

Wujal Wujal Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2013

Table of Contents

	Statement of Comprehensive Income
	Statement of Financial Position
	Statement of Changes in Equity
	Statement of Cash Flows
	Notes to the Financial Statements
1	Significant Accounting Policies
2	Analysis of Results by Function
3	Revenue Analysis
4	Grants, Subsidies, Contributions and Donations
5	Capital Income
6	Employee Benefits
7	Materials and Services
8	Finance Expenses
9	Depreciation Costs
10	Capital Expenses
11	Cash and Cash Equivalents
12	Trade and Other Receivables
13	Inventories
14	Other Financial Assets
15	Property, Plant & Equipment
16	Trade and Other Payables
17	Borrowings
18	Finance Leases
19	Provisions
20	Asset Revaluation Surplus
21	Reserves
22	Contingent Liabilities
23	Superannuation
24	Trust Funds
25	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
26	Events After the Reporting Period
27	Financial Instruments
	Management Certificate
	Independent Auditor's Report
	Measures of Financial Sustainability
	Certificate of Accuracy

Wujal Wujal Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Income			
Revenue			
Recurrent Revenue			
Fees and Charges	3(a)	152,191	91,935
Rental Income	3(b)	549,699	534,669
Interest Received	3(c)	160,490	157,359
Sales Revenue	3(d)	1,055,580	4,535,371
Other Income	3(e)	36,516	30,658
Grants, Subsidies, Contributions and Donations	4(a)	4,708,217	4,190,948
		<u>6,662,693</u>	<u>9,540,939</u>
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4(b)	504,025	291,675
Total Revenue		<u>7,166,718</u>	<u>9,832,614</u>
Capital Income	5	7,348	5,192,685
Total Income		<u>7,174,066</u>	<u>15,025,299</u>
Expenses			
Recurrent Expenses			
Employee Benefits	6	(3,194,249)	(2,834,604)
Materials and Services	7	(2,164,011)	(3,094,663)
Finance Expenses	8	(2,176)	(4,316)
Depreciation	9	(1,322,125)	(1,878,299)
		<u>(6,682,561)</u>	<u>(7,811,881)</u>
Capital Expenses	10	(1,820,530)	-
Total Expenses		<u>(8,503,091)</u>	<u>(7,811,881)</u>
Net Result		<u>(1,329,025)</u>	<u>7,213,418</u>
Other Comprehensive Income			
Increase / (Decrease) in Asset Revaluation Surplus	20	1,880,351	949,843
Total Other Comprehensive Income for the Year		<u>1,880,351</u>	<u>949,843</u>
Total Comprehensive Income for the Year		<u>551,326</u>	<u>8,163,261</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 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and Cash Equivalents	11	4,308,771	5,057,394
Trade and Other Receivables	12	1,353,252	1,288,078
Inventories	13	31,482	39,915
Other Financial Assets	14	172,705	-
Total Current Assets		<u>5,866,210</u>	<u>6,385,387</u>
Non-Current Assets			
Other Financial Assets	14	4,887,037	-
Property, Plant and Equipment	15	39,117,529	43,211,700
Total Non-Current Assets		<u>44,004,566</u>	<u>43,211,700</u>
Total Assets		<u>49,870,776</u>	<u>49,597,087</u>
Current Liabilities			
Trade and Other Payables	16	461,059	725,351
Provisions	19	126,950	19,800
Total Current Liabilities		<u>588,009</u>	<u>745,151</u>
Non-Current Liabilities			
Trade and Other Payables	16	-	45,437
Provisions	19	37,923	112,982
Total Non-Current Liabilities		<u>37,923</u>	<u>158,419</u>
Total Liabilities		<u>625,932</u>	<u>903,569</u>
Net Community Assets		<u>49,244,842</u>	<u>48,693,518</u>
Community Equity			
Asset Revaluation Surplus	20	12,906,235	11,025,884
Retained Surplus		33,718,898	35,104,824
Reserves	21	2,619,709	2,562,809
Total Community Equity		<u>49,244,842</u>	<u>48,693,518</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 2013

Note	Asset Revaluation Surplus 20 \$	Retained Surplus \$	Reserves 21 \$	Total \$
Balance as at 1 July 2012	11,025,884	35,104,824	2,562,810	48,693,518
Net result	-	(1,329,025)	-	(1,329,025)
Other comprehensive income for the year	-	-	-	-
Increase / (decrease) in revaluation surplus	1,880,351	-	-	1,880,351
Total comprehensive income for the year	1,880,351	(1,329,025)	-	551,326
Transfers to and from reserves				
Transfers to reserves	-	(484,222)	484,222	-
Transfers from reserves	-	427,321	(427,321)	-
Total transfers to and from reserves	-	(56,901)	56,901	-
Balance as at 30 June 2013	12,906,235	33,718,898	2,619,709	49,244,842
Balance as at 30 June 2011	10,076,041	28,572,414	1,881,802	40,530,257
Net operating surplus	-	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 and from reserves				
Transfers to reserves	-	(4,482,623)	4,482,623	-
Transfers from reserves	-	3,801,615	(3,801,615)	-
Total transfers to and from reserves	-	(681,008)	681,008	-
Balance as at 30 June 2012	11,025,884	35,104,824	2,562,810	48,693,518

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

Wujal Wujal Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		1,660,561	3,835,207
Payments to suppliers and employees		<u>(6,111,089)</u>	<u>(5,467,889)</u>
		(4,450,528)	(1,632,683)
Interest received		160,490	157,359
Rental income		549,699	534,669
Non capital grants and contributions		4,708,217	4,190,948
Finance costs		-	(140)
Net cash inflow (outflow) from operating activities	25	<u>967,878</u>	<u>3,250,153</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,233,801)	(1,721,313)
Proceeds from Sale of Property Plant and Equipment		13,274	-
Grants, subsidies, contributions and donations		<u>504,025</u>	<u>291,675</u>
Net cash inflow (outflow) from investing activities		<u>(1,716,502)</u>	<u>(1,429,638)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(60,789)
Repayments made on finance leases		-	(8,972)
Net cash inflow (outflow) from financing activities		<u>-</u>	<u>(69,760)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(748,623)</u>	<u>1,750,755</u>
Cash and equivalents at the beginning of the financial year		5,057,394	3,306,639
Cash and equivalents at end of the financial year	11	<u>4,308,771</u>	<u>5,057,394</u>

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

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

1 Significant Accounting Policies

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2012 to 30 June 2013 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. 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

The 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.

	Effective for periods starting on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2015
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2013
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee Benefits</i>	1 January 2013
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
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 2015
AASB 2010-10 <i>Further Amendments to AAS - Removal of Fixed Dates for First-time Adopters</i>	1 January 2013
AASB 2011-4 <i>Amendments to AAS 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 2011-10 <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 Reduced Disclosure Requirements	1 July 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2012-1 <i>Amendments to AAS - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	1 July 2013
AASB 2012-2 <i>Amendments to AAS - Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

AASB 2012-3 Amendments to AAS – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	1 January 2013
AASB 2012-6 Amendments to AAS – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]	1 January 2013
AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127]	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013
AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	1 January 2013
AASB 2012-11 Amendments to AAS – Reduced Disclosure Requirements and Other Amendments [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4]	1 July 2013
AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	1 July 2014

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 2015 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.

As a result, Council will be required to measure its financial assets, including its finance leases (refer Note 1.Q), at fair value. Had this requirement been adopted at 30 June 2013, management estimate that the fair value of this investment would have been unchanged from the value currently shown.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is no impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

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 key changes will relate to the level of disclosures required.

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, the necessary changes will be implemented. 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 Wujal Wujal Aboriginal Shire Council's property, plant and equipment as from 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. The recognised fair values will be classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

- Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability
- Level 3 - Fair values that are derived from data not observable in a market.

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 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 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" (refer Note 1.S).

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.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

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.

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.N and Note 15

Impairment of property, plant and equipment - Note 1.P and Note 10

Provisions - Note 1.S and Note 19

Valuation of finance leases - Note 1.Q

Contingencies - Note 22.

1.H Revenue

Grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

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. In the financial year ended 30 June 2013, and previous years, an equivalent amount was transferred from accumulated surplus to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve.

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 by developers 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.

Cash Contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

Rental Income

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

Interest and Dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the other party.

Sales Revenue

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

Sale of goods is recognised when 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 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)

Other Financial Assets (finance leases) - measured at fair value (Note 1.Q)

Financial Liabilities

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

Borrowings - measured at amortised cost (Note 1.T)

Finance Lease Liabilities - measured at amortised cost (Note 1. Q)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 17 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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 27.

Other financial assets

Indigenous Housing Arrangement (40 year lease)

In December 2008 the Queensland Government signed the *National Partnership Agreement on Remote Indigenous Housing* (NPA). The agreement between the Commonwealth of Australia and the States and Territories aims to facilitate significant reform in the provision of housing for Indigenous people in remote communities and to address overcrowding, homelessness, poor housing conditions and severe housing shortage in remote Indigenous communities.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

The Indigenous Housing Arrangement (40 year lease) provides the mechanism by which the Queensland Government will achieve its roles and responsibilities under the NPA. Under a 40 year lease agreement, the Queensland Government (via the Department of Communities) will directly manage, collect rental income, perform repairs and maintenance, upgrade existing and construct additional housing in these communities for a period of 40 years.

Lease details and transfer of Public Housing Assets from Council

The 40 year lease agreement entered into with the Queensland Government on 21 December 2012 covers a number of the public housing assets on the Wujal Wujal Aboriginal community together with the Ken Frost Sub-division (freehold land) leased to State Government. The public housing assets will attract annual payments of \$800 (adjusted for inflation) plus a component of statutory charges for a period of 40 years, concluding 20 December 2052.

Under the land lease agreement, the Wujal Wujal Aboriginal Shire Council will receive a once-off upfront payment of \$30,000.

1.J Cash and Equivalents

Cash and equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, 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.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

1.L Inventories

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

1.M Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2013 Council did not have any term deposits in excess of three months.

1.N Property, Plant and Equipment

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

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

Land
Buildings and Housing
Motor Vehicles

QAO
certified statements

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

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, plant and equipment, and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment*. 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 at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, 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 an appropriate Index for the region. 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, and buildings 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.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 15.

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 15.

Capital Work in Progress

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

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.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

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.

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at 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 15.

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 financial statements.

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I 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.

A portion of the DOGIT land is leased to the State Government pursuant to the Indigenous Housing Arrangement (40 year lease).

1.O Biological Assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.P Impairment of Non-Current Assets

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

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

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

1.Q Leases

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating 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.

Finance leases asset receivable

Where Council enters into a finance lease, Council recognises an asset equal to the present value of the minimum lease payments receivable. Lease assets are reduced by repayments of principal received. The interest components of the lease payments received are recognised as finance income.

Finance leases as lessor

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.R 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.S 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.

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 16 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 16 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 19 as a provision.

1.T 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.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

In accordance with the *Local Government Regulation 2012* 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.U Asset Revaluation Surplus

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

In reference to the comparative figures for the year ended 30 June 2012, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.W Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. Council accounts for these restrictions using a system of reserves.

The reserves operate as follows:

Operating Constrained Works Reserve

The council resolved to establish an operating constrained works reserve, with the amount corresponding to the amount of cash (reported within cash and cash equivalents) that has been allocated for in relation to recurrent programs for which funding has been provided by agencies and has not yet been expended in accordance with the terms of the granting bodies. Amounts equivalent to the cash allocated for these purposes is transferred from retained surplus to the operating constrained works reserve annually. When the program funding is spent, an amount equivalent to the expenditure is transferred out of the future recurrent expenditure reserve to retained surplus. All of the amounts transferred to this reserve related to a perceived future liability which is not currently a liability.

Capital Constrained Works Reserve

The Council resolved to establish a capital constrained works reserve, with the amount corresponding to the amount of cash (reported within cash and cash equivalents) which had been received in respect of capital works where the required capital works had not yet been carried out. Where non-reciprocal grants, subsidies and contributions were 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.

1.X 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.Y Trust Funds Held for Outside Parties

Funds held in the trust account on behalf of outside parties include those funds from deposits for the contracted sale of land, 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.

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

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

1.2 Funds Held in Trust by Outside Parties

Some funds belonging to Council are held in the trust funds of third parties. These may include grants for water and sewerage infrastructure. For details see Note 24.

1.AA Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). FBT does not apply in relation to any activities of Wujal Wujal Aboriginal Shire Council. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

The Council does not pay payroll tax to the Queensland Government on its activities.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

2. Analysis of Results by Function

2(a) Components of Council Functions

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

Corporate Services / Administration

This comprises the support functions for the Council and includes:

Finance and administration
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
Centrelink
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 2013

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 2013

Functions	Gross Program Income					Total Income	Gross Program Expenses		Total Expenses	Net Result Operations	Net Result	Assets
	Recurrent		Capital									
	Grants	Other	Grants	2013	Other							
	2013	\$	\$	\$	2013		\$					
Corporate Services	1,548,087	367,978	-	7,348	1,923,413	(791,916)	(1,820,530)	(2,612,446)	(423,938)	(689,033)	5,916,716	
Corporate Governance	-	-	-	-	-	(381,611)	-	(381,611)	(381,611)	(381,611)	-	
Technical Services	1,357,378	1,463,315	66,249	-	2,886,942	(3,513,665)	-	(3,513,665)	(2,050,350)	(626,723)	25,296,092	
Community Services	1,802,752	123,183	437,776	-	2,363,711	(1,995,369)	-	(1,995,369)	(1,872,186)	368,342	18,657,967	
Total Council	4,708,217	1,954,476	504,025	7,348	7,174,066	(6,682,561)	(1,820,530)	(8,503,091)	(4,728,085)	(1,329,025)	49,870,776	

Year ended 30 June 2012

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result Operations	Net Result	Assets
	Recurring			Capital				2012	2012				
	Grants	Other	Grants	Other	Capital	Capital							
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		
Corporate Governance	-	-	-	-	-	(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	23,546,251		
Community Services	1,548,443	106,977	248,675	-	1,904,095	(1,707,609)	-	(1,707,609)	(52,189)	196,486	19,665,448		
Total Council	4,190,948	5,349,991	291,675	5,192,685	15,025,299	(7,811,881)	-	(7,811,881)	1,729,059	7,213,418	49,597,087		

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
3 Revenue Analysis			
(a) Fees and Charges			
Administration and Utility Charges		102,019	39,422
Bank and Post Office Agency Commission		12,515	9,870
Centrelink Commission		19,983	16,244
Other Fees and Charges		17,674	26,398
		<u>152,191</u>	<u>91,935</u>
(b) Rental Income			
House and Building Rentals		549,699	534,669
		<u>549,699</u>	<u>534,669</u>
(c) Interest Received			
Bank Accounts		160,490	157,359
		<u>160,490</u>	<u>157,359</u>
(d) Sales Revenue			
Sale of Services			
Q-Build Maintenance		506,543	2,330,807
Other Contracts and Recoverable Works		232,741	1,908,549
		<u>739,284</u>	<u>4,239,356</u>
Sale of Goods			
Fuel		204,863	216,590
Works Department Sales		6,845	6,996
Art Centre Sales		104,588	72,429
		<u>316,296</u>	<u>296,015</u>
Total Sales Revenue		<u>1,055,580</u>	<u>4,535,371</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
(e) Other Income			
Other Income		36,516	30,658
		<u>36,516</u>	<u>30,658</u>
4 Grants, Subsidies, Contributions and Donations			
(a) Recurrent			
General Purpose Grants		1,543,587	1,570,361
State Government Subsidies and Grants		2,424,234	1,705,486
Commonwealth Government Subsidies and Grants		739,123	905,677
Contributions		1,273	9,423
		<u>4,708,217</u>	<u>4,190,948</u>
(b) Capital			
State Government Subsidies and Grants		504,025	291,675
		<u>504,025</u>	<u>291,675</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

Non-reciprocal grants for expenditure on infrastructure

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71,177	519,230
388,654	544,911

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

Note	2013 \$	2012 \$
	459,831	1,064,141

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	81,226	288,380
Non-reciprocal grants for expenditure on infrastructure	58,967	90,529
	<u>140,193</u>	<u>378,909</u>

5 Capital Income

Gain / Loss on Disposal of Non-Current Assets

Proceeds from the sale of property, plant and equipment	13,274	-
Less: Book value of property, plant and equipment disposed of	(5,926)	-
	<u>7,348</u>	<u>-</u>

Donated Assets

Donated Assets	-	5,192,685
	<u>-</u>	<u>5,192,685</u>

These represent infrastructure assets donated by the Department of Local Government as part of the Indigenous State Infrastructure Program

Total Capital Income	<u>7,348</u>	<u>5,192,685</u>
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6 Employee Benefits

Total Staff Wages and Salaries	2,121,349	1,979,227
Councillors' Remuneration	277,595	347,760
Annual, Sick and Long Service Leave Entitlements	466,314	275,141
Superannuation	301,658	290,454
	<u>3,166,916</u>	<u>2,892,582</u>
Other Employee Related Expenses	62,300	55,924
	<u>3,229,216</u>	<u>2,948,506</u>
Less: Capitalised Employee Expenses	(34,967)	(113,902)
	<u>3,194,249</u>	<u>2,834,604</u>

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

Total Council employees at the reporting date:

	2013	2012
Elected Members	5	5
Administration Staff	35	25
Depot and Outdoors Staff	42	50
Total Full-Time Equivalent Employees	<u>82</u>	<u>80</u>

7 Materials and Services

Administration Supplies and Services	44,405	102,740
Audit Fees	37,312	53,600
Telecommunications and IT	71,251	73,835
Buildings and Houses - Repairs	140,722	149,765
Agency Operations	2,556	6,278
Insurances	204,482	201,275
Recoverable Works Costs	508,930	958,370
Service Station Costs	203,560	196,145

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Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
NDRRA and Cyclone Costs		49,275	318,900
Security and Emergency Services		57,961	57,558
Cultural Centre Costs		77,262	81,391
Community Care Services		14,596	97,389
Community Welfare Services		471,932	318,478
Other Materials and Services		279,767	478,940
		<u>2,164,011</u>	<u>3,094,663</u>
8 Finance Expenses			
Bank Charges		2,176	2,176
Impairment of Debts		-	2,000
Interest on Finance Leases		-	140
		<u>2,176</u>	<u>4,316</u>
9 Depreciation Costs			
Depreciation of Non-Current Assets			
Buildings and Houses		663,057	1,302,335
Motor Vehicles		70,567	72,930
Plant and Equipment		136,700	131,274
Furniture and Fittings		15,105	15,105
Infrastructure		436,696	356,655
Total Depreciation	15	<u>1,322,125</u>	<u>1,878,299</u>
10 Capital Expenses			
Loss on transfer of assets via finance lease			
Book value of property, plant and equipment transferred		6,880,272	-
Less: Initial recognition of finance leases		<u>(5,059,742)</u>	<u>-</u>
		<u>1,820,530</u>	<u>-</u>
11 Cash and Cash Equivalents			
Cash at Bank and On-Hand		4,308,771	5,057,394
Balance per Statement of Cash Flows		<u>4,308,771</u>	<u>5,057,394</u>
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:			
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent Government Grants and Subsidies		2,619,709	2,562,809
Total Unspent Restricted Cash		<u>2,619,709</u>	<u>2,562,809</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		749,990	1,188,334
Accrued Revenue		372,623	111,336
Other Debtors		242,639	408
Less: Impairment		<u>(12,000)</u>	<u>(12,000)</u>

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Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

Note	2013 \$	2012 \$
	<u>1,353,252</u>	<u>1,288,078</u>

No interest is charged on other debtors. Approximately 65% of these debts relates to other Queensland government agencies.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	12,000	10,000
Additional impairments recognised	-	2,000
Closing Balance at 30 June	<u>12,000</u>	<u>12,000</u>

13 Inventories

Inventories Held for Sale

Fuel Stock

31,482	39,915
<u>31,482</u>	<u>39,915</u>

Total Inventories

<u>31,482</u>	<u>39,915</u>
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14 Other Financial Assets

Current

Finance leases

172,705	-
<u>172,705</u>	<u>-</u>

Non-Current

Finance leases

4,887,037	-
<u>4,887,037</u>	<u>-</u>

Reconciliation between the gross investment in the lease and the fair value of lease payments:

Gross minimum lease payments receivable:

Not later than one year

172,705

Later than one year but not later than five years

690,820

Later than five years

5,954,865

Add: Estimated contingent rent

6,818,389

Less: Present value adjustment

4,341,072

Fair value of lease payments

(6,099,720)

5,059,742

The fair value of lease payments are receivable as follows:

Not later than one year

172,705

Later than one year but not later than five years

663,168

Later than five years

4,223,870

5,059,742

Movements in finance leases are as follows:

Opening balance

-

Add: Initial recognition of new leases

4,300,993

Less: Lease receipts

-

Add: Gain on revaluation

758,749

Closing balance

5,059,742

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Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
The calculation of fair value has included an estimate of average annual CPI increases of 2.4% and a discount rate of 4.094%.			

Wujal Wujal Aboriginal Shire Council Notes to the Financial Statements

For the year ended 30 June 2013

15 Property, Plant & Equipment

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2012

Additions

Disposals

Revaluation Adj to Asset Revaluation Surplus

Transfers Between Classes

Closing Gross Value as at 30 June 2013

Note

Land	Buildings and 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	Cost	
\$	\$	\$	\$	\$	\$	\$	\$
1,700,000	38,976,253	744,364	902,091	94,788	19,640,370	887,978	62,945,843
-	-	-	-	-	-	2,233,801	2,233,801
-	(12,326,284)	(49,500)	-	-	-	-	(12,375,784)
-	545,705	-	-	-	657,548	-	1,203,253
-	1,098,864	-	73,672	-	466,998	(1,639,534)	-
1,700,000	28,294,538	694,864	975,763	94,788	20,764,916	1,482,245	54,007,113

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2012

Depreciation Provided in Period

Depreciation on Disposals

Revaluation Adj to Asset Revaluation Surplus

Transfers Between Classes

Accumulated Depreciation as at 30 June 2013

9

5

20

-	15,451,236	402,263	451,420	57,262	3,371,962	-	19,734,143
-	663,057	70,567	136,700	15,105	436,696	-	1,322,125
-	(5,446,013)	(43,574)	-	-	-	-	(5,489,587)
-	(349,402)	-	-	-	(327,695)	-	(677,097)
-	-	-	-	-	-	-	-
-	10,318,878	429,256	588,120	72,367	3,480,963	-	14,889,584

Total Written Down Value as at 30 June 2013

Residual Value

Range of Estimated Useful Life in Years

1,700,000	17,975,660	265,608	387,643	22,421	17,283,953	1,482,245	39,117,529
1,700,000	-	-	-	-	3,653,023	-	5,353,023
Land: Not Depreciated	15 - 75	2 - 8	3 - 20	3 - 20	18 - 80	-	-

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	2,233,801	2,233,801
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,233,801	2,233,801

Wujal Wujal Aboriginal Shire Council **Notes to the Financial Statements**

For the year ended 30 June 2013

Property, Plant & Equipment	Note	Land	Buildings and 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	Cost	
Asset Values		\$	\$	\$	\$	\$	\$		\$
Opening Gross Value as at 1 July 2011		1,605,000	25,822,834	1,140,759	282,654	94,788	12,972,770	370,625	42,289,430
Additions		-	-	-	-	-	-	1,721,313	1,721,313
Donated Assets	5	851,276	-	-	-	-	4,341,409	-	5,192,685
Revaluation Adj to Asset Revaluation Surplus	20	(756,276)	12,157,501	-	-	-	2,341,191	-	13,742,416
Transfers Between Classes		-	995,918	(396,395)	619,437	-	(15,000)	-	-
Closing Gross Value as at 30 June 2012		1,700,000	38,976,253	744,364	902,091	94,788	19,640,370	887,978	62,945,843
Accumulated Depreciation and Impairment									
Opening Balance as at 1 July 2011		-	3,443,455	483,438	166,041	42,157	928,180	-	5,063,270
Depreciation Provided in Period	9	-	1,302,335	72,930	131,274	15,105	356,655	-	1,878,299
Depreciation on Disposals	5	-	-	-	-	-	-	-	-
Revaluation Adj to Asset Revaluation Surplus	20	-	10,704,508	-	-	-	2,088,065	-	12,792,573
Transfers Between Classes		-	938	(154,105)	154,105	-	(938)	-	-
Accumulated Depreciation as at 30 June 2012		-	15,451,236	402,263	451,420	57,262	3,371,962	-	19,734,143
Total Written Down Value as at 30 June 2012		1,700,000	23,525,017	342,101	450,671	37,526	16,268,408	887,978	43,211,700
Residual Value		1,700,000	-	-	-	-	3,653,023	-	5,353,023
Range of Estimated Useful Life in Years		Land: Not Depreciated.	15 - 75	2 - 8	3 - 20	3 - 20	18 - 80	-	-

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

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

Property, plant and equipment valuations from 2012 were subject to indexation adjustment for the current year. For each asset class as nominated, this was undertaken by AssetVal Pty Ltd, Registered Valuers, in accordance with instructions provided by Council. These indexation adjustments comply with all accounting standards in force. The valuers used a Construction Cost Indexation Rate that varied from 2% to 4% depending on the asset category, and the valuation was conducted as a desktop assessment.

Land

Land as at 30 June 2013 have been recorded at fair value as determined by AssetVal Pty Ltd, Registered Valuers as at 30 June 2012. At that time, the land asset was revalued using the market value approach. This approach was based on available sales evidence using either the direct comparison, summation or income approaches.

Buildings and Houses

Buildings & houses as at 30 June 2013 have been recorded at fair value through indexation adjustment as determined by AssetVal Pty Ltd, Registered Valuers. Building and housing assets are assessed using the depreciated replacement cost approach.

Motor Vehicles, Plant and Equipment, Furniture and Fittings

Motor Vehicles plant and equipment, and furniture 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. The valuers, AssetVal Pty Ltd Registered Valuers, considered that costs for these asset categories have remained steady over the past twelve months.

Infrastructure

Infrastructure as at 30 June 2013 has been recorded at fair value through indexation adjustment as determined by AssetVal Pty Ltd, Registered Valuers. Infrastructure assets are assessed using the depreciated replacement cost approach. Roads were indexed at 3% with Water and Sewerage Infrastructure at 3.5%. The residual value of infrastructure remained unchanged.

16 Trade and Other Payables

Current

Creditors and Accruals

Annual Leave

Non-Current

Annual Leave

Note	2013 \$	2012 \$
	267,425	585,506
	193,634	139,845
	<u>461,059</u>	<u>725,351</u>
	-	45,437
	<u>-</u>	<u>45,437</u>

17 Borrowings

Loans - SGFA Advance

Opening balance at beginning of financial year

Loans raised

Principal repayments

Book value at end of financial year

-	60,789
-	-
-	(60,789)
<u>-</u>	<u>-</u>

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

18 Finance Leases

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

Balance at beginning of financial year	-	9,116
Payments made in the period	-	(9,116)
Minimum lease payments	-	-
	2013	2012
	\$	\$

Note

19 Provisions

Current

Long Service Leave	126,950	19,800
	<u>126,950</u>	<u>19,800</u>

Non-Current

Long Service Leave	37,923	112,982
	<u>37,923</u>	<u>112,982</u>

Details of movements in provisions:

Long Service Leave

Balance at Beginning of Financial Year	132,782	103,664
Long Service Leave Entitlement Arising	39,902	41,045
Long Service Entitlement Paid	(7,810)	(11,927)
Balance at End of Financial Year	<u>164,874</u>	<u>132,782</u>

20 Asset Revaluation Surplus

Movements in the Asset Revaluation Surplus were as follows:

Balance at beginning of financial year	11,025,884	10,076,041
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	(756,276)
Buildings and Housing	895,107	1,452,993
Infrastructure	985,243	253,126
Balance at End of Financial Year	<u>12,906,235</u>	<u>11,025,884</u>

Asset Revaluation Surplus Analysis

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

Land	588,287	588,287
Buildings and Housing	7,284,959	6,389,852
Infrastructure	4,487,318	3,502,075
Motor Vehicles	371,313	371,313
Plant and Equipment	63,385	63,385
Furniture and Fittings	110,972	110,972
	<u>12,906,235</u>	<u>11,025,884</u>

21 Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. Council accounts for these restrictions using a system of reserves.

Reserves Held for Funding Future Capital Expenditure

Capital Constrained Works Reserve	1,567,163	1,359,078
	<u>1,567,163</u>	<u>1,359,078</u>

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

Reserves Held for Funding Future Recurrent Expenditure

Operating Constrained Works Reserve	1,052,547	1,203,731
	<u>1,052,547</u>	<u>1,203,731</u>
Total reserves	<u>2,619,709</u>	<u>2,562,809</u>
Movements in Capital Reserves:		
Capital Constrained Works Reserve		
Balance at beginning of financial year	1,359,078	1,192,400
Transfer from retained surplus for future expenditure	388,654	291,675
Transfer to the retained surplus funds expended in the period	(180,569)	(124,997)
Balance at end of financial year	<u>1,567,163</u>	<u>1,359,078</u>
Movements in Recurrent Reserves:		
Recurrent Constrained Works Reserve		
Balance at beginning of financial year	1,203,731	689,401
Transfer from retained surplus for future expenditure	95,568	4,190,948
Transfer to retained surplus	(246,752)	(3,676,618)
Balance at end of financial year	<u>1,052,547</u>	<u>1,203,731</u>

22 Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 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 \$60,918.74.

23 Superannuation

The 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 (CDBF) 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)

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

The ABF is a defined contribution scheme as defined in AASB 119. 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 2009*.

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 Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 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.

The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:

6	301,658	290,454

24 Trust Funds

Trust funds held for outside parties

P&E Law - Aged Care Facility (now transferred to Council Bank account)

-	128,934
-	128,934

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

1,999	1,999
1,999	1,999

Wujal Wujal Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2013

	2013	2012
Note	\$	\$
25 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities		
Net Result	(1,329,025)	7,213,418
Non-Cash Items:		
Depreciation	1,322,125	1,878,299
Impairment of Receivables	-	2,000
Non-Cash Asset Donation	-	(5,192,685)
Capital Expenses	1,820,530	-
	<u>3,142,655</u>	<u>(3,312,386)</u>
Investing and development activities:		
Net (Profit)/Loss on Disposal of Non-Current Assets	(7,348)	-
Capital Grants and Contributions	(504,025)	(291,675)
	<u>(511,373)</u>	<u>(291,675)</u>
Changes in operating assets and liabilities:		
(Increase) / Decrease in Receivables	(65,174)	(711,972)
(Increase) / Decrease in Inventory	8,433	(3,633)
Increase / (Decrease) in Payables	(309,729)	327,285
Increase / (Decrease) in Other Provisions	32,091	29,118
	<u>(334,379)</u>	<u>(359,203)</u>
Net cash inflow from operating activities	<u>967,878</u>	<u>3,250,153</u>

26 Events After the Reporting Period

There were no material adjusting events after the balance date.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

27 Financial instruments

Wujal Wujal Aboriginal Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Wujal Wujal Aboriginal Shire Council does not enter into derivatives.

Credit risk

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

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

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

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

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

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

27 Financial Instruments (cont'd)

	Note	2013 \$	2012 \$
Financial assets			
Cash and cash equivalents	11	4,308,771	5,057,394
Receivables - other	12	1,353,252	1,288,078
Other financial assets	14	5,059,742	-
Other credit exposures			
Guarantees	22	60,919	52,418
Total financial assets		<u>10,782,684</u>	<u>6,397,890</u>

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Other financial assets

Other investments are held with Westpac Banking Corporation, which is rated AA- based on rating agency Standard and Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Other assets include the value of the finance leases under the Indigenous 40 year Housing Agreement, entered into by Council in the current year. This represents the net present value of set future rental payments plus the recovery of statutory charges.

Trade and other receivables

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

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

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

	2013 \$	2012 \$
Not past due	1,308,761	1,227,416
Past due 31-60 days	28,472	6,152
Past due 61-90 days	28,019	66,509
More than 90 days		
Impaired	-12,000	-12,000
Total	<u>1,353,252</u>	<u>1,288,078</u>

Impairment is based on a prudent allowance that some may prove uncollectible. At the present time, there are no specific accounts that have been identified as likely to give rise to default.

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

27 Financial instruments (cont'd)

Liquidity risk

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

Wujal Wujal Aboriginal Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 11.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2013					
Trade and other payables	461,059	-	-	461,059	461,059
	<u>461,059</u>	<u>-</u>	<u>-</u>	<u>461,059</u>	<u>461,059</u>
2012					
Trade and other payables	725,351	45,437	-	770,788	770,788
	<u>725,351</u>	<u>45,437</u>	<u>-</u>	<u>770,788</u>	<u>770,788</u>

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

Market risk

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

Interest rate risk

Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

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

Wujal Wujal Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2013

27 Financial Instruments (cont'd)

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount	Profit or loss		Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2013					
Financial Assets	5,834,728	58,347	(58,347)	58,347	(58,347)
Financial Liabilities	(461,059)	(4,611)	4,611	(4,611)	4,611
Net total	<u>5,373,669</u>	<u>53,736</u>	<u>(53,736)</u>	<u>53,736</u>	<u>(53,736)</u>
2012					
Financial Assets	6,345,472	63,455	(63,455)	63,455	(63,455)
Financial Liabilities	(770,788)	(7,708)	7,708	(7,708)	7,708
Net total	<u>5,574,684</u>	<u>55,747</u>	<u>(55,747)</u>	<u>55,747</u>	<u>(55,747)</u>

Fair value

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

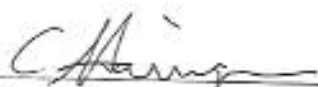
Wujal Wujal Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2013

Management Certificate
For the year ended 30 June 2013

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

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

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


Mayor
Name Clifton HARRIGAN
Date: 25/10/13


Chief Executive Officer
Name Arian NEELAND
Date: 25/10/13

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 2013, 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.

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 *Local Government Regulation 2012*, 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 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane