

# **Wujal Wujal Aboriginal Shire Council**

## **Financial Statements**

### **For the year ended 30 June 2014**

#### **Table of Contents**

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

1 Significant Accounting Policies

2 Analysis of results by function

3 Revenue Analysis

4 Grants, Subsidies and Contributions

5 Capital Income

6 Employee Benefits

7 Materials and Services

8 Finance Costs

9 Depreciation

10 Capital Expenses

11 Cash and Cash Equivalents

12 Trade and Other Receivables

13 Inventories

14 Other Financial Assets

15 Property, Plant and Equipment

16 Fair Value Measurements

17 Trade and Other Payables

18 Provisions

19 Other Liabilities

20 Revaluation Surplus

21 Retained Surplus

22 Reserves

23 Contingent Liabilities

24 Superannuation

25 Reconciliation of Net Result for the Year to Net Cashflows from Operating Activities

26 Events after the reporting period

27 Financial Instruments

Management Certificate

Independent Auditor's Report (General Purpose Financial Statements)

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

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

Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Fees and charges	3(a)	109,734	152,191
Rental income	3(b)	306,301	549,699
Interest received	3(c)	115,776	160,490
Sales revenue	3(d)	1,293,953	1,055,580
Other income	3(e)	934,629	36,516
Grants, Subsidies and Contributions	4(a)	3,703,206	4,708,217
		<u>6,463,599</u>	<u>6,662,693</u>
<b>Capital revenue</b>			
Grants, Subsidies and Contributions	4(b)	705,551	504,025
<b>Total revenue</b>		<u>7,169,150</u>	<u>7,166,718</u>
<b>Capital income</b>	5	(11,357)	7,348
<b>Total income</b>		<u>7,157,793</u>	<u>7,174,066</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(2,947,485)	(3,194,249)
Materials and services	7	(3,392,262)	(2,164,011)
Finance costs	8	(1,931)	(2,176)
Depreciation	9	(853,589)	(1,322,125)
		<u>(7,195,267)</u>	<u>(6,682,561)</u>
<b>Capital expenses</b>	10	(2,256,773)	(1,820,530)
<b>Total expenses</b>		<u>(9,452,040)</u>	<u>(8,503,091)</u>
<b>Net result</b>		<u>(2,294,247)</u>	<u>(1,329,025)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	20	(1,035,306)	1,880,350
<b>Total comprehensive income for the year</b>		<u>(3,329,553)</u>	<u>551,325</u>

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Financial Position**  
**as at 30 June 2014**

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and Cash Equivalents	11	3,914,536	4,308,771
Trade and Other Receivables	12	1,121,332	1,353,252
Inventories	13	52,858	31,482
Other Financial Assets	14	255,643	172,705
<b>Total current assets</b>		<b>5,344,369</b>	<b>5,866,210</b>
<b>Non-current assets</b>			
Other Financial Assets	14	7,711,333	4,887,037
Property, Plant and Equipment	15	33,439,118	39,117,530
<b>Total non-current assets</b>		<b>41,150,451</b>	<b>44,004,567</b>
<b>Total assets</b>		<b>46,494,820</b>	<b>49,870,777</b>
<b>Current liabilities</b>			
Trade and Other Payables	17	378,818	461,059
Provisions	18	118,508	126,950
Other Liabilities	19	136	-
<b>Total current liabilities</b>		<b>497,462</b>	<b>588,009</b>
<b>Non-current liabilities</b>			
Provisions	18	82,064	37,924
<b>Total non-current liabilities</b>		<b>82,064</b>	<b>37,924</b>
<b>Total liabilities</b>		<b>579,526</b>	<b>625,933</b>
<b>Net community assets</b>		<b>45,915,291</b>	<b>49,244,844</b>
<b>Community equity</b>			
Revaluation Surplus	20	14,586,344	12,906,234
Retained Surplus	21	29,127,453	33,718,898
Reserves	22	2,201,493	2,619,710
<b>Total community equity</b>		<b>45,915,291</b>	<b>49,244,844</b>

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2014**

Note	Revaluation Surplus 20 \$	Retained Surplus 21 \$	Reserves 22 \$	Total \$
<b>Balance as at 1 July 2013</b>	12,906,235	33,718,898	2,619,710	49,244,844
Net result	-	(2,294,247)	-	(2,294,247)
Other comprehensive income for the year				
Transfer to revaluation surplus	2,715,415	(2,715,415)	-	-
Increase / (decrease) in revaluation surplus	(1,035,306)	-	-	(1,035,306)
<b>Total comprehensive income for the year</b>	1,680,109	(5,009,662)	-	(3,329,553)
<b>Transfers to and from reserves</b>				
Transfers to reserves	-	(722,319)	722,319	-
Transfers from reserves	-	1,140,536	(1,140,536)	-
<b>Total transfers to and from reserves</b>	-	418,217	(418,217)	-
<b>Balance as at 30 June 2014</b>	<b>14,586,344</b>	<b>29,127,453</b>	<b>2,201,493</b>	<b>45,915,291</b>
<b>Balance as at 1 July 2012</b>	11,025,884	35,104,824	2,562,810	48,693,518
Net result	-	(1,329,025)	-	(1,329,025)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	1,880,350	-	-	1,880,350
<b>Total comprehensive income for the year</b>	1,880,350	(1,329,025)	-	551,325
<b>Transfers to and from reserves*</b>				
Transfers to reserves	-	(484,222)	484,222	-
Transfers from reserves	-	427,321	(427,321)	-
<b>Total transfers to and from reserves</b>	-	(56,901)	56,901	-
<b>Balance as at 30 June 2013</b>	<b>12,906,234</b>	<b>33,718,898</b>	<b>2,619,710</b>	<b>49,244,844</b>

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Cash Flows**  
**for the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,315,984	1,660,561
Payments to suppliers and employees		(6,802,244)	(6,111,089)
		(4,486,260)	(4,450,528)
Interest received		115,776	160,490
Rental income		306,301	549,699
Non capital grants and contributions		3,684,396	4,708,217
<b>Net cash inflow (outflow) from operating activities</b>	25	(379,785)	967,878
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(672,950)	(2,233,801)
Proceeds from sale of property plant and equipment		29,089	13,274
Grants, subsidies, contributions and donations		363,453	504,025
<b>Net cash inflow (outflow) from investing activities</b>		(280,408)	(1,716,502)
<b>Cash flows from financing activities</b>			
Repayments made on finance leases		265,958	-
<b>Net cash inflow (outflow) from financing activities</b>		265,958	-
<b>Net increase (decrease) in cash and cash equivalent held</b>		(394,235)	(748,624)
<b>Cash and cash equivalents at the beginning of the financial year</b>		4,308,771	5,057,395
<b>Cash and cash equivalents at end of the financial year</b>	11	<u>3,914,536</u>	<u>4,308,771</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 2014**

**1 Significant Accounting Policies**

**1.A Basis of Preparation**

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

**1.B Statement of Compliance**

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

**1.C Constitution**

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

**1.D Date of Authorisation**

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

**1.E Currency**

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

**1.F Adoption of new and revised Accounting Standards**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

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

**Effective annual  
report periods  
beginning on or  
after:**

AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standard arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]	1 January 2014
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1-Jan-14
AASB 2013-6 <i>Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>	1-Jan-14
AASB 2013-7 <i>Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders</i> [AASB 1038]	1-Jan-14
AASB2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column
Interpretation 21 <i>Levies</i>	1-Jan-14

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**AASB 9 Financial Instruments (effective from 1 January 2015)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets, including its finance leases (refer note 16) at fair value. Had this requirement been adopted at 30 June 2014, management estimates that the fair value of this investment would have been unchanged from the value currently shown.

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

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

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

Valuation and depreciation of property, plant and equipment - Note 1.O and Note 15

Impairment of property, plant and equipment - Note 1.Q

Provisions - Note 1.T and Note 18

Valuation of finance leases - Note 1.R

Contingent liabilities - Note 23.

**1.H Revenue**

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

**Grants and Subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2014, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent Capital Grants reserve. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 11.

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

**Non-Cash Contributions**

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

**Rental Income**

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

**Interest**

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

**Sales Revenue**

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

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



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

Fees and Charges

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

**1.I Financial Assets and Financial Liabilities**

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

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

Financial Assets

Cash and cash equivalents (Note 1.J)

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

Other financial assets (finance leases) - measured at fair value (Note 1.R)

Financial Liabilities

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

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

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

**1.J Cash and Cash Equivalents**

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, and bank overdrafts.

**1.K Receivables**

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

**1.L Inventories**

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

Inventories held for distribution are:

- goods to be supplied at no or nominal charge, and
- goods to be used for the provision of services at no or nominal charge.

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

**1.M Other Financial Assets**

Indigenous Housing Leasing Arrangements are identified at Note 1.R

**1.N Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2014 Council did not have any term deposits in excess of three months.



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**1.0 Property, Plant and Equipment**

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

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

Land  
Buildings  
Motor Vehicles  
Furniture & Fittings  
Plant and Equipment  
Infrastructure  
Work in Progress

Acquisition of assets

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

Capital and operating expenditure

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

Valuation

Land and improvements, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

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.

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

Capital work in progress

The cost of property, plant and equipment being constructed by 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 2014**

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 asset class are shown in Note 15.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Wujal Wujal Aboriginal Shire Council currently does not have any such land holdings.

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

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under section 34I of the Land Act 1994. It comprises an area of approximately 70 hectares. The land is administered by the Department of 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 it cannot be reliably measured.

**1.P Biological Assets**

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

**1.Q Impairment of Non-Current Assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the 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 value in use.

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

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

**1.R Leases**

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.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**Finance leases as lessee**

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

**Finance leases as lessor**

Council has leased 60 dwellings as lessor to the Queensland Government for 40 years. The base lease payment per dwelling for leases commenced in the current year was \$800. *These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.*

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

**Operating leases**

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

As lessor, Council has two operating leases currently in place.

The Telstra tower site is under a three tiered lease arrangement in place that provides for increments every ten years through to 2035. The Police Station is leased from Council on a 30 year lease expiring 31.12.2036.

**1.S Payables**

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

**1.T Liabilities - Employee Benefits**

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. The liability is treated as non-current when the Council has an unconditional right to defer settlement for more than 12 months from the balance date.

**Salaries and Wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 17 as a payable.

**Annual Leave**

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Only where Council has an unconditional right to defer settlement for more than 12 months from balance date are amounts treated as non-current, and these amounts are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 17 as a payable.

**Sick Leave**

Sick leave is recognised as an expense when taken.

**Superannuation**

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

**Long Service Leave**

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

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

**1.U Asset Revaluation Surplus**

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

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

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

When an asset is disposed of, the amount reported in surplus in respect of that asset is transferred to retained surplus.

**1.V Retained Surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**1.W Reserves**

Council's cash and cash equivalents are subject to a number of restrictions that limit the amount that is available for discretionary or future

Operating Constrained works reserve

The Council resolved to establish an operating constrained works reserve, with the amounts in this reserve corresponding to the amount of cash (reported within cash and equivalents) which had been received in respect of future operating programs where the required works had not yet been carried out. Where non-reciprocal grants, subsidies and contributions were received for specific operating projects, amounts equivalent to the grants received were transferred from retained surplus to the constrained works reserve. When the grant monies were expended on the respective projects, an equivalent amount was transferred out of the constrained works reserve to retained surplus.

Capital Constrained works reserve

The Council resolved to establish a capital constrained works reserve, with the amounts in this reserve corresponding to the amount of cash (reported within cash and equivalents) which had been received in respect of capital works where the required capital works had not yet been carried out. Where non-reciprocal grants, subsidies and contributions were received for specific capital projects, amounts equivalent to the capital grants received were transferred from retained surplus to the constrained works reserve. When the grant monies were expended on the respective projects, an equivalent amount was transferred out of the constrained works reserve to retained surplus.

**1.X Rounding and Comparatives**

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

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

**1.Y Taxation**

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**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**

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

**Corporate Services**

This comprises the financial and administrative support functions for the Council and includes:

Finance and Administration

Bank and Post Office operations

Information and IT functions

**Community services**

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

Aged Care Facility

Kindergarten

Centrelink

Justice Program

Life Promotion (Mental Health) Program

Men's and Women's Support Services

Arts, Craft and Culture

Library

**Technical Services**

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

Water and Sewerage

Waste Disposal

Parks and Gardens

Roads and Drainage

Environmental Health

Animal Management

Vehicle and Plant Maintenance

**Building Services**

Previously part of Technical Services, this department provides building and housing maintenance services to Council and the Department of Housing



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**2 Analysis of results by function**

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

**Year ended 30 June 2014**

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							
	2014	2014	2014	2014							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate Governance	-	-	-	-	-	401,125	-	401,125	(401,125)	(401,125)	-
Corporate Services	1,384,682	967,714	342,098	(11,357)	2,683,137	1,034,727	2,256,773	3,291,500	1,317,669	(608,363)	14,607,462
Technical Services	972,740	441,978	184,740	-	1,599,458	2,994,322	-	2,994,322	(1,579,604)	(1,394,864)	27,379,327
Community Services	1,345,785	429,375	178,713	-	1,953,873	1,626,550	-	1,626,550	148,610	327,323	289,080
Building Services	-	921,327	-	-	921,327	1,138,542	-	1,138,542	(217,215)	(217,215)	4,238,950
Total Council	3,703,206	2,760,394	705,551	(11,357)	7,157,793	7,195,267	2,256,773	9,452,040	(731,665)	(2,294,247)	46,494,820

**Year ended 30 June 2013**

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							
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate Governance	-	-	-	-	-	381,611	-	381,611	(381,611)	(381,611)	-
Corporate Services	1,548,087	367,978	-	7,348	1,923,413	791,916	1,820,530	2,612,446	1,124,149	(689,033)	5,916,716
Technical Services	1,357,378	1,463,315	66,249	-	2,886,942	3,513,665	-	3,513,665	(692,972)	(626,723)	25,296,092
Community Services	1,802,752	123,183	437,776	-	2,363,711	1,995,369	-	1,995,369	(69,434)	368,342	18,657,967
Building Services	-	-	-	-	-	-	-	-	-	-	-
Total Council	4,708,217	1,954,478	504,025	7,348	7,174,066	6,882,561	1,820,530	8,503,091	(19,868)	(1,329,025)	49,870,777



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**3 Revenue Analysis**

**(a) Fees and Charges**

Administration & Utility Charges	73,589	102,019
Bank & Post Office Agency Commission	10,391	12,515
Centrelink Commission	20,484	19,983
Other Fees & Charges	5,270	17,674
	<u>109,734</u>	<u>152,191</u>

**(b) Rental Income**

House & Building Rental	306,301	549,699
	<u>306,301</u>	<u>549,699</u>

**(c) Interest Received**

Interest received from bank accounts	115,776	160,490
	<u>115,776</u>	<u>160,490</u>

**(d) Sales Revenue**

**Sale of Services**

Q-Build Maintenance	20,666	506,543
Other Contracts & Recoverable Works	734,424	232,741
	<u>755,090</u>	<u>739,284</u>

**Sale of Goods**

Fuel	344,257	204,863
Works Department	34,016	6,845
Art Centre	160,590	104,588
	<u>538,863</u>	<u>316,296</u>

Total sales revenue	<u>1,293,953</u>	<u>1,055,580</u>
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The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

**(e) Other Income**

RJCP Provisional Dividend	250,270	-
Gain on revaluation of finance leases	665,846	
Other income	18,513	36,516
Other income	<u>934,629</u>	<u>36,516</u>

**4 Grants, Subsidies and Contributions**

**(a) Recurrent**

General purpose grants	1,359,474	1,543,587
State government subsidies and grants	1,844,164	2,424,234
Commonwealth government subsidies and grants	485,973	739,123
Contributions	13,595	1,273
	<u>3,703,206</u>	<u>4,708,217</u>

**(b) Capital**

State government subsidies and grants	320,453	504,025
Grant revenue on leased housing	342,098	
Commonwealth government subsidies and grants	43,000	
	<u>705,551</u>	<u>504,025</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>Conditions over contributions</b>			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:			
Non-reciprocal grants for expenditure on services		40,000	-
		<u>40,000</u>	<u>-</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:			
Non-reciprocal grants for expenditure on services		-	71,177
Non-reciprocal grants for expenditure on infrastructure		458,217	388,654
		<u>458,217</u>	<u>459,831</u>

**5 Capital Income**

**Gain / loss on disposal of non-current assets**

Proceeds from the sale of property, plant and equipment  
less: Book value of property, plant and equipment disposed of

		29,089	13,274
		(40,446)	(5,926)
		<u>(11,357)</u>	<u>7,348</u>
Total capital income		<u>(11,357)</u>	<u>7,348</u>

**6 Employee Benefits**

Total staff wages and salaries		2,733,288	2,121,349
Councillors' remuneration		356,715	277,595
Annual, sick and long service leave entitlements		364,213	466,314
Superannuation	24	275,574	301,658
		<u>3,729,790</u>	<u>3,166,916</u>
Other employee related expenses		35,410	62,300
		<u>3,765,200</u>	<u>3,229,216</u>
less: Capitalised employee expenses		(817,715)	(34,967)
		<u>2,947,485</u>	<u>3,194,249</u>

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

Total Council employees at the reporting date:

	2014	2013
Elected members	5	5
Administration staff	29	35
Depot and outdoors staff	40	42
Total full time equivalent employees	<u>74</u>	<u>82</u>

**7 Materials and Services**

Audit fees	54,188	37,312
Telecommunications and IT	85,341	71,251
Buildings and houses - repairs	457,311	140,722
Agency operations	9,038	2,556
Insurances	159,561	204,482
Recoverable works costs	630,432	508,930
Works & Services	680,317	203,560
NDRRA and cyclone costs	363,170	49,275
Security and emergency services	18,474	57,961
Cultural Activities	348,105	77,262
Community care services	175,344	14,596
Community welfare services	438,840	471,932
Other materials and services	(27,858)	324,172
	<u>3,392,262</u>	<u>2,164,011</u>

**8 Finance Costs**

Bank charges	1,931	2,176
	<u>1,931</u>	<u>2,176</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**9 Depreciation**

	Note	2014 \$	2013 \$
Buildings and houses		332,498	663,057
Motor vehicles		65,205	70,567
Plant and equipment		79,288	136,700
Furniture & fittings		3,934	15,105
Infrastructure		372,664	436,696
Total depreciation	15	<u>853,589</u>	<u>1,322,125</u>

**10 Capital Expenses**

Loss on transfer of assets via finance lease			
Book value of PPE transferred		4,058,032	6,880,272
less: Initial recognition of finance leases		(2,165,247)	(5,059,742)
Capital Expenses		<u>1,892,785</u>	<u>1,820,530</u>
Road infrastructure flood damage expense		363,988	
Total capital expenses		<u>2,256,773</u>	<u>1,820,530</u>

**11 Cash and Cash Equivalents**

Cash at bank and on hand		3,914,536	4,308,771
Balance per Statement of Cash Flows		<u>3,914,536</u>	<u>4,308,771</u>

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

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

Unspent government grants and subsidies	2,201,492	2,619,709
Total unspent restricted cash	<u>2,201,492</u>	<u>2,619,709</u>

Cash and deposits at call are held in the Westpac Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A-1+ and long term rating of AA- with Standard and Poores.

**12 Trade and Other Receivables**

**Current**

Trade Debtors	635,438	749,990
Accrued Revenue	369,260	372,623
Other Debtors	128,634	242,639
less: Impairment	(12,000)	(12,000)
	<u>1,121,332</u>	<u>1,353,252</u>

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

**13 Inventories**

**Inventories held for sale**

Fuel Stock	52,683	31,482
Other trading stocks	175	
Total inventories	<u>52,858</u>	<u>31,482</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**14 Other Financial Assets**

Note	2014 \$	2013 \$
<b>Current</b>		
Finance leases	255,643	172,705
	<u>255,643</u>	<u>172,705</u>
<b>Non-Current</b>		
Finance leases	7,711,333	4,887,037
	<u>7,711,333</u>	<u>4,887,037</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	255,643	172,705
Later than one year but not later than five years	1,124,561	690,820
Later than five years	9,537,856	5,954,865
	<u>10,918,060</u>	<u>6,818,390</u>
Add: Estimated contingent rent	6,796,978	4,341,072
less: Present value adjustment	(9,748,062)	(6,099,720)
Fair value of lease payments	<u>7,966,976</u>	<u>5,059,742</u>

The fair value of lease payments are receivable as follows:

Not later than one year	255,643	172,705
Later than one year but not later than five years	1,076,494	663,168
Later than five years	6,634,838	4,223,870
	<u>7,966,976</u>	<u>5,059,742</u>

Movements in finance leases were as follows:

Opening balance	5,059,742	-
Add: Initial recognition of new leases	2,507,346	4,300,993
less: Lease receipts	(265,958)	-
Add: Gain on revaluation	665,847	758,749
Closing balance	<u>7,966,976</u>	<u>5,059,742</u>

The calculation of fair value has included an estimate of average annual CPI increases and a discount rate.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**15 Property, Plant and Equipment**  
**Council - 30 June 2014**

Basis of measurement

Asset values

Opening gross value as at 1 July 2013

Additions

Disposals

Capital writedown - flood damaged infrastructure

Revaluation adjustment to revaluation surplus

Closing gross value as at 30 June 2014

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Depreciation provided in period

Depreciation on disposals

Capital writedown - flood damaged infrastructure

Revaluation adjustment to revaluation surplus

Accumulated depreciation as at 30 June 2014

Total written down value as at 30 June 2014

Residual value

Range of estimated useful life in years

Note	Land	Buildings	Motor Vehicles	Plant and equipment	Furniture & Fittings	Infrastructure	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$
	1,700,000	28,294,538	694,864	975,763	94,788	20,764,918	1,482,245	54,007,114
	-	811,841	217,785	76,211	-	457,414	(890,301)	672,950
5, 10	-	(7,093,353)	(145,695)	(8,000)	-	-	-	(7,247,048)
10	-	-	-	-	-	(889,488)	-	(889,488)
20	250,000	(520,026)	-	-	-	3,969,217	-	3,699,191
	1,950,000	21,493,000	766,954	1,043,974	94,788	24,322,059	591,944	50,262,719
	-	10,318,878	429,256	588,120	72,368	3,480,962	-	14,889,584
9	-	332,498	65,205	79,288	3,934	372,664	-	853,569
5, 10	-	(3,035,321)	(105,249)	(8,000)	-	-	-	(3,148,570)
10	-	-	-	-	-	(505,500)	-	(505,500)
20	-	(752,055)	-	-	-	5,486,552	-	4,734,497
	-	6,864,000	369,212	659,408	76,302	8,834,678	-	16,823,600
	1,950,000	14,629,600	377,742	384,568	18,486	15,487,381	591,944	33,439,118
	1,950,000	-	121,000	56,000	-	2,135,000	-	
	Land: Not depreciated.	15-75	2 - 8	3 - 20	3 - 20	18-80	-	

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$
-	610,422	217,785	-	-	457,414	(890,301)	395,320
-	201,419	-	76,211	-	-	-	277,630
-	811,841	217,785	76,211	-	457,414	(890,301)	672,950

**Council - 30 June 2013**

Basis of measurement

Asset values

Opening gross value as at 1 July 2012

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Closing gross value as at 30 June 2013

Accumulated depreciation and impairment

Opening balance as at 1 July 2012

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2013

Total written down value as at 30 June 2013

Residual value

Range of estimated useful life in years

	Land	Buildings	Motor Vehicles	Plant and equipment	Furniture & Fittings	Infrastructure	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$
	1,700,000	38,976,253	744,364	902,091	94,788	19,640,370	887,978	62,945,844
	-	-	-	-	-	-	2,233,801	2,233,801
5, 10	-	(12,326,284)	(49,500)	-	-	-	-	(12,375,784)
20	-	545,705	-	-	-	657,548	-	1,203,253
	-	1,098,864	-	73,872	-	466,998	(1,638,534)	-
	1,700,000	28,294,538	694,864	975,763	94,788	20,764,918	1,482,245	54,007,114
	-	15,451,238	402,263	451,420	57,262	3,371,962	-	19,734,143
9	-	663,057	70,567	136,700	15,105	436,696	-	1,322,125
5, 10	-	(5,446,013)	(43,574)	-	-	-	-	(5,489,587)
20	-	(349,402)	-	-	-	(327,895)	-	(677,097)
	-	10,318,878	429,256	588,120	72,368	3,480,962	-	14,889,584
	1,700,000	17,975,660	265,608	387,643	22,420	17,283,954	1,482,245	39,117,530
	1,700,000	-	-	-	-	3,653,023	-	
	N/A	15-75	2 - 8	3 - 20	3 - 20	18-80	-	

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**16 Fair Value Measurements**

**(i) Recognised fair value measurements**

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

- Land
- Buildings
- Infrastructure

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

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)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. 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 infrastructure, building and land assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

At 30 June 2014	Note	Level 2 (Significant observable inputs) \$	Level 3 (Significant unobservable inputs) \$	Total \$
<b>Recurring fair value measurements</b>				
Land	15	-	1,950,000	1,950,000
Buildings	15	-	14,629,000	14,629,000
Infrastructure	15	-	15,487,381	15,487,381
		<u>-</u>	<u>32,066,381</u>	<u>32,066,381</u>

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

Council adopted AASB13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of review.

Specific valuation techniques used to value Council assets comprise:

**Land (level 3)**

Land fair values were determined by independent valuer, Propell National Valuers, effective 30 June 2014. The most significant inputs into this valuation approach are price per square metre.



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**Buildings (level 3)**

The fair value of buildings were also determined by independent valuer, Propell National Valuers, effective 30 June 2014. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where 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 for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, 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.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, 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. The valuation's sensitivity to these inputs is summarised below.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating(useful life)	100% - 0%	The higher the condition rating %, the higher the fair value.
Residual value	\$0	The higher the residual value the higher the fair value.

**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 DRC was determined using methods relevant to the asset class as described under individual asset categories below.

**1(a) Infrastructure - calculation of current replacement cost**

**Roads**

*Current replacement cost*

Council categorises its road infrastructure into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to a uniform depth for all traffic areas. Council also assumes that all raw materials can be sourced from the local quarry with haulage rates uniform for all segments being valued. For internal construction estimates, 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.

The last valuation of road infrastructure was undertaken effective 30 June 2014. CRC at 30 June 2014 was determined by Propell National Valuers, who are independent registered Valuers.

**Accumulated depreciation**

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

Estimated useful lives and residual values are disclosed in note 15.

**1(b) Infrastructure – Sensitivity of valuation to unobservable inputs**

As detailed above, Council's roads network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	5-100 hrs / linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	As specified above – 0 to 10	The higher the condition rating, the lower the fair value.
Remaining useful life	10-100 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$300,000 (by component)	The higher the residual value the higher the fair value.

**2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost**

**Water and Sewerage**

*Current replacement cost*

Water and sewerage infrastructure fair values were determined by Propell National Valuers effective 30 June 2014. CRC was calculated based on expected replacement costs. 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.

Cost models were derived from the following sources:

• Schedule rates for construction of asset or similar assets
• Recent contract and tender data
• Rawlinson's Rates for building and construction, and
• Suppliers' quotations

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

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).

Valuation unit rates (replacement costs) were increased by 25% - 40% to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management. These rates have been adopted based upon the most recent projects of water upgrade contracts.

*Accumulated depreciation*

In determining accumulated depreciation, assets were either subject to a site 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, which was the same as applies to road infrastructure, as follows.

Condition Rating	Condition Description	Description Explanation	Remaining Useful Life %
1	As new	Asset "as new"	90% useful life
2	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	70% useful life
3	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% useful life

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.

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

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- Relining of pipes was valued at reline rates and depreciated over the reline life (70 years). Reline fair value was based on age.

**2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs**

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	5-100hrs/linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies based on material type	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	1 – 5 as specified above	The higher the condition rating, the lower the fair value.
Remaining useful life	5-100 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$100,000 (by component)	The higher the residual value the higher the fair value.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**(iii) 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 15 (property, plant and equipment).

**(iv) Valuation processes**

Council's valuation policies and procedures are set by an executive management team comprising the Chief Executive Officer, Manager of Corporate Services and the Finance Officer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 1.O. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

	2014	2013
Note	\$	\$
<b>17 Trade and Other Payables</b>		
<b>Current</b>		
Creditors and accruals	193,390	267,425
Annual leave	185,428	193,634
	<u>378,818</u>	<u>461,059</u>
<b>18 Provisions</b>		
<b>Current</b>		
Long service leave	118,508	126,950
	<u>118,508</u>	<u>126,950</u>
<b>Non-Current</b>		
Long service leave	82,064	37,924
	<u>82,064</u>	<u>37,924</u>
<b>Long service leave</b>		
Balance at beginning of financial year	164,874	132,782
Long service leave entitlement arising	44,141	39,902
Long Service entitlement paid	(8,443)	(7,810)
Balance at end of financial year	<u>200,572</u>	<u>164,874</u>
<b>19 Other Liabilities</b>		
Other	136	-
	<u>136</u>	<u>-</u>
<b>20 Revaluation Surplus</b>		
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	12,906,234	11,025,884
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	(168,287)	-
Buildings	418,929	895,107
Infrastructure	1,975,138	985,243
Motor Vehicles	(371,313)	-
Plant and Equipment	(63,385)	-
Furniture and Fittings	(110,972)	-
Balance at end of financial year	<u>14,586,344</u>	<u>12,906,234</u>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land	420,000	588,287
Buildings & Housing	7,703,888	7,284,959
Infrastructure	6,462,456	4,487,318
Motor Vehicles	-	371,313
Plant & Equipment	-	63,385
Furniture & Fittings	-	110,972
	<u>14,586,344</u>	<u>12,906,234</u>



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**21 Retained Surplus**

Movements in the retained surplus were as follows:

Retained surplus/(deficit) at beginning of financial year	33,718,898	35,104,824
Net result attributable to Council	(2,294,247)	(1,329,025)
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:		
Capital constrained works reserve	22 458,217	(208,085)
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:		
Operating constrained works reserve	(40,000)	151,184
Transfer from revaluation surplus	(2,715,415)	-
Retained surplus at end of financial year	29,127,453	33,718,898

	Council	
	2014	2013
Note	\$	\$

**22 Reserves**

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

**Reserves held for funding future capital expenditure**

Constrained capital works reserve	1,174,672	1,567,163
	1,174,672	1,567,163

**Reserves held for funding future recurrent expenditure**

Constrained recurrent expenditure reserve	1,026,821	1,052,547
	1,026,821	1,052,547

Total reserves	2,201,493	2,619,710
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**Movements in capital reserves:**

**Capital constrained works reserve**

Balance at beginning of financial year	1,567,163	1,359,078
Adjustment to opening balance	65,726	-
Transfer from retained surplus for future expenditure	682,319	388,654
Transfer to retained surplus, funds expended	(1,140,536)	(180,569)
Balance at end of financial year	1,174,672	1,567,163

**Movements in recurrent reserves:**

**Operating constrained works reserve**

Balance at beginning of financial year	1,052,547	1,203,731
Adjustment to opening balance	(65,726)	-
Transfer from retained surplus for future expenditure	40,000	95,568
Transfer to retained surplus	-	(246,752)
Balance at end of financial year	1,026,821	1,052,547

**23 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 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$60,048.



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**  
**24 Superannuation**

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

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

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 and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

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 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Wujal Wujal Aboriginal Shire Council made less than 4% of the total contributions to the plan in the 2013/14 financial year.

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

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

Note	Council	
	2014 \$	2013 \$
6	275,574	301,658

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**25 Reconciliation of Net Result for the Year to Net Cashflows from Operating Activities**

Net result	(2,294,247)	(1,329,025)
Non-cash items:		
Depreciation and amortisation	853,589	1,322,125
Finance Lease revaluation adjustment	(665,847)	
Road infrastructure flood damage expense	363,988	
	551,730	1,322,125
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	11,357	(7,348)
Loss on transferring assets via finance lease	1,892,785	1,820,530
Capital grants and contributions	(705,551)	(504,025)
	1,198,591	1,309,157
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	231,922	(65,174)
(Increase)/decrease in inventory	(21,376)	8,433
Increase/(decrease) in payables	(82,105)	(309,729)
Increase/(decrease) in other provisions	35,698	32,092
	164,139	(334,378)
Net cash inflow from operating activities	(379,785)	967,878

**26 Events after the reporting period**

There were no material adjusting events after the balance date.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

**27 Financial Instruments**

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

- credit risk
- liquidity risk
- market risk

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

**Financial risk management**

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

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

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

Wujal Wujal Aboriginal Shire Council does not enter into derivatives.

**Credit risk**

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

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

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

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

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

	Note	2014 \$	2013 \$
<b>Financial assets</b>			
Cash and cash equivalents	11	3,914,536	4,308,771
Receivables	12	1,121,332	1,353,252
Other financial assets	14	7,966,976	5,059,742
<b>Other credit exposures</b>			
Guarantees	23	60,048	60,919
<b>Total financial assets</b>		<u>13,062,892</u>	<u>10,782,684</u>

**Cash and cash equivalents**

The Council may be exposed to credit risk through its investments at Westpac. All investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

**Other financial assets**

Other investments are held with financial institutions, which are rated AAA to AA- based on rating agency ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

**Trade and other receivables**

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

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

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

	2014	2013
	\$	\$
Not past due	1,016,127	1,308,761
Past due 31-60 days	3,996	28,472
Past due 61-90 days	4,861	28,019
More than 90 days	108,348	0
Impaired	(12,000)	(12,000)
Total	<u>1,121,332</u>	<u>1,353,252</u>

**Liquidity risk**

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

Wujal Wujal Aboriginal Shire Council is exposed to liquidity risk through its normal course of business.

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

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

Council	0 to 1 year	1 to 5 years	Over 5 years	Contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2014</b>					
Trade and other payables	193,390	-	-	193,390	193,390
	<u>193,390</u>	<u>-</u>	<u>-</u>	<u>193,390</u>	<u>193,390</u>
<b>2013</b>					
Trade and other payables	267,425	-	-	267,425	267,425
	<u>267,425</u>	<u>-</u>	<u>-</u>	<u>267,425</u>	<u>267,425</u>

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

**Market risk**

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

**Interest rate risk**

Wujal Wujal Aboriginal Shire Council is exposed to interest rate risk through investments with Westpac.

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

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

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**for the year ended 30 June 2014**

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
Council	\$	\$	\$	\$	\$
<b>2014</b>					
Cash Investments	3,914,536	39,145	(39,145)	39,145	(39,145)
<b>Net total</b>	<u>3,914,536</u>	<u>39,145</u>	<u>(39,145)</u>	<u>39,145</u>	<u>(39,145)</u>
<b>2013</b>					
Financial Assets	5,834,728	58,347	(58,347)	58,347	(58,347)
Financial Liabilities	(461,059)	(4,611)	4,611	(4,611)	4,611
<b>Net total</b>	<u>5,373,669</u>	<u>53,737</u>	<u>(53,737)</u>	<u>53,737</u>	<u>(53,737)</u>

**Fair value**

Fair value of trade receivables and payables is assumed to approximate original transaction value, less allowance for impairment.


**Wujal Wujal Aboriginal Shire Council**  
**Financial statements**  
**for the year ended 30 June 2014**

**Management Certificate**  
**For the year ended 30 June 2014**

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 28, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

  
\_\_\_\_\_  
Mayor  
Clifford Harrigan

  
\_\_\_\_\_  
Chief Executive Officer  
Alan Neilan

Date: 29, 4, 15

Date: 29, 4, 15



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Wujal Wujal Aboriginal Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Wujal Wujal Aboriginal Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Wujal Wujal Aboriginal Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

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



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



Queensland Audit Office  
Brisbane

**Wujal Wujal Aboriginal Shire Council  
Current-Year Financial Sustainability Statement  
for the year ended 30 June 2014**

**Measures of Financial Sustainability**

How the measure is calculated

Actual - Council

Target

Council's performance at 30 June 2014 against key financial ratios and targets:

Operating Surplus Ratio

Net result (excluding capital items)  
divided by total operating revenue  
(excluding capital items)

-11%

0% to 10%

Asset Sustainability Ratio

Capital expenditure on the  
replacement of assets (renewals)  
divided by depreciation expense.

46%

> 90%

Net Financial Liabilities Ratio

Total liabilities less current assets  
divided by total operating revenue  
(excluding capital items)

-74%

< 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 2014.

**Certificate of Accuracy  
For the year ended 30 June 2014**

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

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

Mayor  
Clifford Harrigan

Chief Executive Officer  
Alan Neelan

Date:            /            /           

Date: 9 / 6 / 15

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Wujal Wujal Aboriginal Shire Council

### **Report on the Current-Year Financial Sustainability Statement**

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Wujal Wujal Aboriginal Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility 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 Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

### *Independence*

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

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

### *Opinion*

In accordance with s.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 2014, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

### **Other Matters - Electronic Presentation of the Audited Statement**

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



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



Queensland Audit Office  
Brisbane

Measures of Financial Sustainability

Council

Measure	Target	Actuals at 30 June 2014	Projected for the years ended								
			30 June 2015	30 June 2016	31 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Net result divided by total operating revenue	Between 0% and 10%	-11%	-16%	-14%	-8%	-5%	-4%	-3%	-3%	-2%	0%
Capital exp on the replacement of assets divided by depreciation exp.	greater than 80%	46%	73%	47%	58%	87%	56%	64%	87%	73%	80%
Total liabilities less current assets divided by total operating revenue	not greater than 80%	-74%	-98%	-107%	-116%	-131%	-136%	-140%	-145%	-148%	-150%

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.

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2014

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 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor  
Clifford Harrigan

Chief Executive Officer  
Alan Nelson

Date: 11/11/15

Date: 9/6/15