

Wujal Wujal Aboriginal Shire Council Annual Financial Statements

for the year ended 30 June 2018

Wujal Wujal Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2018

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Wujal Wujal Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$	2017 (restated*) \$
Revenue			
Recurrent revenue			
Fees and charges	3(a)	599,556	523,858
Rental income		200,343	208,920
Interest received		6,804	10,601
Sales revenue	3(b)	2,607,670	3,029,703
Other income	3(c)	903,087	328,068
Grants, subsidies and contributions	4(a)	3,102,679	3,172,733
Total recurrent revenue		7,420,139	7,273,884
Capital revenue			
Grants, subsidies and contributions	4(b)	4,128,780	19,077
Capital income	5	-	335,403
Total capital revenue		4,128,780	354,479
Total revenue		11,548,919	7,628,363
Expenses			
Recurrent expenses			
Employee benefits	6	(4,553,966)	(4,230,563)
Materials and services	7	(3,509,263)	(3,364,135)
Finance costs		(70,542)	(9,190)
Depreciation and amortisation	12	(1,492,193)	(1,555,870)
Total recurrent expenses		(9,625,963)	(9,159,758)
Capital expenses	8	(156,009)	(5,968)
Total expenses		(9,781,972)	(9,165,726)
Net result		1,766,947	(1,537,363)
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	16	-	547,038
Total other comprehensive income		-	547,038
Total comprehensive income for the year		1,766,947	(990,325)

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

* refer to note 25

Wujal Wujal Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$	2017 (restated*) \$
Current assets			
Cash and cash equivalents	9	1,320,434	1,250,355
Trade and other receivables	10	1,520,530	1,325,002
Inventories		53,717	53,673
Other financial assets	11	70,414	70,413
Total current assets		2,965,095	2,699,444
Non-current assets			
Other financial assets	11	1,939,216	2,122,390
Investment in joint venture	20	40,367	164,765
Property, plant and equipment	12	31,785,837	29,751,545
Total non-current assets		33,765,420	32,038,701
Total assets		36,730,515	34,738,144
Current liabilities			
Trade and other payables	14	869,243	618,033
Finance leases	23	70,086	67,241
Provisions	15	103,040	103,060
Total current liabilities		1,042,368	788,335
Non-current liabilities			
Finance leases	23	117,081	187,167
Provisions	15	163,335	121,858
Total non-current liabilities		280,416	309,025
Total liabilities		1,322,784	1,097,360
Net community assets		35,407,731	33,640,784
Community equity			
Asset revaluation surplus	16	14,892,783	14,892,783
Retained surplus/(deficiency)		20,514,948	18,748,001
Total community equity		35,407,731	33,640,784

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

* refer to note 25

Wujal Wujal Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2018

Note	Asset revaluation surplus 16 \$	Retained Surplus (Deficiency) \$	Reserves \$	Total \$
Balances as at 1 July 2017 (restated*)	14,892,783	18,748,001	-	33,640,784
Net operating surplus	-	1,766,947	-	1,766,947
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	-	-	-	-
Total comprehensive income for the year	-	1,766,947	-	1,766,947
Balance as at 30 June 2018	14,892,783	20,514,948		35,407,731
Balance as at 1 July 2016 (restated*)	14,345,745	20,285,364	-	34,631,109
Net operating surplus(deficiency)	-	(1,537,363)	-	(1,537,363)
Other comprehensive income for the year		-		
Increase / (decrease) in asset revaluation surplus	547,038	-	-	547,038
Total comprehensive income for the year	547,038	(1,537,363)	-	(990,325)
Balances as at 30 June 2017	14,892,783	18,748,001	-	33,640,784

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

* refer to note 25

Wujal Wujal Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,395,805	3,049,930
Payments to suppliers and employees		(8,043,131)	(7,392,307)
		<u>(4,647,326)</u>	<u>(4,342,377)</u>
Interest received		6,804	10,601
Rental income		200,343	158,197
Non capital grants, subsidies and contributions		3,093,087	3,172,733
Borrowing Costs		(10,662)	(9,190)
Net cash inflow (outflow) from operating activities	21	<u>(1,357,754)</u>	<u>(1,010,037)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,561,346)	(1,455,494)
Proceeds from sale of property plant and equipment	5, 8	-	70,000
Finance lease receipts	11	71,618	68,891
Capital grants, subsidies and contributions		4,534,802	19,077
Dividend - JV investment		450,000	859,302
Net cash inflow (outflow) from investing activities		<u>1,495,075</u>	<u>(438,224)</u>
Cash flows from financing activities			
Repayments made on finance leases	23	(67,241)	(28,179)
Net cash inflow (outflow) from financing activities		<u>(67,241)</u>	<u>(28,179)</u>
Net increase (decrease) in cash and cash equivalents held		<u>70,079</u>	<u>(1,476,440)</u>
Cash and cash equivalents at the beginning of the financial year		1,250,355	2,726,795
Cash and cash equivalents at end of the financial year	9	<u><u>1,320,434</u></u>	<u><u>1,250,355</u></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 2018

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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.

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.

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment and finance leases which are measured at fair value.

The Council uses the Australian dollar as its functional currency and its presentation currency and rounds to the nearest dollar. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

1.B Constitution

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

1.C 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.D Adoption of new and revised Accounting Standards

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that may have a material impact upon council's future financial statements are:

Effective for annual reporting periods beginning 1 July 2018

• AASB 9 Financial Instruments

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Council will apply the new rules retrospectively from 1 July 2018. Comparatives for 2018 will not be restated. The net differences on initial application will be recognised in opening accumulated surplus as at the date of initial application. Council is still assessing whether the new impairment model will have a material impact to impairment losses arising from this standard.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Effective for annual reporting periods beginning 1 July 2019

• AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council is reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. In the future, grants will be individually assessed to determine the effects of this standard. Council intends on using the partial retrospective approach in AASB 15 and AASB 1058. Under this transitional approach, Council will not need to restate comparative figures in their 2019-20 financial statements. Instead Council will recognise the cumulative effect of applying this standard as an adjustment to opening accumulated surplus at 1 July 2019.

• AASB 16 Leases

Council has some leases that are not in its statement of financial position. These will need to be included in the statement of financial position when AASB 16 Leases comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Council will apply this standard from 1 July 2019. Council is still reviewing whether this will have any material impact.

1.E 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 annually. 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 12 and Note 13
Provisions - Note 15
Valuation of finance leases - Note 11, Note 13 and Note 23
Contingent liabilities - Note 18.

1.F Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents
Trade and other receivables - measured at amortised cost
Finance lease receivables - measured at fair value
Investment in joint venture

Financial liabilities

Trade and other payables - measured at amortised cost
Finance lease liabilities - measured at fair value
Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

1.G 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 2018

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 governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer activities are included in corporate governance.

Corporate services

Corporate Services provides professional administration, finance and information services across all of council. This function includes human resource management, internal audit, budget support, financial accounting, marketing and communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements and to provide appropriate services to all of the activities of Council.

Community services

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

This function includes:

Libraries and Kindergarten

Entertainment venues, Art Gallery and Café

Public health services including aged care facilities

Environmental licences and approvals.

Building services

This function facilitates the Shire's growth and prosperity through well planned and quality development. The objective of building services is to ensure the Wujal Wujal Aboriginal Shire is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the Shire. This function includes activities and services related to town and regional planning, and management of development approval processes.

Technical services

This function is responsible for the road transport network, parks and gardens, waste management and the Water & Sewerage networks. The objectives are to ensure the community is serviced by a high quality and effective road network, to protect and support the community and natural environment by sustainably managing refuse through provision of rubbish collection and disposal services, mosquito and other pest management programs and to support a healthy, safe community by sustainably managing the water and sewerage network infrastructure.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2018

2 Analysis of results by function

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

Year ended 30 June 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018 \$	2018 \$	2018 \$	2018 \$							
Corporate governance	-	5,500	-	-	5,500	(831,364)	-	(831,364)	(825,864)	(825,864)	-
Corporate services	1,686,495	948,402	-	-	2,634,897	(1,419,441)	(156,009)	(1,575,449)	1,215,456	1,059,447	7,558,421
Technical services	310,787	776,992	4,128,780	-	5,216,560	(2,538,103)	-	(2,538,103)	(1,450,324)	2,678,456	25,548,546
Community services	1,105,397	59,493	-	-	1,164,890	(2,325,067)	-	(2,325,067)	(1,160,176)	(1,160,176)	-
Building services	-	2,527,072	-	-	2,527,072	(2,511,988)	-	(2,511,988)	15,084	15,084	3,623,548
Total	3,102,679	4,317,460	4,128,780	-	11,548,919	(9,625,963)	(156,009)	(9,781,972)	(2,205,825)	1,766,947	36,730,515

Year ended 30 June 2017

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2017 \$	2017 \$	2017 \$	2017 \$							
Corporate governance	-	-	-	-	-	(455,009)	-	(455,009)	(455,009)	(455,009)	-
Corporate services	1,726,235	59,815	-	335,403	2,121,453	(1,447,395)	(5,968)	(1,453,363)	338,655	668,090	7,148,430
Technical services	302,289	2,278,275	19,077	-	2,599,641	(3,061,662)	-	(3,061,662)	(481,098)	(462,021)	24,162,718
Community services	1,144,209	116,495	-	-	1,260,704	(2,145,740)	-	(2,145,740)	(885,036)	(885,036)	-
Building services	-	1,646,565	-	-	1,646,565	(2,049,951)	-	(2,049,951)	(403,386)	(403,386)	3,426,997
Total	3,172,733	4,101,150	19,077	335,403	7,628,363	(9,159,758)	(5,968)	(9,165,726)	(1,885,875)	(1,537,363)	34,738,144

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
3 Revenue analysis			
Fees and charges, sales revenue, grants and other income is recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.			
(a) Fees and charges			
Administration and utility charges		549,415	481,522
Bank and Post Office agency commissions		11,185	10,333
Centrelink commissions		22,612	22,059
Other fees and charges		16,344	9,944
Total fees and charges		599,556	523,858
(b) Sales revenue			
Contracts and recoverable works			
Private works revenue		1,177	9,500
Q Build and BAS contract and recoverable works		1,903,068	2,290,118
Housing construction contract		499,250	436,347
Total contracts and recoverable works		2,403,494	2,735,965
Sale of goods			
Fuel		147,492	214,087
Art Centre		56,684	79,651
Total sale of goods		204,176	293,738
Total sales revenue		2,607,670	3,029,703
The council generates revenues from a number of services including an arts centre, service station sales and contracts for recoverable works relating to roads and social housing construction. Revenue from these contracts 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.			
The amount recognised as revenue for contract works during the financial year is the amount receivable in respect of invoices issued during the period and in respect of works carried out during the period. The contract work carried out is not subject to retentions.			
(c) Other income			
Share of joint venture profit	20	325,602	264,765
Joint Venture Placement Fees		66,741	-
Other		35,172	63,303
ATO Refund	22	475,572	-
Total other income		903,087	328,068
4 Grants, subsidies and contributions			
(a) Recurrent			
General purpose grants		1,686,495	1,744,917
State government subsidies and grants		781,388	855,448
Commonwealth government subsidies and grants		634,796	572,368
Total recurrent		3,102,679	3,172,733

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
(b) Capital			
State government subsidies and grants		4,128,780	19,077
Commonwealth government subsidies and grants		-	-
Total capital		4,128,780	19,077

All grants, subsidies and contributions are non-reciprocal in nature and are recognised as revenue in the year in which Council obtains control over them with the exception of My Pathways grant which is disclosed as unearned revenue.

Conditions over contributions

The requirement to separately disclose grants for services versus grants for capital purposes (i.e. infrastructure) is not mandated in local government legislation or Australian Accounting Standards. However, this breakdown will significantly assist Council in preparing their Financial Sustainability Statements.

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:

Grants for expenditure on services	24	1,239,543	504,060
		1,239,543	504,060

5 Capital income

Initial recognition of assets under finance leases	11	-	265,403
Proceeds from sale		-	70,000
Total capital income		-	335,403

6 Employee benefits

Total staff wages and salaries	3,430,117	3,276,551
Councillors' remuneration	318,705	317,406
Annual, sick and long service leave entitlements	480,676	306,947
Superannuation	433,064	329,659
	4,662,562	4,230,563
Less: Capitalised employee expenses	(108,596)	-
Total employee benefits	4,553,966	4,230,563

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.

Councillors' remuneration represents salary paid in respect of carrying out their duties.

Total Council employees at the reporting date:	2018	2017
Elected members	5	5
Administration and indoor staff	35	36
Depot and outdoors staff	42	41
Total full time equivalent employees	82	82

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
7 Materials and services			
Buildings and Houses-repairs		587,190	293,378
Agency operations		26,987	18,862
Audit of annual financial statements by the QAO		129,604	70,208
Communications and IT		180,112	211,445
Insurances		101,582	99,648
Recoverable Works costs		181,706	721,456
Housing Construction Contract		1,021,774	437,535
Security & Emergency services		61,852	15,807
Cultural activities		291,125	301,361
Community Care services		116,404	174,634
Community Welfare services		355,607	327,562
Consultants		55,562	30,372
Councillors Non-Wages Expenses		23,402	10,322
Supplies and Services and Other Recoveries		369,186	628,412
Other materials and services		7,170	23,132
Total materials and services		3,509,263	3,364,135

8 Capital expenses

Loss on disposal of non current assets

Proceeds from sale		-	-
less book value of disposed assets	12	(44,454)	-
Total loss on sale of assets		44,454	-

Revaluations

Revaluation decrement recognised as expense	12	-	-
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Loss on revaluation of finance leases

Loss on revaluation of finance leases	11	111,555	5,968
Total capital expenses		156,009	5,968

9 Cash and cash equivalents

Cash at bank and on hand		1,320,434	1,250,355
Balance per Statement of Cash Flows		1,320,434	1,250,355

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

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

Unspent government grants and subsidies		1,239,543	504,060
Total unspent restricted cash	24	1,239,543	504,060

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

Cash and cash 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.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
10 Trade and other receivables			
Current			
Trade Debtors		1,446,998	1,109,453
Less impairment		(63,156)	(54,637)
Trade Debtors Net		<u>1,383,841</u>	<u>1,054,816</u>
Other debtors		136,688	270,186
Total current trade and other receivables		<u>1,520,530</u>	<u>1,325,002</u>

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

The collectability of receivables is assessed periodically and 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 asset's carrying amount less any amount expected to be recovered.

For impaired receivables the factors the Council considered when impairing the asset were: what was the debt originally for, how long it has been outstanding, the success of attempts to recover the debt and how successful any further attempts were likely to be.

All known bad debts were written-off at 30 June.

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

Not past due	1,082,209	162,727
Past due 31-60 days	-	4,896
Past due 61-90 days	-	9,198
More than 90 days	364,789	932,632
Trade Debtors	<u>1,446,998</u>	<u>1,109,453</u>
Impaired	(63,156)	(54,637)
Total	<u>1,383,841</u>	<u>1,054,816</u>

11 Other financial assets

Current		
Finance leases	70,414	70,413
	<u>70,414</u>	<u>70,413</u>
Non-current		
Finance leases	1,939,216	2,122,390
	<u>1,939,216</u>	<u>2,122,390</u>

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

Gross minimum lease payments receivable:

Not later than one year	70,414	70,413
Later than one year but not later than five years	281,655	281,655
Later than five years	2,149,126	2,219,540
	<u>2,501,195</u>	<u>2,571,608</u>
Add: Estimated contingent rent	1,459,083	1,556,424
Less: Present value adjustment	(1,950,648)	(1,935,229)
Fair value of lease payments	<u>2,009,630</u>	<u>2,192,803</u>

The fair value of lease payments are receivable as follows:

Not later than one year	70,414	70,413
Later than one year but not later than five years	272,555	275,248
Later than five years	1,666,661	1,847,142
	<u>2,009,630</u>	<u>2,192,803</u>

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Movements in finance leases were as follows:			
Opening balance		2,192,803	2,002,259
Add: Initial recognition of new leases		-	265,402
Less: Lease surrendered		-	-
Less: Lease receipts		(71,618)	(68,891)
Gain (Loss) on revaluation		(111,555)	(5,967)
Closing balance		2,009,630	2,192,803

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% for 2017/18 (2017: 2.5%) and a discount rate of 3.86% for 2017/18 (2017: 3.45%).

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.

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable recognised as income applicable to the leases. There is, however, a contingent rent recognised of \$1.5 million which is the difference between nominal rents and consumer price indexation of rents.

Council has leased 85 dwellings as lessor to the Queensland Government for 40 years. The average lease payment per dwelling in the current year was \$832, in addition, there was also approximately \$5,060 in service charges applied per property. The lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane in accordance with the terms of the 40 year lease, whereas, the service charge component is adjusted each year as part of Council's annual passing of its Budget and Revenue Policy. The discount rate implicit in the leases for 2017/18 is 3.86%, which is the higher of CPI and Council's present cost of capital, as advised by Queensland Treasury Corporation (QTC). The leases are recognised at the present value of the expected future lease payments receivable, excluding service charges (i.e. NPV method is used). Gains on revaluation of finance lease assets are recognised as "other income" when the cashflows diminish and the discount rate declines year on year. Conversely, in the future, when the discount rate increases and the cashflows diminish, losses on finance lease asset revaluations will be recognised as "other expenses".

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

12 Property, plant and equipment

30-Jun-18

Basis of measurement

Asset values

Opening gross value as at 1 July 2017

Additions

Disposals

Transfer from WIP

Revaluation adjustment to asset revaluation surplus

Closing gross value as at 30 June 2018

Note	Land	Buildings	Motor Vehicles	Plant and Equipment	Furniture & Fittings	Water	Sewerage	Other Infrastructure	Roads Network	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,065,687	20,962,606	799,599	1,620,700	99,468	7,436,281	6,319,001	340,652	6,326,863	561,599	45,532,456
	-	-	48,830	40,306	-	-	-	-	-	3,518,216	3,607,352
	-	-	-	-	-	-	-	(258,081)	-	-	(258,081)
	-	-	-	1,130,335	-	87,292	71,153	215,290	1,820,355	(3,324,425)	-
16	-	-	-	-	-	-	-	-	-	-	-
	1,065,687	20,962,606	848,429	2,791,341	99,468	7,523,573	6,390,154	297,861	8,147,218	755,390	48,881,728

Accumulated depreciation and impairment

Opening balance as at 1 July 2017

Depreciation provided in period

Depreciation on additions/disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2018

	-	8,595,571	433,852	810,290	88,865	2,037,611	2,248,912	245,571	1,320,239	-	15,780,911
	-	590,570	68,470	141,464	4,391	263,367	272,963	3,893	147,074	-	1,492,193
	-	-	39,238	-	-	-	-	(216,451)	-	-	(177,213)
16	-	-	-	-	-	-	-	-	0.00	-	(0)
	0	9,186,142	541,560	951,754	93,256	2,300,978	2,521,875	33,013	1,467,314	-	17,095,891

Total written down value as at 30 June 2018

Range of estimated useful life in years

1,065,687	11,776,465	306,869	1,839,588	6,212	5,222,595	3,868,278	264,848	6,679,904	755,390	31,785,837
Land: Not depreciated.	15-60	2-8	3 - 20	3 - 20	3 - 60	5 - 80	15-75	10-1,000	-	

Additions comprise:

Renewals

Other additions

Total additions

-	-	-	-	-	87,292	71,153	215,290	-	-	373,735
-	-	48,830	1,170,641	-	-	-	-	1,820,355	-	3,039,826
-	-	48,830	1,170,641	-	87,292	71,153	215,290	1,820,355	-	3,413,561

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

12 **Property, plant and equipment**

30-Jun-17

Basis of measurement

Asset values

Opening gross value as at 1 July 2016

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfer from WIP

Closing gross value as at 30 June 2017

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation

Accumulated depreciation as at 30 June 2017

Total written down value as at 30 June 2017

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Note	Land	Buildings	Motor Vehicles	Plant and Equipment	Furniture & Fittings	Water	Sewerage	Other Infrastructure	Roads Network	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,065,687	18,930,250	799,600	1,106,174	99,468	7,061,138	5,706,773	363,969	12,374,827	177,685	47,685,571
	-	68,551	-	480,750	-	285,770	371,317	9,770	-	521,926	1,738,085
5, 8	-	-	-	(68,000)	-	-	-	-	-	-	(68,000)
16	-	1,949,982	-	-	-	74,062	233,808	(33,087)	(6,047,964)	-	(3,823,197)
	-	13,823	-	101,776	-	15,310	7,102	-	-	(138,011)	-
	1,065,687	20,962,606	799,599	1,620,700	99,468	7,436,281	6,319,001	340,652	6,326,863	561,599	45,532,456

	-	7,071,876	352,494	785,609	84,473	1,948,741	2,367,977	263,714	5,788,392	-	18,663,276
	-	445,725	81,358	92,681	4,391	234,537	196,892	10,276	490,010	-	1,555,870
5, 8	-	-	-	(68,000)	-	-	-	-	-	-	(68,000)
16	-	1,077,970	-	-	-	(145,667)	(315,956)	(28,420)	(4,958,163)	-	(4,370,235)
	-	8,595,571	433,852	810,290	88,865	2,037,611	2,248,912	245,571	1,320,239	-	15,780,911

	1,065,687	12,367,035	365,747	810,410	10,603	5,398,670	4,070,089	95,081	5,006,624	561,599	29,751,545
	Land: Not depreciated.	15-60	2-8	3 - 20	3 - 20	3 - 60	5 - 80	15-75	10-1,000	-	

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	-	-	-	-	-	-	-	-	-	-
Other additions	-	68,551	-	480,750	-	285,770	371,317	9,770	-	-	1,216,158
	-	-	-	-	-	-	-	-	-	-	-
Total additions	-	68,551	-	480,750	-	285,770	371,317	9,770	-	-	1,216,158

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2018

12 Property, plant and equipment accounting policies

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

Acquisition of assets

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

Capital and operating expenditure

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

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

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

Valuation Process

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 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, for the valuation of the land, buildings and infrastructure asset classes, 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.

For the financial year ending 30 June 2018, the valuer assessed index movements as:

Land - Fair Value (4.2%)

Buildings - Replacement Cost 3.71%

Other Structures 3.95%

Water Infrastructure 3.33%

Sewer Infrastructure 3.37%

Roads Infrastructure 3.10%

As the index movement 1 July 2017 to 30 June 2018 are not material, no indexation was applied.

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

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

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.

Wujal Wujal Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2018

12 Property, plant and equipment accounting policies

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.

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

Land under roads

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.

DOGIT and other land

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.

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

Council also holds additional freehold land outside its DOGIT and Local Government area, in the township of Ayton and the area of Degarra. This land is measured at fair value.

Impairment

Each non-current physical 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.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

13 Fair value measurements

13(a) Recognised fair value measurements

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

- Finance Leases
- Property, plant and equipment
 - Land
 - Buildings
 - Road network
 - Water Infrastructure
 - Sewerage Infrastructure
 - Other Infrastructure assets

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

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

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

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

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

The table presents the Council's assets measured at fair value as at 30 June.

As at 30 June	Note	Level 3		Total	
		(Significant unobservable inputs)			
		2018	2017	2018	2017
		\$	\$	\$	\$
Recurring fair value measurements					
Finance Leases	11	2,009,630	2,192,803	2,009,630	2,192,803
Land	12	1,065,687	1,065,687	1,065,687	1,189,000
Buildings	12	11,776,465	12,367,035	11,776,465	12,367,035
Road network	12	6,679,904	5,006,624	6,679,904	5,006,624
Water	12	5,222,595	5,398,670	5,222,595	5,398,670
Sewerage	12	3,868,278	4,070,089	3,868,278	4,070,089
Other Infrastructure assets	12	264,848	95,081	264,848	95,081
		30,887,406	30,195,988	30,887,406	30,195,988

13(b) Valuation techniques used to derive fair values for level 3 valuations

Finance Leases

Council has residential properties which are leased out to the Department of Housing and Public Works for a period of up to 40 years. They are valued using the Net Present Value (NPV) approach. Refer further information in note 11.

Land

All council owned land is located in the Douglas and Cook local government areas. Land fair values were determined by an independent valuer, Australis Asset Advisory Group effective 30 June 2017. The valuer conducted a revaluation of the land utilising market transactions over vacant land properties within the Douglas and Cook Shire Councils areas. Where sales volumes were low, the valuer sought market transaction data from nearby or comparable localities. Due to the remote location and paucity of market evidence a level 3 was assigned to these assets, this was effective 30 June 2016. Australis Asset Advisory Group conducted a desktop revaluation based on the 2016 revaluation, effective 30 June 2017.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

13 Fair value measurements

Buildings

The fair value of buildings were determined by, Australis Asset Advisory Group effective 30 June 2017.

A comprehensive valuation was undertaken in 2016 and indexed in 2017.

All Council buildings are of a specialist nature and there is no active market for the assets. Fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data such as recent projects and published costing guides such as Rawlinson's Australian Construction Cost Handbook. The valuer has also had regard to the latest construction costs information for recent projects undertaken by the council as well as an internal database collated as a result of undertaking projects of a similar nature. The net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

The most significant inputs into the valuation approach is a rate per square metre to arrive at the gross replacement cost, the useful life of the asset and a condition score reflecting the remaining useful life of the asset.

In determining the level of accumulated depreciation the building assets have been disaggregated into significant components which exhibit varying useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component noting that no residual values have been applied. Condition was assessed taking into account physical characteristics as well as factors such as functionality, capability, utilisation and obsolescence. Council has componentised its assets so that the assets can be more easily assessed as to which parts have short useful lives and which have longer useful lives, and which components Council may expect to receive consideration at the end of that components useful life.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Roads

Current replacement cost

The current replacement cost and fair value of the roads assets were determined by a comprehensive revaluation by Australis Asset Advisory Group effective 30 June 2017.

The current replacement cost was calculated based on the dimensions and a unit rate for the roads assets. The unit rate is derived from estimated labour and materials input as well as services costs and overhead allocations. Material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's actual rates paid. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

Australis Asset Advisory Group completed a full comprehensive valuation of road infrastructure assets effective 30 June 2017. CRC has been determined by reference to indexation provided by Australis Asset Advisory Group since the last revaluation completed in 2017. The indexation methodology was based on production/wage/construction indices and on consultation with local contractors and suppliers. The indexation is considered immaterial for all asset classes and fair values have not been adjusted.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
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13 Fair value measurements

Accumulated depreciation

In determining the level of accumulated depreciation, roads were componentised where different useful lives were given for each layer of road taking into consideration the other layers in the same segment of road. i.e. Sealed pavement was given a longer useful life than unsealed pavement.

Water and Sewerage

Current replacement cost

Australis Asset Advisory Group conducted a full revaluation of water and sewerage assets effective 30 June 2015. A desktop review was conducted for 30 June 2017. Cost models were derived from scheduled rates for construction of assets, recent contact and tender data, Rawlinson's rates for building and construction and supplier's quotations. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Factors taken into account in determining replacement costs included:
· Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
· Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).
· Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/ trench cage which increases costs and slows production).

Water and Sewerage infrastructure fair values were determined by Australis Asset Advisory Group effective 30 June 2017.

Accumulated depreciation

In determining accumulated depreciation, assets were generally subject to an inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment rating. The lower the condition rating, the lower the fair value.

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

13(c) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 12.

13(d) Valuation processes

Council's valuation policies and procedures are set by an executive management team which comprises the Chief Executive Officer and the Director Governance and Finance.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
14 Trade and other payables			
Current			
Creditors and accruals		210,787	422,351
Unearned Capital Grant		406,022	-
Annual leave		252,434	195,682
		869,243	618,033

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

Liabilities are recognised for employee benefits 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, or Council does not have the unconditional right to defer the liability beyond 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current.

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 a current accrued expense.

Unearned revenue is recognised where Council has received consideration for goods and services that have not been delivered at 30 June and is required to return the consideration should goods and services not be delivered at a future time.

A liability for annual leave is recognised and measured at amounts expected to be settled within 12 months calculated on current wage and salary levels and includes related employee on-costs.

Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

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

15 Provisions

Current

Long service leave	103,040	103,060
	103,040	103,060

Non-current

Long service leave	163,335	121,858
	163,335	121,858

Details of movements in provisions:

Long service leave

Balance at beginning of financial year	224,918	209,712
Long service leave entitlement arising	70,596	44,863
Long Service entitlement extinguished	(11,489)	(18,014)
Long Service entitlement paid	(17,651)	(11,643)
Balance at end of financial year	266,374	224,918

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.

Wujal Wujal Aboriginal Shire Council
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	Note	2018	2017
		\$	\$

15 Provisions continued

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

16 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	14,892,783	14,345,745
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	-
Buildings	-	872,012
Infrastructure	-	(324,974)
Balance at end of financial year	14,892,783	14,892,783

Asset revaluation surplus analysis

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

Land	-	-
Buildings	6,597,106	6,597,106
Infrastructure	8,295,677	8,295,677
	14,892,783	14,892,783

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

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

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

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

17 Transactions with related parties

(a) Compensation paid to key management personnel (KMP)

KMP are the Mayor, Councillors, Chief Executive Officer and some executive management. Compensation paid to KMP in 2017/18 comprises:

		\$	\$
Short-term employee benefits		989,269	906,366
Post-employment benefits		84,278	56,845
Long-term employee benefits		-	-
Termination benefits		-	-
Total		1,073,547	963,211

Wujal Wujal Aboriginal Shire Council
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	Note	2018 \$	2017 \$
(b) Transactions with other related parties			

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

Details of transactions between council and other related parties in 2017/18 are disclosed below:

Details of transactions		\$	\$
Employee expenses of close family members of KMP (4 employees)		261,205	118,702

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

(c) Transactions with parties over which Council has significant control

In 2013 Enterprise Management Group, Hope Vale Foundation, Gungarde Community Aboriginal Corporation and Wujal Wujal Aboriginal Shire Council entered into a Joint Venture Agreement to work together to deliver services under the Federal Government's Remote Jobs and Communities Program (RJCP). Hope Vale Aboriginal Shire Council and Ang Ngarra Aboriginal Corporation are Associate Members of the Joint Venture.

The Joint Venture is structured as an unincorporated collaborative venture for the purpose of providing the RJCP services. All venture participants have an equal interest in the Joint Venture. Wujal Wujal Aboriginal Shire Council is entitled to 25% of net profit from the operation of the Joint Venture. It is also liable for 25% of any losses throughout the Joint Venture. Council is entitled to 2 (two) members on the Board out of 8 (eight).

Details of transactions		\$	\$
Enterprise Management Group			
- Distribution received		450,000	941,431
- Share of profit for 2017/2018		325,602	264,765
My Pathway (t/a Enterprise Management Group)			
- Sales (at arms-length)		110,270	54,434
- Profit distribution received		100,000	100,000
- Project advance payment received		406,021	-

Further information about the Joint Venture can be found in Note 20 to the Financial Statements.

(d) Outstanding balances with related parties

Amounts owed by KMP and other related parties as at balance date totalled \$1,429.87 (2017 \$1,194 - all amounts were more than 90 days overdue. \$60 was written off by Council resolution in 2018).

Amounts owed by parties over which Council has significant influence at balance date totaled \$31,189; all amounts were within 30 days.

(e) Transactions with related parties that have not been disclosed

The majority of people who are related parties of Council live within the Wujal Wujal Aboriginal Shire Community. Therefore on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges and for sales of goods of goods and services are considered to be an ordinary citizen transaction. Council has not included these types of transactions in its disclosure as they are made on the same terms and conditions available to the general public.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

18 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 2017 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 are 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 indemnity amount provided by Wujal Wujal Aboriginal Shire Council as at 30 June 2018 in relation to the Local Government Workcare Bank Guarantee is \$40,518.70. The latest audited financial statements for Local Government Workcare are as at 30 June 2017 and show accumulated member funds (equity) of \$50,306.80.

19 Superannuation

The Council contributes to the LGIA Super 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
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 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*.

Council does not have any employees who are members of the CDBF or the Regional DBF and, therefore, is not exposed to the obligations, assets or costs associated with these funds.

As at the reporting date, 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 2015. The actuary indicated that "at the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

The next actuarial investigation will be conducted as at 1 July 2018.

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.

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
19 Superannuation - continued			
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:			
	6	433,064	329,659

20 Joint venture

The Council has a 25% (2017 - 25%) joint venture interest in Cook RJCP Joint Venture, the principal activity of which is to provide delivery of services under the Remote Jobs and Communities Program in the Cooktown region. Cook RJCP Joint Venture's principal place of business is C/- My Pathways, 84-88 Cook St, Cairns, Queensland. In accordance with ownership interests Council holds 25% voting rights in the joint venture.

Council has determined that this joint arrangement is a joint venture under AASB 11 *Joint Arrangements* and accounts for this investment using the equity method. Under the equity method the investment is initially recognised at cost and is adjusted each year to recognise Council's share of profit or loss. Council's share of movements in other comprehensive income of the venture are recognised in other comprehensive income. Distributions received are recognised as a reduction in the carrying amount of the investment.

Cook RJCP Joint Venture is a consortium of 4 organisations whose aim is to provide employment opportunities for indigenous people. There is no contractual or other arrangement, or circumstances which indicate that council, or any of the joint venturers, have rights to the assets or obligations for the liabilities of the joint venture.

The following information has been extracted from Cook RJCP Joint Venture financial statements. Council has only been provided with a profit and loss statement, and does not know what the Balance Sheet items of the Joint Venture are.

Revenue	7,393,977	7,608,358
Expenses	(6,091,568)	(6,555,077)
Profit (loss) for the year	1,302,409	1,053,281
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,302,409	1,053,281

The above profit (loss) for the year includes:

Legacy Activities & Corporate Service Fee	1,375,142	2,300,344
Payroll expenses	3,193,439	2,406,239

The movement in the carrying amount of the Council's investment in the joint venture is as follows:

Carrying amount at the beginning of the financial year		164,765	759,303
Share of profit (loss)	3(c)	325,602	264,765
Distribution received		450,000	859,303
Carrying amount at the end of financial year		40,367	164,765

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
21 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		1,766,947	(1,537,363)
Non-cash items:			
Depreciation and amortisation	12	1,492,193	1,555,870
Revaluation adjustments	5,8	-	-
Impairment of receivables		59,880	3,260
Gain/loss on revaluation of finance leases	11	111,555	5,967
Asset acquired for nil consideration	12	(9,592)	-
		1,654,036	1,565,097
Investing and development activities:			
Gain / Loss on disposal of non-current assets	5, 8	44,454	(70,000)
Initial recognition of assets under finance leases	5	-	(265,403)
Capital grants and contributions		(4,128,780)	(19,077)
Profit retained in joint venture	20	(325,602)	(264,765)
		(4,409,929)	(619,245)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(388,906)	(637,550)
(Increase)/decrease in inventory		(60)	16,632
Increase/(decrease) in payables		(21,298)	187,184
Increase/(decrease) in provisions		41,456	15,207
		(368,808)	(418,527)
Net cash inflow from operating activities		(1,357,754)	(1,010,037)

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements

For the year ended 30 June 2018

22 Events after the reporting period

During the financial year 2017/2018 Council became aware that it had a considerable credit balance with the Australian Taxation Office. In August 2018 Council lodged all outstanding Business Activity Statements and applied for a refund of the credit balance. The balance of \$475,572 was received on 3 September 2018. Refer note 3 c)

23 Finance Lease

Council leases plant and equipment. As all the risks and rewards of ownership were substantially assumed this lease was classified as a finance lease. As ownership of the asset will be obtained by council, the lease is amortised over the life of the asset.

A leased asset and a lease liability equal to the present value of the minimum lease payments was recognised at the inception of the lease. Lease liabilities are reduced by repayments of principal while interest components of lease payments are expensed as finance costs.

Council entered into a lease contract for a Grader in February 2017 for a term of 48 months. The interest rate is 4.15%. Council will obtain ownership at the end of the lease. The carrying value of the leased asset is \$364,116

	Note	2018 \$	2017 \$
Movements in the finance lease during the reporting period were:			
Lease entered into in February 2017		274,232	306,120
Payments made during period		76,530	31,888
Minimum lease payments		197,702	274,232
These payments are payable as follows:			
Not later than 1 year		76,530	76,530
Later than 1 year but not later than 5 years		121,172	197,702
Minimum lease payments		197,702	274,232
Less future finance charges		10,535	19,824
Lease liability		187,167	254,408
Classified as:			
Current		70,086	67,241
Non current		117,081	187,167
		187,167	254,408
payable as follows:			
Not later than 1 year		70,086	67,241
Later than 1 year but not later than 5 years		117,081	187,167
		187,167	254,408

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

24 Tied grants by project

Commonwealth government grants
Department of Prime Minister and Cabinet

	Balance 01/07/17 \$	Revenue \$	Expense \$	Balance 30/06/2018 \$
<i>Indigenous Advancement Strategy</i>	-	107,000	107,000	-
<i>Iterra Emergency Satellite Communications</i>	4,223	-	4,223	-
<i>Training Subsidy</i>	7,225	-	7,225	-
<i>NJP Radio Grant</i>	5,229	-	5,229	-
Total	16,677	107,000	123,677	-

Department of Social Services

<i>NJCP Program</i>	-	36,035	36,035	-
<i>NJCP Radio, Arts and Culture</i>	-	66,430	66,430	-
<i>Emergency Relief Grant</i>	566	-	566.00	-
<i>DSS Transitional Activity</i>	2,466	-	2,466.00	-
<i>Home Care CACPS</i>	26,977	127,077	154,054	-
<i>HACC Transition Funding</i>	5,250	0	5,250	-
<i>Home and Community Care</i>	-	224,582	224,582	-
Total	35,259	454,124	489,383	0

Total - Commonwealth government

51,936	561,124	613,060	0
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State government grants

**Department of Infrastructure, Local
Government and Planning**

<i>SGFA Grant</i>	-	1,186,212	1,186,212	-
<i>FAGS Grant</i>	233,916	500,283	734,199	-
<i>Works for Queensland Round 1</i>	-	1,100,000	1,100,000	-
<i>Works for Queensland Round 2</i>	-	550,000	396,470	153,530
<i>CRF DILC Outstation Road</i>	-	244,390	244,390	-
<i>CYRP</i>	-	1,609,603	1,609,603	-
<i>ILGSP</i>	-	47,482	-	47,482
<i>Come and Try fitness program</i>	10,170	-	10,170	-
<i>Get Ready QLD Grant</i>	-	5,348	5,348	-
<i>IEDG Grant</i>	65,909	80,000	145,909	-
<i>Seniors Week</i>	1,000	0	1,000	-
Total	310,995	5,323,318	5,433,301	201,011

Department of Education and Training

<i>Kindergarten Parents Learning</i>	-	0	0	-
<i>First Start Grant</i>	12,500	0	12,500	-
Total	12,500	-	12,500	-

Queensland Reconstruction Authority

<i>NDRRA Tropical Cyclone ITA</i>	-	624,787	89,409	535,378
<i>NDRRA Subsidy - REPA 3 Claim</i>	-	22,659	0	22,659
Total	-	647,446	89,409	558,037

Department of Transport and Main Roads

<i>ATSI TIDS Road Grant</i>	21,001	-	21,001	-
<i>DTMR Boat Ramp Grant</i>	9,170	-	9,170	-
<i>R2R</i>	-	73,672	0	73,672
Total	30,171	73,672	30,171	73,672

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Balance 01/07/17 \$	Revenue \$	Expense \$	Balance 30/06/2018 \$
Department of Health				
<i>ATSI Public Health Grant</i>	-	164,944	164,944	(0)
Total	-	164,944	164,944	(0)
Department of Community Safety				
<i>SES Operating Subsidy</i>	13,442	23,032	36,474	0
Total	13,442	23,032	36,474	0
Queensland State Library				
<i>State Library Subsidy</i>	-	20,246	20,246	-
<i>State Library Robotics Grant</i>	8,299	-	8,299	0
<i>Tech Savvy Seniors Grant</i>	12,388	-	12,388	-
Total	20,687	20,246	40,933	0
Department of Communities, Child Safety & Disability Services				
<i>State Younger Persons Grant-ROPE</i>	-	66,720	66,720	-
Total	-	66,720	66,720	-
Arts QLD				
<i>2017/18 IRADF Grant</i>	-	10,000	10,000	-
<i>2016/17 IRADF Grant</i>	8,079	-	8,079	-
<i>2015/16 IRADF Grant</i>	1,926	-	1,926	-
<i>Showcase Grant</i>	13,176	0	13,176	-
<i>Backing Indigenous Arts Grant</i>	9,017	0	9,017	-
<i>Indigenous Visual Arts Support Grant</i>	32,131	141,430	173,561	-
Total	64,329	151,430	215,759	-
Dept of Aboriginal and Torres Strait Islander Partnerships				
<i>Driveway upgrades Grant</i>	-	49,512	49,512	-
Total	-	49,512	49,512	-
Total - State government	452,124	6,520,319	6,139,723	832,721
Other grant providers				
Creche & Kindergarten Assoc Ltd				
<i>QKFS Funding</i>	-	150,016	150,016	-
Total	-	150,016	150,016	-
My Pathways				
<i>Training House</i>	-	406,822	-	406,822
Total	-	406,822	-	406,822
Total - Other grant providers	-	556,838	150,016	406,822
Total - all grants	504,060	7,638,281	6,902,799	1,239,543

Wujal Wujal Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2018

25 Restatement of previously reported amounts

	2017 published financial statements	Correction of error/ reclassification	2017 restated actuals
	\$	\$	\$
Profit & Loss Item			
Fees and charges	398,144	125,714	523,858
Rental income	158,197	50,723	208,920
Employee benefits	(3,425,718)	(804,845)	(4,230,563)
Materials and services	(4,174,947)	810,812	(3,364,135)
Depreciation	(1,571,996)	16,126	(1,555,870)
Capital expenses	-	(5,968)	(5,968)
Increase / (decrease) in asset revaluation surplus	1,489,880	(942,842)	547,038
Impact Total Comprehensive Income	(240,048)	(750,277)	(990,325)
Opening balance change to Property, Plant & Equipment	1,189,000	(123,313)	1,065,688
Total impact Comprehensive Income and Opening Balance	948,952	(873,588)	75,364
Balance Sheet Item			
Trade and other receivables	1,148,565	176,437	1,325,002
Property, plant and equipment	30,801,570	(1,050,025)	29,751,545
Asset revaluation surplus	15,835,623	(942,840)	14,892,783
Retained surplus/(deficiency)	18,678,749	69,252	18,748,001
Impact Community Equity	34,514,372	(873,588)	33,640,784

During the preparation of the financial statements 2017/2018 it has come to Council's attention that a number of items in the prior year financial statements were misclassified or unintentionally omitted. Comparative numbers reported in the 2017/2018 Statement of Comprehensive Income and Statement of Financial Position have been restated to correct these errors.

The omissions from the 2016/2017 financial statements do not impact the amounts reported in the financial statements for period prior to 1 July 2016. As a result, a third balance sheet has not been prepared.

Wujal Wujal Aboriginal Shire Council
Financial statements
For the year ended 30 June 2018

Management Certificate
For the year ended 30 June 2018

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.



Deputy Mayor
Reagan Kuika

Date: 31/10/18



Chief Executive Officer
Eileen Hall

Date: 31/10/18




31/10/18

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Wujal Wujal Aboriginal Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Wujal Wujal Aboriginal Shire Council (the Council).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Acting Deputy Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in the Wujal Wujal Aboriginal Shire Council annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Council 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 the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is also responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the Council or to otherwise cease operations of the Council.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Council. I remain solely responsible for my audit opinion.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Sri Narasimhan
as delegate of the Auditor-General

31 October 2018

Queensland Audit Office
Brisbane

Wujal Wujal Aboriginal Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2018

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets:

How the measure is calculated	Actual - Council	Target
Operating surplus ratio		
Asset sustainability ratio		
Net financial liabilities ratio		
Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-30%	Between 0% and 10%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	25%	greater than 90%
Total liabilities less current assets divided by total operating revenue (excluding capital items)	-22%	not greater than 60%


Note 1 - Basis of Preparation


The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

Certificate of Accuracy
For the year ended 30 June 2018

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


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


Deputy Mayor
Reagan Kulka


Chief Executive Officer
Eileen Hall

Date: 31, 10, 18 Date: 31, 10, 18



31/10/18


INDEPENDENT AUDITOR'S REPORT

To the Councillors of Wujal Wujal Aboriginal Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Wujal Wujal Aboriginal Shire Council for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Acting Deputy Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Wujal Wujal Aboriginal Shire Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises the information included in Wujal Wujal Aboriginal Shire Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sri Narasimhan
as delegate of the Auditor-General

31 October 2018

Queensland Audit Office
Brisbane

Wujal Wujal Aboriginal Shire Council
Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2018

Measures of Financial Sustainability

Council

Operating surplus ratio
 Asset sustainability ratio
 Net financial liabilities ratio

Wujal Wujal Aboriginal Shire Council's Financial Management Strategy

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

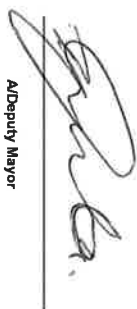
Measure	Target	Actuals at 30 June 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net result divided by total operating revenue	Between 0% and 10%	-30%	-21%	-19%	-19%	-19%	-18%	-18%	-18%	-17%	-17%	-16%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	25%	565%	63%	31%	31%	19%	37%	19%	18%	18%	2%
Total liabilities less current assets divided by total operating revenue	not greater than 60%	-22%	-15%	-11%	12%	-12%	-14%	-14%	-17%	-20%	-23%	-26%

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2018

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

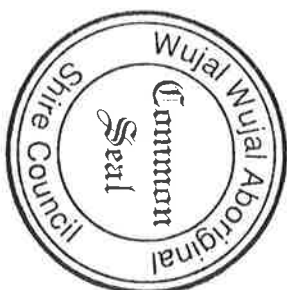
In accordance with Section 21(2)(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.


 Deputy Mayor
 Reagan Kulka


 Chief Executive Officer
 Eileen Hall

Date: 31.10.18

Date: 31.10.18



31/10/18
EH