>264,682</u>
Increase / (decrease) in revaluation surplus	19	949,843
		-
Total other comprehensive income for the year		<u>949,843</u>
		<u>-</u>
Total comprehensive income for the year		<u>8,163,261</u>
		<u>264,682</u>

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

Wujal Wujal Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2012

	Note	Council	
		\$ 2012	\$ 2011
Current assets			
Cash and cash equivalents	11	5,057,394	3,306,639
Trade and other receivables	12	1,288,078	578,106
Inventories	13	39,915	36,282
Total current assets		<u>6,385,387</u>	<u>3,921,027</u>
Non-current assets			
Property, plant and equipment	14	<u>43,211,700</u>	<u>37,226,159</u>
Total non-current assets		<u>43,211,700</u>	<u>37,226,159</u>
Total assets		<u>49,597,087</u>	<u>41,147,186</u>
Current liabilities			
Trade and other payables	15	725,351	401,590
Borrowings	16	-	69,761
Provisions	18	19,800	26,026
Total current liabilities		<u>745,151</u>	<u>497,377</u>
Non-current liabilities			
Trade and other payables	15	45,437	41,913
Provisions	18	<u>112,982</u>	<u>77,639</u>
Total non-current liabilities		<u>158,419</u>	<u>119,552</u>
Total liabilities		<u>903,569</u>	<u>616,929</u>
Net community assets		<u>48,693,518</u>	<u>40,530,257</u>
Community equity			
Asset revaluation surplus	19	11,025,884	10,076,041
Retained surplus/(deficiency)	20	35,104,824	28,572,414
Reserves	21	2,562,809	1,881,802
Total community equity		<u>48,693,518</u>	<u>40,530,257</u>

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

Wujal Wujal Aboriginal Shire Council

Statement of Changes in Equity

For the year ended 30 June 2012

	Council				
	Note	19	20	21	
		\$	\$	\$	
Balance as at 1 July 2011		10,076,041	28,572,414	1,881,802	40,530,257
Net result		-	7,213,418	-	7,213,418
Other comprehensive income for the year					
Increase / (decrease) in revaluation surplus		949,843	-	-	949,843
Total comprehensive income for the year		949,843	7,213,418	-	8,163,261
Transfers to/from capital		-	-	-	-
Transfers to reserves		-	(4,482,623)	4,482,623	-
Transfers from reserves		-	3,801,615	(3,801,615)	-
Total transfers to and from reserves		-	(681,007)	681,007	-
Balance as at 30 June 2012		11,025,884	35,104,824	2,562,809	48,693,518
Balance as at 1 July 2010		10,076,041	29,072,143	1,117,390	40,265,575
Net result		-	264,682	-	264,682
Total comprehensive income for the year		-	264,682	-	264,682
Transfers to and from reserves					
Transfers to reserves		-	(764,412)	764,412	-
Transfers from reserves		-	-	-	-
Total transfers to and from reserves		-	(764,412)	764,412	-
Balance as at 30 June 2011		10,076,041	28,572,414	1,881,802	40,530,257

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

Wujal Wujal Aboriginal Shire Council

Statement of Cash Flows

For the year ended 30 June 2012

	Note	Council	
		\$	\$
		2012	2011
Cash flows from operating activities			
Receipts from customers		3,835,207	1,649,128
Payments to suppliers and employees		(5,467,889)	(5,693,521)
		<u>(1,632,683)</u>	<u>(4,044,393)</u>
Interest received		157,359	127,691
Rental income		534,669	578,608
Non capital grants and contributions		4,190,948	4,240,773
GST collected on Income		883,805	596,398
GST paid on purchases		(883,805)	(581,440)
Borrowing costs		(140)	(2,651)
Net cash inflow (outflow) from operating activities	25	<u>3,250,153</u>	<u>914,986</u>
Cash flows from investing activities			
Payments for property, plant and equipment	14	(1,721,313)	(1,067,733)
Proceeds from sale of property plant and equipment		-	-
Grants, subsidies, contributions and donations	4 (b)	<u>291,675</u>	<u>1,069,141</u>
Net cash inflow (outflow) from investing activities		<u>(1,429,638)</u>	<u>1,408</u>
Cash flows from financing activities			
Repayment of borrowings	16	(60,789)	(70,637)
Repayments made on finance leases	17	<u>(8,972)</u>	<u>(34,916)</u>
Net cash inflow (outflow) from financing activities		<u>(69,760)</u>	<u>(105,553)</u>
Net increase (decrease) in cash and cash equivalent held		<u>1,750,755</u>	<u>810,841</u>
Cash and cash equivalents at the beginning of the financial year		3,306,639	2,495,798
Cash and cash equivalents at end of the financial year	11	<u>5,057,394</u>	<u>3,306,639</u>

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

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2011 to 30 June 2012 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Constitution

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

1.D Date of authorisation

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

1.E Currency

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

1.F Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

	Effective for periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2013
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee benefits</i> (completely replaces existing standard)	1 January 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2013
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>	1 January 2013
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i>	1 July 2012
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 July 2013
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i>	1 July 2012
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119</i> (September 2011)	1 January 2013
AASB 2011-11 <i>Amendments to AASB 119</i> (September 2011) arising from <i>Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2011-13 <i>Amendments to Australian Accounting Standard - Improvements to AASB 1049</i>	1 July 2012

AASB 9 Financial Instruments (effective from 1 January 2013)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2013 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013. The standard sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

Wujal Wujal Aboriginal Shire Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for the Council's property, plant and equipment in 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.

Amendments to AASB 101 Presentation of Financial Statements

The AASB 101 Amendments require council to group items presented in other comprehensive income into those that, in accordance with other standards: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Council's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

Amendments to AASB 119 Employee Benefits

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

The revised standard includes changed criteria for accounting for employee benefits as "short-term employee benefits". Had Wujal Wujal Aboriginal Shire Council applied the revised standard this year annual leave currently classified as a "short-term benefit" would have been reclassified as a "long-term benefit". However, no reported amounts would have been amended as the Council already discounts the annual leave liability to present value in respect of amounts not expected to be settled within 12 months (refer Note 1.Q).

The concept of "termination benefits" is clarified and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Wujal Wujal Aboriginal Shire Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in note 23. The revised standard will require Wujal Wujal Aboriginal Shire Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

The reported results and position of the council will not change on adoption of the other pronouncements as they do not result in any changes to the council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The council does not intend to adopt any of these pronouncements before their effective dates.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

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

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 1.M and Note 14

Impairment of property, plant and equipment - Note 1.N and Note 14

Provisions - Note 1.Q and Note 18

Valuation of finance leases - Note 1.O

Contingencies - Note 22.

1.H Revenue

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

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

Non-cash contributions

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

Physical assets contributed to Council in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

1 Significant accounting policies (cont.)

Rental income

Rental revenue is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received from term deposits is accrued over the term of the investment.

Sales revenue

Sale of goods is recognised when the the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

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

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1.1 Financial assets and financial liabilities

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

Wujal Wujal Aboriginal Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and equivalents (Note 1.J)

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

Financial liabilities

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

Borrowings - measured at amortised cost (Note 1.R and Note 16)

Finance lease liabilities - measured at amortised cost (Note 1. O and Note 17)

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

The fair value of borrowings, as disclosed in Note 16 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Wujal Wujal Aboriginal Shire Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 26.

1.J Cash and equivalents

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

1.K Receivables

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

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

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

1.L Inventories

Stores held for resale are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

1.M 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. Land with a value of less than \$1, items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

- Land
- Buildings & Houses
- Motor Vehicles
- Plant and Equipment
- Furniture and fittings
- Infrastructure
- Work in progress

Acquisition of assets

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Capital and operating expenditure

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

Valuation

Land, buildings and houses, and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment*. Motor Vehicles, Plant and equipment, Furniture and fittings are measured at valuation. Work in progress is measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets as often as is deemed necessary. 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.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

1 Significant accounting policies (cont.)

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the relevant index for the region, published by the Department of Public Works. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and houses in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

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

Details of valuers and methods of valuations are disclosed in Note 14.

Capital work in progress

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

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment 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 the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all 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 that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

1 Significant accounting policies (cont.)

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 depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 14.

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. Wujal Wujal Aboriginal Shire Council currently does not have any such land holdings.

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

Deed of Grant in Trust Land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 341 of the Land Act 1994. It comprises an area of approximately 70 hectares.

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

1.N 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 asset revaluation surplus of the relevant class to the extent available.

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

1.O Leases

Finance leases as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

1 Significant accounting policies (cont.)

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.P Payables

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

1.Q Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable

Superannuation

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

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

1 Significant accounting policies (cont.)

1.R Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost

In accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010* 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 borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

1.S Revaluation surplus

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

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

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

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

1.T Retained surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.U Reserves

Constrained Works Reserve

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

1 Significant accounting policies (cont.)

Constrained Contribution Reserve

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) that has been allocated for future maintenance expenditure on specific assets such as bridges within the council area that are repainted once every three years. An amount equivalent to the cash allocated for this purpose is transferred from retained surplus to the Constrained Contribution Reserve annually. When the maintenance is undertaken, an amount equivalent to the maintenance expenditure is transferred out of the Constrained Contribution Reserve to retained surplus. All of the amounts transferred to this reserve relate to a perceived future liability which is not currently a liability. The Council does not reallocate amounts in this reserve to any other reserve.

1.V National competition policy

The Council has reviewed its activities to identify its business activities. It has no such activities.

1.W Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.X Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. 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.

Some funds belonging to Council are held in the trust funds of third parties. These include grants for the Aged Care facility and the NAHS housing program.

The monies are disclosed in the notes to the financial statements, for information purposes only, in Note 24.

1.Y Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

2(a) Components of council functions

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

Corporate Services / Administration

This comprises the support functions for the Council and includes:

Finance and administration

Centrelink, Bank and Post Office facilities

Corporate Governance

This comprises the support functions for the Mayor and Councillors, Council and Committee Meetings.

Technical Services

This department provides the core functions of local government and includes the following:

Water and Sewerage

Waste Disposal

Parks and Gardens

Roads and Drainage

Environmental Health

Animal Management

Vehicle and Plant Maintenance

General Building Maintenance

Housing

Community Services

Council sponsors and auspices various non-local government social welfare and development programs. These are generally fully funded by various government departments and include:

Aged Care Facility

Kindergarten

Justice Program

Life Promotion (Mental Health) Program

Mens and Womens Support Services

Arts Craft and Culture

Library

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

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 2012

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									
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
Corporate Services	\$ 1,579,855	\$ 292,441	\$ 5,192,685	-	\$ 7,064,981	\$(872,178)	-	\$(872,178)	\$ 1,000,118	6,192,802	\$ 6,385,387	\$ 6,385,387	\$ 6,385,387
Corporate Governance	-	-	-	-	-	\$(386,413)	-	\$(386,413)	\$(386,413)	\$(386,413)	\$(386,413)	\$(386,413)	-
Technical Services	1,062,650	4,950,574	43,000	-	6,056,224	(4,845,681)	-	(4,845,681)	1,167,543	1,210,543	1,210,543	23,546,251	23,546,251
Community Services	1,548,443	106,977	248,675	-	1,904,095	(1,707,609)	-	(1,707,609)	(52,190)	196,486	196,486	19,665,448	19,665,448
Total Council	4,190,948	5,349,991	5,192,685	-	15,025,299	(7,811,881)	-	(7,811,881)	1,729,059	7,213,418	7,213,418	49,597,087	49,597,087

Year ended 30 June 2011

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									
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
Corporate Services	\$ 1,402,209	\$ 495,949	\$ -	-	\$ 1,898,158	\$(728,261)	\$(196,971)	\$(925,232)	\$ 1,169,897	972,926	\$ 5,477,081	\$ 5,477,081	\$ 5,477,081
Corporate Governance	-	-	-	-	-	(431,056)	-	(431,056)	(431,056)	(431,056)	(431,056)	-	-
Technical Services	1,865,888	1,703,321	44,600	-	3,613,809	(4,683,385)	-	(4,683,385)	(1,114,176)	(1,069,576)	(1,069,576)	17,127,690	17,127,690
Community Services	1,212,132	-	1,024,541	-	2,236,673	(1,444,286)	-	(1,444,286)	(232,154)	792,387	792,387	18,542,415	18,542,415
Total Council	4,480,229	2,199,270	1,069,141	-	7,748,640	(7,286,988)	(196,971)	(7,483,959)	(607,489)	264,681	264,681	41,147,186	41,147,186

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	<u>Note</u>	Council	
		2012 \$	2011 \$
3 Revenue analysis			
(a) Fees and charges			
Administration charges		39,422	39,422
Bank and Post Office agency commission		9,870	9,413
Centrelink commission		16,244	19,567
Other fees and charges		26,398	-
Total - Fees and charges		<u>91,935</u>	<u>68,402</u>
(b) Rental income			
Housing & building rentals		534,669	578,608
Total - Rental income		<u>534,669</u>	<u>578,608</u>
(c) Interest received			
Bank accounts		157,359	127,691
Total - Interest received		<u>157,359</u>	<u>127,691</u>
(d) Sales revenue			
Sale of services			
Q-Build maintenance		2,330,807	616,276
Other contracts and recoverable works		1,908,549	328,435
		<u>4,239,356</u>	<u>944,711</u>
Sale of goods			
Fuel		216,590	148,064
Works Department Sales		6,996	7,779
Arts Centre Sales		72,429	22,867
		<u>296,015</u>	<u>178,710</u>
Total sales revenue		<u>4,535,371</u>	<u>1,123,421</u>
<p>The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. All major contracts were invoiced at the end of the financial year and all associated costs brought to account. Retention monies outstanding are shown as a receivable.</p>			
(e) Other recurrent income			
Training subsidies		-	19,011
Insurance claim on damaged house		-	17,471
Solar hot water rebates		-	24,000
Other income		30,658	31,697
Adjustment for boundary changes		-	45,000
Total - Other recurrent income		<u>30,658</u>	<u>137,179</u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	<u>Note</u>	Council	
		2012 \$	2011 \$
4 Grants, subsidies, contributions and donations			
(a) Recurrent			
General purpose grants		1,570,361	1,485,401
State government subsidies and grants		1,705,486	2,348,629
Commonwealth government subsidies and grants		905,677	795,307
Contributions		9,423	14,862
Total - recurrent revenue		<u>4,190,948</u>	<u>4,644,199</u>
(b) Capital			
State government subsidies and grants		291,675	976,919
Commonwealth subsidies and grants		-	84,422
Contributions		-	7,800
Total - capital revenue		<u>291,675</u>	<u>1,069,141</u>
Conditions over contributions			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:			
Non-reciprocal grants for expenditure on services		519,230	668,332
Non-reciprocal grants for expenditure on infrastructure		544,911	820,640
		<u>1,064,141</u>	<u>1,488,972</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:			
Non-reciprocal grants for expenditure on services		288,380	433,233
Non-reciprocal grants for expenditure on infrastructure		90,529	291,328
		<u>378,909</u>	<u>724,561</u>
5 Capital income			
Donated Assets		<u>5,192,685</u>	-
Total capital income		<u>5,192,685</u>	-
These represent infrastructure assets donated by the Department of Local Government as part of the Indigenous State Infrastructure Program			
6 Employee benefits			
Total staff wages and salaries		1,979,227	1,959,548
Councillors' remuneration		347,760	319,931
Annual, sick and long service leave entitlements		275,141	255,094
Superannuation	23	290,454	247,248
		<u>2,892,582</u>	<u>2,781,821</u>
Other employee related expenses		55,924	21,374
		<u>2,948,506</u>	<u>2,803,195</u>
Less: Capitalised employee expenses		<u>(113,902)</u>	<u>(154,626)</u>
		<u>2,834,604</u>	<u>2,648,569</u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

<u>Note</u>	Council	
	2012	2011
	\$	\$

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

Total Council employees at the reporting date:	<u>2012</u>	<u>2011</u>
Elected members	5	5
Administration staff	25	23
Depot and outdoors staff	50	49
Total full time equivalent employees	<u>80</u>	<u>77</u>

7 Materials and services

Administration supplies and services	102,740	82,415
Audit fees	53,600	55,825
Repairs and maintenance	111,618	114,882
Telecommunications and IT	73,835	23,574
Buildings and houses - repairs and maintenance	149,765	161,406
Agency operations	6,278	9,559
Elected members' expenses	2,443	58,323
Strategic planning	-	20,000
Insurances	201,275	157,782
Recoverable works costs	958,370	127,426
Service station costs	196,145	199,116
NDRAA and cyclone costs	318,900	992,768
Utilities operating costs	228,090	225,801
Environmental services costs	93,452	86,410
Security and emergency services	57,558	44,762
Cultural Centre costs	81,391	26,511
Community care services	97,389	126,962
Community welfare services	318,478	307,933
Other materials and services	43,337	3,359
	<u>3,094,663</u>	<u>2,824,811</u>

8 Finance costs

Bank charges	2,176	1,005
Impairment of debts	2,000	-
Interest on finance leases	140	2,651
	<u>4,316</u>	<u>3,655</u>

9 Depreciation and amortisation

Buildings and houses	1,302,335	1,204,391
Motor vehicles	72,930	111,087
Plant and equipment	131,274	130,582
Furniture and fittings	15,105	37,060
Infrastructure	356,655	326,832
	<u>1,878,299</u>	<u>1,809,952</u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	Note	Council	
		2012 \$	2011 \$
10 Capital expenses			
Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		-	-
Less: Book value of property, plant and equipment disposed of		-	(196,971)
		<u>-</u>	<u>(196,971)</u>
Total capital expenses		<u>-</u>	<u>(196,971)</u>

11 Cash and equivalents

Cash at bank and on hand		<u>5,057,394</u>	<u>3,306,639</u>
Balance per Statement of Cash Flows		<u>5,057,394</u>	<u>3,306,639</u>

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies		<u>2,562,809</u>	<u>1,881,802</u>
Total unspent restricted cash		<u>2,562,809</u>	<u>1,881,802</u>

Cash and deposits at call are held in the Westpac Banking Corporation in cash management accounts and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-

12 Trade and other receivables

Current

Trade Debtors		1,188,334	253,015
Accrued Revenue		111,336	270,255
Other debtors		408	-
Less impairment		(12,000)	(10,000)
Prepayments		-	64,836
		<u>1,288,078</u>	<u>578,106</u>

No interest is charged on other debtors. There is no concentration of credit risk for fees and other debtors receivable.

13 Inventories

Inventories held for sale

Fuel Stock		<u>39,915</u>	<u>36,282</u>
		<u>39,915</u>	<u>36,282</u>
Total inventories		<u>39,915</u>	<u>36,282</u>

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2012

14 Property, plant and equipment (cont.)

Council - 30 June 2011

Basis of measurement Asset values	Land		Buildings & Houses		Motor Vehicles		Plant and equipment		Furniture and Fittings		Infrastructure		Work in progress		Total
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	
Opening gross value as at 1 July 2010	\$ 1,605,000	\$ 23,907,152	\$ 1,140,759	\$ 282,913	\$ -	\$ -	\$ -	\$ -	\$ 268,762	\$ 13,016,370	\$ -	\$ -	\$ 1,314,358	\$ -	\$ 41,535,314
Additions	-	-	-	24,343	-	-	-	-	-	-	-	-	1,043,390	-	1,067,733
Disposals	-	(28,109)	-	(67,934)	-	-	-	-	(173,974)	(43,600)	-	-	-	-	(313,617)
Transfers between classes	-	1,943,791	-	43,332	-	-	-	-	-	-	-	-	(1,987,123)	-	-
Closing gross value as at 30 June 2011	1,605,000	25,822,834	1,140,759	282,654	1,140,759	282,654	1,140,759	282,654	94,788	12,972,770	12,972,770	370,625	370,625	42,289,430	42,289,430
Accumulated depreciation and impairment															
Opening balance as at 1 July 2010	-	2,241,202	372,351	56,516	95,834	604,065	604,065	604,065	95,834	37,060	326,832	-	-	-	3,369,968
Depreciation provided in period	-	1,204,391	111,087	130,582	37,060	326,832	326,832	326,832	37,060	(90,737)	(2,717)	-	-	-	1,809,951
Depreciation on disposals	-	(2,138)	-	(21,057)	(90,737)	(2,717)	(2,717)	(2,717)	(90,737)	326,832	(2,717)	-	-	-	(116,649)
Accumulated depreciation as at 30 June 2011	-	3,443,455	483,438	166,041	42,157	928,180	928,180	928,180	42,157	12,044,590	12,044,590	370,625	370,625	37,226,159	37,226,159
Total written down value as at 30 June 2011	1,605,000	22,379,379	657,321	116,613	657,321	116,613	657,321	116,613	52,631	12,044,590	12,044,590	370,625	370,625	37,226,159	37,226,159
Range of estimated useful life in years		20	2-8	3-20	3-20	16-50	16-50	16-50	3-20	16-50	16-50	-	-	-	-

Note

5

9

5

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

14 Property, plant and equipment (cont.)

Property, plant and equipment valuations were determined by reference to the following:

Council's valuation was conducted in a two stage process. Comprehensive onsite condition assessments were conducted in February by T Stewart (Registered Valuer) and this information was provided to AssetVal to complete the valuation as at 30 June 2012. A further survey was conducted by Council's Engineering staff to ensure there had been no material changes to the condition of any Council asset between February and June.

Land

Land as at 30 June 2012 has been recorded at fair value as determined by Assetval Pty Ltd, Registered Valuers. The land asset was revalued using the market value approach. This approach is based on available sales evidence using either the direct comparison, summation or income approaches.

Buildings & Houses

Buildings & houses as at 30 June 2012 have been recorded at fair value as determined by Assetval Pty Ltd, Registered Valuers. The building and housing assets have been assessed using the depreciated replacement cost approach.

Motor Vehicles

Motor Vehicles are measured at their revaluation amount less accumulated depreciation. The assets were last revalued in 2009. A review was conducted by Council's Shire Engineer, based on Council's vehicle asset listing, which determined that the fair market value does not differ materially from the present carrying value. Accordingly, Council has decided that a revaluation is only required at five year intervals, so the revaluation for this group of assets will occur in June 2014.

Plant & Equipment

As for Motor Vehicles above.

Furniture and Fittings

As for Motor Vehicles above.

Infrastructure

Infrastructure as at 30 June 2012 have been recorded at fair value as determined by Assetval Pty Ltd, Registered Valuers. The infrastructure assets have been assessed using the depreciated replacement cost approach.

Work in progress

Work in progress is measured at cost.

	Note	Council	
		2012 \$	2011 \$
15 Trade and other payables			
Current			
Creditors and accruals		585,506	261,614
Annual leave		139,845	139,975
Total - Current trade and other payables		<u>725,351</u>	<u>401,590</u>

Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary levels.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	Note	Council	
		2012 \$	2011 \$
15 Trade and other payables (cont.)			
Non-current			
Annual leave		45,437	41,913
Total - Non current trade and other payables		<u>45,437</u>	<u>41,913</u>

16 Borrowings

Current

Loans - SGFA Advance		-	60,789
Finance leases	17	-	8,972
		<u>-</u>	<u>69,761</u>

Loans - SGFA advance

Opening balance at beginning of financial year		60,789	131,426
Loans raised		-	-
Repayments		<u>(60,789)</u>	<u>(70,637)</u>
Book value at end of financial year		<u>-</u>	<u>60,789</u>

This loan relates to an advance made to Council in 2002 by the Department of Aboriginal and Torres Strait Islander Policy (DATSIP) to alleviate a severe cash flow crisis. The loan is repayable in equal instalments over ten years as a deduction from the SGFA grant at no interest.

17 Finance leases

Movements in finance lease during the reporting period were as follows:

Balance at beginning of financial year		9,116	46,708
Payments made in the period		<u>(9,116)</u>	<u>(37,592)</u>
Minimum lease payments		<u>-</u>	<u>9,116</u>

The above minimum lease payments are payable as follows:

Not later than one year		<u>-</u>	<u>9,116</u>
Total minimum lease payments		<u>-</u>	<u>9,116</u>
Less: Future finance charges		<u>-</u>	<u>(144)</u>
Lease liability recognised in the financial statements		<u>-</u>	<u>8,972</u>

Classified as:

Current		<u>-</u>	<u>8,972</u>
		<u>-</u>	<u>8,972</u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	<u>Note</u>	Council	
		2012 \$	2011 \$
17 Finance leases (cont.)			
The present value of above minimum lease payments are payable as follows:			
Not later than one year		-	8,972
		<u>-</u>	<u>8,972</u>
The carrying value of the leased assets is as follows:			
Plant and equipment		-	31,243

18 Provisions

Current

Long service leave		19,800	26,026
		<u>19,800</u>	<u>26,026</u>

Non-current

Long service leave		112,982	77,639
		<u>112,982</u>	<u>77,639</u>

Details of movements in provisions:

Long service leave

Balance at beginning of financial year		103,664	78,691
Long service leave entitlement arising		41,045	48,449
Long Service entitlement paid		<u>(11,927)</u>	<u>(23,476)</u>
Balance at end of financial year		<u>132,782</u>	<u>103,664</u>

Long service leave is calculated at current pay levels as adjusted for inflation and likely future changes in salary level. The estimates are then 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.

19 Revaluation surplus

Movements in the revaluation surplus were as follows:

Balance at beginning of financial year		10,076,041	10,076,041
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and improvements		(756,276)	-
Buildings and houses		1,452,993	-
Motor vehicles		-	-
Plant and equipment		-	-
Furniture and fittings		-	-
Infrastructure assets		<u>253,126</u>	<u>-</u>
Balance at end of period		<u>11,025,884</u>	<u>10,076,041</u>

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

	Note	Council	
		2012 \$	2011 \$
Revaluation surplus analysis			
The closing balance of the revaluation surplus comprises the following asset categories:			
Land and improvements		588,287	1,344,563
Buildings and houses		6,389,852	4,936,860
Motor vehicles		371,313	371,313
Plant and equipment		63,385	63,385
Furniture and fittings		110,972	110,972
Infrastructure assets		3,502,075	3,248,949
Total - Asset revaluation		<u>11,025,884</u>	<u>10,076,041</u>
20 Retained surplus/(deficiency)			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at beginning of financial year		28,572,414	29,072,143
Net result attributable to Council		7,213,418	264,682
Transfers (to) capital reserves for future capital project funding, or from reserves funds that have been expended:	21		
Constrained Works Reserve		(166,678)	(529,312)
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			
Constrained Contribution Reserve		(514,329)	(235,099)
Retained surplus at end of financial year		<u>35,104,824</u>	<u>28,572,414</u>
21 Reserves			
Reserves held for funding future capital expenditure			
Constrained Works Reserve		1,359,078	1,192,400
		<u>1,359,078</u>	<u>1,192,400</u>
Reserves held for funding future recurrent expenditure			
Constrained Contribution Reserve		1,203,731	689,401
		<u>1,203,731</u>	<u>689,401</u>
Total reserves		<u>2,562,809</u>	<u>1,881,802</u>
Movements in capital reserves:			
Constrained Works Reserve			
Balance at beginning of financial year		1,192,400	663,088
Transfer from retained surplus for future expenditure		291,675	529,312
Transfer to retained surplus funds expended in period		(124,997)	-
Balance at end of financial year		<u>1,359,078</u>	<u>1,192,400</u>
Movements in recurrent reserves:			
Constrained Contribution Reserve			
Balance at beginning of financial year		689,401	454,302
Transfer from retained surplus for future expenditure		4,190,948	235,099
Transfer to retained surplus		(3,676,618)	-
Balance at end of financial year		<u>1,203,731</u>	<u>689,401</u>

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

22 Contingent liabilities	Note	Council	
		2012 \$	2011 \$

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 2012 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 \$52,417.67.

23 Superannuation

The Wujal Wujal Aboriginal Shire Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

- The City Defined Benefits Fund which covers former members of the City Super Defined Benefits Fund.
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments, and
- The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2012

23 Superannuation (cont.)

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

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience. Following the previous actuarial assessment in 2009, councils were advised by the Trustee of the Scheme, following advice from the Scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

(Under amendments to the *Local Government Act 1993* passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.)

The next actuarial investigation will be conducted as at 1 July 2015.

		Council	
		2012	2011
	Note	\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:			
	6	<u>290,454</u>	<u>247,248</u>

24 Trust funds

Trust funds held for outside parties

Funds held in trust for outside parties:

P&E Law - Aged Care Facility

<u>128,934</u>	<u>120,059</u>
<u><u>128,934</u></u>	<u><u>122,058</u></u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Funds held in trust by outside parties

Ove Arup

<u>1,999</u>	<u>1,999</u>
<u><u>1,999</u></u>	<u><u>1,999</u></u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

	Note	Council	
		2012 \$	2011 \$
25 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		<u>7,213,418</u>	<u>264,682</u>
Non-cash items:			
Depreciation and amortisation		1,878,299	1,809,952
Impairment provision		2,000	-
Non-cash asset donation		<u>(5,192,685)</u>	<u>-</u>
		<u>(3,312,386)</u>	<u>1,809,952</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		-	196,971
Capital grants and contributions		(291,675)	(1,069,141)
Profit retained in joint venture		-	-
		<u>(291,675)</u>	<u>(872,170)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(711,972)	84,514
(Increase)/decrease in inventory		(3,633)	14,958
Increase/(decrease) in payables		327,285	(411,921)
Increase/(decrease) in other provisions		<u>29,118</u>	<u>24,972</u>
		<u>(359,203)</u>	<u>(287,476)</u>
Net cash inflow from operating activities		<u><u>3,250,153</u></u>	<u><u>914,986</u></u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

26 Financial instruments

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

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

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments. When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Wujal Wujal Aboriginal Shire Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

Credit risk exposure

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

The Council is exposed to credit risk through its deposits held with Westpac. The only other investment is the trust amount of \$128,934 held with the ANZ Bank. The likelihood of a credit failure is remote.

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment. No collateral is held as security relating to the financial assets held by the Council.

Council's maximum exposure to credit risk is as follows:

		Council	
	Note	2012	2011
Financial assets		\$	\$
Receivables	12	1,288,078	578,106
Cash and cash equivalents	11	5,057,394	3,306,639
		<u>6,345,472</u>	<u>3,884,745</u>
Guarantee	22	52,418	50,563

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

26 Financial instruments (cont.)

Past due or impaired

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

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

Council	30-Jun-12					Total
	Fully performing	Less than 30 days	Past due 30-60 days	61-90 days	Greater than 90 days	
	\$	\$	\$	\$	\$	\$
Receivables	1,081,010	146,406	6,152	66,509	-	1,300,078
Less impairment	-	-	-	(12,000)	-	(12,000)
Net Receivables	1,081,010	146,406	6,152	54,509	-	1,288,078
	30-Jun-11					
	Fully performing	Less than 30 days	Past due 30-60 days	61-90 days	Greater than 90 days	Total
	\$	\$	\$	\$	\$	\$
Receivables	-	496,259	9,093	-	82,754	588,106
Less impairment	-	-	-	-	(10,000)	(10,000)
Net Receivables	-	496,259	9,093	-	72,754	578,106

Liquidity risk

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

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

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2012

26 Financial instruments (cont.)
Council

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2012					
Trade and other payables	725,351	45,437	-	770,788	770,788
Loans - other	-	-	-	-	-
Finance leases	-	-	-	-	-
	<u>725,351</u>	<u>45,437</u>	<u>-</u>	<u>770,788</u>	<u>770,788</u>
2011					
Trade and other payables	401,590	41,913	-	443,503	443,503
Loans - other	60,789	-	-	60,789	60,789
Finance leases	8,972	-	-	8,972	8,972
	<u>471,351</u>	<u>41,913</u>	<u>-</u>	<u>513,264</u>	<u>513,264</u>

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

Interest rate risk

The Council is exposed to interest rate risk through its finance lease borrowings and investments held with financial institutions. The risk in borrowing is effectively managed by having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

Council

	Net carrying amount		Profit		Equity	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial assets	6,345,472	-	63,455	38,847	63,455	38,847
Financial liabilities	(770,788)	(4,528)	(7,708)	(4,528)	(7,708)	(4,528)
Net total	<u>5,574,684</u>	<u>(4,528)</u>	<u>55,747</u>	<u>34,319</u>	<u>55,747</u>	<u>34,319</u>

27 Events after the reporting period

There were no material adjusting events after the balance date.

Wujal Wujal Aboriginal Shire Council

Financial statements

For the year ended 30 June 2012

For the year ended 30 June 2012

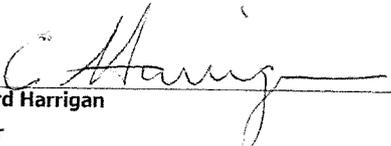
These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

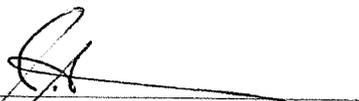
- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the *Local Government Act 2009* and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 3 to 36, have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2012 and of its financial performance and cash flows for the financial year ended on that date.


Clifford Harrigan
Mayor

Date: 12 / 06 / 2013


Alan Neelan
Chief Executive Officer

Date: 12 / 06 / 2013

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Wujal Wujal Aboriginal Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Wujal Wujal Aboriginal Shire Council, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive officer of the Council.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Wujal Wujal Aboriginal Shire Council for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Wujal Wujal Aboriginal Shire Council for the year ended 30 June 2012. Where the financial report is included on Wujal Wujal Aboriginal Shire Council's website the Council is responsible for the integrity of Wujal Wujal Aboriginal Shire Council's website and I have not been engaged to report on the integrity of Wujal Wujal Aboriginal Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



Peter Catterson
(as Delegate of the Auditor-General of Queensland)

Cairns

13 June 2013