

# Wujal Wujal Aboriginal Shire Council

## Financial statements

For the year ended 30 June 2015

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**Wujal Wujal Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

		2015	Restated *
	Note	\$	2014 \$
<b>Income</b>			
<b>Revenue</b>			
Recurrent revenue			
Fees and charges	3(a)	323,749	337,193
Rental income	3(b)	205,756	306,301
Interest received	3(c)	72,282	115,776
Sales revenue	3(d)	3,224,415	1,293,953
Other income	3(e)	283,279	306,021
Grants, subsidies, contributions and donations	4(a)	3,440,962	3,703,206
		<u>7,550,442</u>	<u>6,062,450</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	587,203	705,551
		<u>8,137,645</u>	<u>6,768,001</u>
<b>Total revenue</b>			
	5	307,736	-
<b>Capital income</b>		<u>8,445,381</u>	<u>6,768,001</u>
<b>Total income</b>			
<b>Expenses</b>			
Recurrent expenses			
Employee benefits	6	(2,948,586)	(2,877,108)
Materials and services	7	(5,351,972)	(3,462,638)
Finance costs	8	(53,332)	(1,931)
Depreciation and amortisation	9	(1,389,998)	(853,589)
		<u>(9,743,887)</u>	<u>(7,195,266)</u>
<b>Capital expenses</b>	10	(4,961)	(4,280,303)
		<u>(9,748,849)</u>	<u>(11,475,569)</u>
<b>Total expenses</b>		<u>(1,303,468)</u>	<u>(4,707,568)</u>
<b>Net result</b>			
<b>Other comprehensive income</b>			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	19	1,186,929	(1,035,306)
		<u>1,186,929</u>	<u>(1,035,306)</u>
<b>Total other comprehensive income (expense)</b>		<u>(116,539)</u>	<u>(5,742,874)</u>
<b>Total comprehensive income (expense) for the year</b>			

\* Council has made a retrospective restatement as a consequence of a correction of an error. Details are disclosed in Notes 1.T and 29.

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

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**Nujal Wujal Aboriginal Shire Council**  
**Statement of Financial Position**  
**as at 30 June 2015**

		2015	Restated *	Restated *
	Note	\$	2014	as at 1 July 2013
		\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	11	3,067,514	3,914,536	4,308,771
Trade and other receivables	12	1,334,321	1,121,332	1,353,252
Inventories	13	54,221	52,858	31,482
Other financial assets	14	50,041	49,640	33,600
		<u>4,506,097</u>	<u>5,138,366</u>	<u>5,727,105</u>
<b>Total current assets</b>				
<b>Non-current assets</b>				
Other financial assets	14	1,514,509	1,535,569	1,057,696
Investment in joint venture	24	1,445	-	-
Property, plant and equipment	15	32,532,231	33,439,118	39,117,530
		<u>34,048,184</u>	<u>34,974,687</u>	<u>40,175,226</u>
<b>Total non-current assets</b>		<u>38,554,282</u>	<u>40,113,053</u>	<u>45,902,331</u>
<b>Total assets</b>				
<b>Current liabilities</b>				
Trade and other payables	17	575,198	378,818	461,059
Provisions	18	128,118	118,508	126,950
Other		-	136	-
<b>Total current liabilities</b>		<u>703,316</u>	<u>497,462</u>	<u>588,009</u>
<b>Non-current liabilities</b>				
Provisions	18	101,762	82,064	37,924
		<u>101,762</u>	<u>82,064</u>	<u>37,924</u>
<b>Total non-current liabilities</b>		<u>805,078</u>	<u>579,526</u>	<u>625,933</u>
<b>Total liabilities</b>		<u>37,749,204</u>	<u>39,533,523</u>	<u>45,276,394</u>
<b>Net community assets</b>				
<b>Community equity</b>				
Asset revaluation surplus	19	15,773,273	14,586,344	12,906,234
Retained surplus/(deficiency)	20	20,946,701	22,745,684	29,750,450
Reserves	21	1,029,229	2,201,493	2,619,710
		<u>37,749,204</u>	<u>39,533,523</u>	<u>45,276,394</u>
<b>Total community equity</b>				

\* Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period i.e. as at 1 July 2013. Details are disclosed in Notes 1.T and 29.

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

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**Wujal Wujal Aboriginal Shire Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2015**

	Note	Asset revaluation surplus 19 \$	Retained Surplus 20 \$	Reserves 21 \$	Total \$
<b>Restated balances as at 1 July 2014</b>		14,586,344	22,745,684	2,201,493	39,533,520
Net operating surplus		-	(1,303,468)	-	(1,303,468)
Other comprehensive income for the year		(480,853)	-	-	(480,853)
Increase / (decrease) in asset revaluation surplus		1,667,782	(1,667,782)	-	-
Transfer to Revaluation Surplus		1,186,929	(2,971,250)	-	(1,784,321)
<b>Total comprehensive income for the year</b>					
<b>Transfers to and from reserves</b>			1,172,264	(1,172,264)	-
Transfers from reserves		-	1,172,264	(1,172,264)	-
Total transfers to and from reserves					
<b>Balance as at 30 June 2015</b>		15,773,273	20,946,701	1,029,229	37,749,202
<b>Balance as at 1 July 2013</b>		12,906,236	33,718,898	2,619,710	49,244,844
Effect of correction of error	29	-	(3,968,448)	-	(3,968,448)
Restated balances		12,906,236	29,750,450	2,619,710	45,276,396
Net operating surplus		-	(4,707,568)	-	(4,707,568)
Other comprehensive income for the year		(1,035,306)	-	-	(1,035,306)
Increase / (decrease) in asset revaluation surplus		2,715,415	(2,715,415)	-	-
Transfer to Revaluation Surplus		1,680,109	(7,422,983)	-	(5,742,874)
<b>Total comprehensive income for the year</b>					
<b>Transfers to and from reserves*</b>			(722,319)	722,319	-
Transfers to reserves		-	1,140,536	(1,140,536)	-
Transfers from reserves		-	418,217	(418,217)	-
Total transfers to and from reserves					
<b>Restated balances as at 30 June 2014</b>		14,586,344	22,745,684	2,201,493	39,533,520

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

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**Wujal Wujal Aboriginal Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>		3,338,434	2,293,173
Receipts from customers		(8,102,107)	(6,802,244)
Payments to suppliers and employees		(4,763,673)	(4,509,071)
Joint Venture distribution received	24	187,487	250,270
Interest received		72,262	115,776
Rental income		205,756	306,301
Non capital grants and contributions		3,440,962	3,684,396
<b>Net cash inflow (outflow) from operating activities</b>	25	(857,186)	(152,326)
<b>Cash flows from investing activities</b>		(650,206)	(672,950)
Payments for property, plant and equipment		15,155	29,089
Proceeds from sale of property plant and equipment		58,013	38,499
Finance lease receipts		587,203	363,453
Grants, subsidies, contributions and donations		10,164	(241,909)
<b>Net cash inflow (outflow) from investing activities</b>		(847,022)	(394,235)
<b>Net increase (decrease) in cash and cash equivalent held</b>			
<b>Cash and cash equivalents at the beginning of the financial year</b>		3,914,536	4,308,771
<b>Cash and cash equivalents at end of the financial year</b>	11	3,067,514	3,914,536

\* Council has made a retrospective restatement as a consequence of a correction of an error. Details are disclosed in Notes 1.T and 29.

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

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 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 following:

- some financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal.

**Recurrent/capital classification**

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

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

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

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

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

**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.

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**Wujal Wujal Aboriginal Shire Council**  
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**For the year ended 30 June 2015**

**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 suite of consolidation standards resulted in some material changes to Council's accounting policies. These standards comprised AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 (revised 2011) *Separate Financial Statements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures*. The impact of these standards is summarised below:

AASB 11 *Joint Arrangements* replaced AASB 131 *Interests in Joint Ventures* for the 2014-15 financial year. AASB 11 specifies how a joint arrangement, where two or more parties have control, should be accounted for. Under AASB 11 joint arrangements are classified as either joint operations or joint ventures and this, in turn, determines the accounting treatment. This classification is based on the rights and obligations of the parties and, when relevant, other facts and circumstances. Previously, AASB 131 classified joint arrangements based primarily on legal form. Under that standard there were three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets.

Council has joint control of Cook RJCP Joint Venture. Previously only the dividend was recognised, but it is now incorporated under the equity method. The difference in methods is not material. Under AASB 11 the consortium is classified as a joint venture and accounted for using the equity method.

Further information about this Joint Venture is contained in note 24.

Wujal Wujal Aboriginal Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 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.

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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 annually. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Investment Property - Note 1.P

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

Provisions - Note 1.V and Note 18

Valuation of finance leases - Note 1.T

Contingent liabilities - Note 22

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
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**1.H Revenue**

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended and unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. In the 2015 financial year, Council has reduced amounts held in reserves from previous years when the funds have been expended, but has not transferred unspent grant funding into reserves, instead placing them in restricted cash. 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.

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

Cash Contributions

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

Rental income

Rental revenue from leased property is recognised as income on a periodic straight line basis over the lease term. For Finance Leases see Note 1.T.

Interest and dividends

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

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.

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

Fees and Charges

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

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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.T)

Financial liabilities

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

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

Finance lease liabilities - measured at amortised cost (Note 1.T)

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.

**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 asset's carrying amount less any amount expected to be recovered.

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.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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 method.

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. Council does not have any inventories held for distribution.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

**1.M Other financial assets**

Refer to Note 1.T for the accounting policy relating to finance lease assets.

**1.N Non Current Assets held for Sale**

Items of property, plant and equipment are reclassified as non-current assets held for sale when, at the year end, the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised. There were no non-current assets held for sale at 30 June 2015.

**1.O 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 2015 Council did not have any term deposits in excess of three months.

Council's investment in the Cook RJCP Joint Venture is accounted for using the equity method as detailed in Note 1.AA.

**1.P Investment property**

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance date by a registered valuer. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
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Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

Council does not currently hold any property for investment purposes

**1.Q 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
- Plant and Equipment
- Motor vehicles
- Furniture and fittings
- Infrastructure
  - Road, drainage and bridge network
  - Water
  - Sewerage
  - Other infrastructure assets
- 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, engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions is recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

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

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

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

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

In the intervening years, for the valuation of the land and improvements, buildings and infrastructure asset classes, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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.

Investment property under construction is classified as investment property. Refer to Note 1.P for further information.

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.

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

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Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land under roads

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

DOGIT and other land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the *Land Act 1994*. 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 its value cannot be reliably measured.

Council also holds additional freehold land outside its DOGIT and Local Government area, in the township of Ayton and the area of Degarra. Land is measured at fair value by independent valuers. Refer to note 16 for further valuation method details.

**1.R Intangible assets**

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software expenditure greater than \$10000 are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Council currently has no intangible assets

**1.S Impairment of non-current assets**

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

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

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



**Wujal Wujal Aboriginal Shire Council**  
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**1.T 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.

**Finance leases as lessor**

Council has leased 60 dwellings as lessor to the Queensland Government for 40 years. The average lease payment per dwelling in the current year was \$824, in addition, there was also approximately \$4,200 in service charges applied per property. The lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane in accordance with the terms of the 40 year lease, whereas, the service charge component is adjusted each year as part of Council's annual passing of Budget and Revenue Policy adoption by no later than 31 July of the new financial year. The discount rate implicit in the leases for 2014/15 is 3.39%, which is the higher of CPI and Council's present cost of capital, as advised by Queensland Treasury Corporation (QTC). The leases are recognised at the present value of the expected future lease payments receivable (excluding service charges; there has been a change of accounting policy this year retrospectively applied; previously service charges were included, for the effect of the change see Note 29) (i.e NPV method is used). Gains on revaluation of finance lease assets are recognised as "other income" when the cashflows diminish and the discount rate declines year on year. Conversely, in the future, when the discount rate increases and the cashflows diminish, losses on finance lease asset revaluations will be recognised as "other expenses".

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable recognised as income applicable to the leases. There is, however, a contingent rent recognised in note 14 of \$1.195 million which is the difference between nominal rents and consumer price indexation of rents.

**Operating leases**

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

**1.U 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.

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**Wujal Wujal Aboriginal Shire Council**  
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**1.V 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, or Council does not have the unconditional right to defer the liability beyond 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current.

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 are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 17 as a payable.

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

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 23.

Long service leave

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

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



**Wujal Wujal Aboriginal Shire Council**  
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**1.W Borrowings and borrowing costs**

Council has no borrowings and therefore, no borrowing costs.

**1.X 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 asset revaluation surplus.

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

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

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

**1.Y Retained surplus**

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

**1.Z 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.

Internal restrictions that have been placed on council's cash and cash equivalents are also disclosed in Note 11.

The reserves operate as follows:

Constrained works reserve

The amounts reported in this reserve correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. In previous years, where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received were transferred from retained surplus to the constrained works reserve, but this practice ceased in 2014/15, and is now reported as constrained cash in Note 11. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus, until such time as the reserve is reduced to Nil.

**Wujal Wujal Aboriginal Shire Council**  
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Future recurrent expenditure reserve

The amounts reported in this reserve correspond to the amount of cash (reported within cash and cash equivalents) that has been allocated for future operational expenditure. In previous years, an amount equivalent to the cash allocated for this purpose was transferred from retained surplus to the future recurrent expenditure reserve, but this practice ceased in 2014/15, and is now reported as constrained cash in Note 11. When the expenditure is undertaken, an amount equivalent to the expenditure is transferred out of the future recurrent expenditure reserve to retained surplus until the reserve is reduced to Nil. All of the amounts transferred to this reserve related to a perceived future expense which was not currently a liability. The amounts in the reserve represent grant funds for operating purposes that have not yet been expended.

**1.AA Joint venture**

Council has joint control of Cook RJCP Joint Venture, an unincorporated joint venture of which Council has 25% voting rights. Council has determined that this joint arrangement is a joint venture under AASB 11 *Joint Arrangements* and accounts for this investment using the equity method. Under the equity method the investment is initially recognised at cost and is adjusted each year to recognise council's share of profit or loss. Council's share of movements in other comprehensive income of the venture are recognised in other comprehensive income. Distributions received are recognised as a reduction in the carrying amount of the investment. Further information about the joint venture is set out in Note 24.

**1.AB National competition policy**

The Council has reviewed its activities to identify if any of its business activities meet the requirements for application of the National Competition Policy, and decided that no activities currently meet the requirements.

**1.AC 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.AD Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include those funds from deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

There are no monies held on behalf of third parties.

**1.AE Taxation**

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

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## 2. Analysis of Results by Function

### 2(a) Components of council functions

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

#### Corporate Governance

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

#### Corporate Services

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

#### Community Services

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

This function includes:

- Libraries and Kindergarten
- Entertainment venues, Art Gallery & Café
- Public health services including aged care facilities
- Environmental licences and approvals.

#### Building Services

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

#### Technical Services

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

**Wujal Wujal Aboriginal Shire Council**  
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- 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 2015											
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							
	2015 \$	2015 \$	2015 \$	2015 \$							
					2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$
					188,932	(432,209)	-	(432,209)	(243,277)	(243,277)	-
Corporate governance	-	188,932	-	-							
Corporate Services	1,606,793	264,672	-	-	1,871,465	(1,022,035)	(4,961)	(1,026,996)	849,429	844,468	15,202,901
Technical Services	665,768	762,984	553,100	307,735	2,289,587	(3,387,314)	-	(3,387,314)	(1,958,562)	(1,097,727)	15,338,790
Community Services	1,163,920	110,114	34,103	-	1,308,137	(1,870,394)	-	(1,870,394)	(596,360)	(562,257)	2,916,785
Building Services	4,481	2,782,779	-	-	2,787,260	(3,031,935)	-	(3,031,935)	(244,675)	(244,675)	5,095,806
Total	3,440,962	4,109,480	587,203	307,735	8,445,380	(9,743,888)	(4,961)	(9,748,849)	(2,193,445)	(1,303,468)	38,554,282

Year ended 30 June 2014											
Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2014	2014	2014	2014							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate governance	-	-	-	-	-	(401,125)	-	(401,125)	(401,125)	(401,125)	-
Corporate Services	1,384,682	339,104	342,096	-	2,065,882	(1,034,727)	(4,280,303)	(5,315,030)	689,059	(3,249,148)	17,071,229
Technical Services	972,740	441,978	184,740	-	1,599,458	(2,994,322)	-	(2,994,322)	(1,579,604)	(1,394,864)	15,487,381
Community Services	1,345,785	429,375	178,715	-	1,953,875	(1,626,550)	-	(1,626,550)	148,610	327,325	2,747,730
Building Services	-	1,148,786	-	-	1,148,786	(1,138,542)	-	(1,138,542)	10,244	10,244	4,806,713
Total	3,703,207	2,359,243	705,551	-	6,768,001	(7,195,266)	(4,280,303)	(11,475,569)	(1,132,816)	(4,707,568)	40,113,053

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**Wujal Wujal Aboriginal Shire Council**  
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**For the year ended 30 June 2015**

Note	2015 \$	2014 \$
<b>3 Revenue analysis</b>		
(a) Fees and charges	35,502	73,589
Admin & Utility Charges	9,911	10,391
Bank & Post Office Agency Commissions	20,998	20,484
Centrelink Commissions	257,338	232,729
Other fees and charges	<u>323,749</u>	<u>337,193</u>
 (b) Rental income	205,756	306,301
House & Building rental	<u>205,756</u>	<u>306,301</u>
 (c) Interest received	72,282	115,776
Interest received from bank accounts	<u>72,282</u>	<u>115,776</u>
 (d) Sales revenue		
Sale of services	1,681	20,666
Private Works Revenue	1,122,650	734,424
Q Build and BAS Contract and recoverable works	1,275,031	
Housing Construction Contract	<u>2,399,361</u>	<u>755,090</u>
 Sale of goods	288,653	344,257
Fuel	452,760	34,016
Works Department	83,640	160,590
Art Centre	<u>825,054</u>	<u>538,863</u>
 Total sales revenue	<u>3,224,415</u>	<u>1,293,953</u>
<p>The amount recognised as revenue for contract works during the financial year is the amount receivable in respect of invoices issued during the period and in respect of works carried out during the period. There are 2 maintenance contracts for community and social housing in progress at the year end. The contract work carried out is not subject to retentions.</p>		
 (e) Other income	188,932	250,270
Share of Joint Venture profit	63,494	37,238
Gain on revaluation of finance leases	30,853	18,513
Other income	<u>283,279</u>	<u>306,021</u>

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**Wujal Wujal Aboriginal Shire Council**  
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	Note	2015 \$	2014 \$
<b>4 Grants, subsidies, contributions and donations</b>			
<b>(a) Recurrent</b>			
General purpose grants		1,598,322	1,359,474
State government subsidies and grants		1,095,017	1,844,164
Commonwealth government subsidies and grants		747,623	485,973
Contributions		-	13,595
		<u>3,440,962</u>	<u>3,703,206</u>
<b>(b) Capital</b>			
State government subsidies and grants		587,203	320,453
Non-cash grant - leased housing		-	342,098
Commonwealth government subsidies and grants		-	43,000
		<u>587,203</u>	<u>705,551</u>
<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		139,758	40,000
		<u>139,758</u>	<u>40,000</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 infrastructure		-	458,217
		<u>-</u>	<u>458,217</u>
<b>5 Capital income</b>			
<b>Revaluations</b>			
Revaluation up of property, plant and equipment reversing previous revaluation down	15	307,736	-
		<u>307,736</u>	<u>-</u>
Total capital income		<u>307,736</u>	<u>-</u>

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**Wujal Wujal Aboriginal Shire Council**  
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	Note	2015 \$	2014 \$
<b>6 Employee benefits</b>			
Total staff wages and salaries		2,005,202	2,733,288
Councillors' remuneration		279,873	286,338
Annual, sick and long service leave entitlements		430,475	364,213
Superannuation	23	305,240	275,574
		<u>3,020,791</u>	<u>3,659,413</u>
Other employee related expenses		-	35,410
		<u>3,020,791</u>	<u>3,694,823</u>
Less: Capitalised employee expenses		<u>(72,206)</u>	<u>(817,715)</u>
		<u><b>2,948,586</b></u>	<u><b>2,877,108</b></u>

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

	2015	2014
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	35	29
Depot and outdoors staff	41	40
Total full time equivalent employees	<u>81</u>	<u>74</u>

**7 Materials and services**

Buildings and Houses-repairs	626,621	457,311
Agency operations	23,428	9,037
Audit of annual financial statements by the Auditor-General of Queensland	29,900	54,188
Communications and IT	151,109	85,341
Insurances	156,107	159,561
Recoverable Works costs	1,042,410	630,432
Housing Construction Contract	1,143,995	-
Works & Services	927,350	1,092,017
NDRRA and cyclone costs	393,844	363,170
Security & Emergency services	11,786	18,474
Cultural activities	363,481	348,105
Community Care services	468,144	175,344
Community Welfare services	271,649	438,840
Consultants	52,140	96,250
Councillors Non-Wages Expenses	82,069	70,377
Admin Supplies and Services	491,414	446,097
Admin & Other Recoveries	(921,479)	(1,040,211)
Other materials and services	38,005	58,306
	<u><b>5,351,972</b></u>	<u><b>3,462,638</b></u>

**8 Finance costs**

Bank charges	1,933	1,931
Impairment of debts	51,400	-
	<u><b>53,332</b></u>	<u><b>1,931</b></u>

**9 Depreciation and amortisation**

<b>Depreciation of non-current assets</b>		
Buildings	472,048	332,498
Motor Vehicles	67,453	65,205
Plant and Equipment	68,703	79,288
Furniture & Fittings	3,923	3,934
Roads	261,830	155,012
Water	310,590	102,718
Sewerage	175,574	111,576
Other Infrastructure	29,877	3,358
Total Depreciation and amortisation	<u><b>1,389,998</b></u>	<u><b>853,589</b></u>

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	Note	2015 \$	2014 \$
<b>10 Capital expenses</b>			
Gain / loss on disposal of non-current assets		(15,155)	(29,089)
Proceeds from the sale of property, plant and equipment		20,116	40,446
Less: Book value of property, plant and equipment disposed of		<u>4,961</u>	<u>11,357</u>
 Revaluation decrement			
Revaluation down of property, plant and equipment (in 2013/14 was Road Infrastructure Flood Damage Expense)	15	-	363,988
		<u>-</u>	<u>363,988</u>
Loss on transfer of assets via finance lease		-	4,058,032
Book value of property, plant and equipment transferred			(153,074)
Less: Initial recognition of finance leases		<u>-</u>	<u>3,904,958</u>
		<u>4,961</u>	<u>4,280,303</u>
Total capital expenses			
<b>11 Cash and cash equivalents</b>			
Cash at bank and on hand		<u>3,067,514</u>	<u>3,914,536</u>
Balance per Statement of Cash Flows		<u><b>3,067,514</b></u>	<u><b>3,914,536</b></u>
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:			
The following externally imposed expenditure restrictions at the reporting date relate to cash assets:			
Unspent government grants and subsidies		<u>1,168,986</u>	<u>2,201,493</u>
Total unspent restricted cash		<u><b>1,168,986</b></u>	<u><b>2,201,493</b></u>
* These restrictions were previously allocated as reserves			
Cash and deposits at call are held in the Westpac Banking Corporation in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-			
<b>12 Trade and other receivables</b>			
Current			
Trade Debtors		743,860	635,438
Accrued Revenue (including NDRRA Cyclone Ita balances)		629,867	369,260
Other debtors		188	128,634
Less impairment		<u>(39,593)</u>	<u>(12,000)</u>
		<u><b>1,334,321</b></u>	<u><b>1,121,332</b></u>

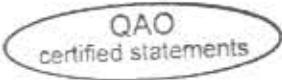
No interest is charged on other debtors. There is a geographical concentration of credit risk within the FNQ area for some fees and other debtors receivable due to the localised nature of Councils operations.

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Notes to the financial statements
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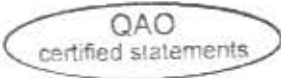
Note	2015 \$	2014 \$
13 Inventories		
Inventories held for sale		
Fuel Stock	31,278	52,683
Other trading stocks	22,943	175
	<u>54,221</u>	<u>52,858</u>
Total inventories	<u>54,221</u>	<u>52,858</u>



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>14 Other financial assets</b>			
Current			
Finance leases		50,041	49,640
		<u>50,041</u>	<u>49,640</u>
Non-current			
Finance leases		1,514,509	1,535,569
		<u>1,514,509</u>	<u>1,535,569</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		50,041	49,640
Later than one year but not later than five years		200,162	198,560
Later than five years		1,639,655	1,675,934
		<u>1,889,857</u>	<u>1,924,134</u>
Add: Estimated contingent rent		1,195,171	1,261,696
Less: Present value adjustment		(1,520,479)	(1,600,620)
Fair value of lease payments		<u>1,564,549</u>	<u>1,585,209</u>
The fair value of lease payments are receivable as follows:			
Not later than one year		50,041	49,640
Later than one year but not later than five years		194,952	193,391
Later than five years		1,319,557	1,342,178
		<u>1,564,549</u>	<u>1,585,209</u>
Movements in finance leases were as follows:			
Opening balance		1,585,209	1,091,296
Add: Initial recognition of new leases		-	495,174
Less: Lease surrendered		(26,141)	-
Less: Lease receipts		(58,013)	(38,499)
Add: Gain on revaluation		63,494	37,238
Closing balance		<u>1,564,549</u>	<u>1,585,209</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.2% for 2014/15 (2.2% for 2013/14) and a discount rate of 3.39% for 2014/15 (3.39% in 2013/14).



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**15 Property Plant and Equipment**

**30-Jun-15**

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2014

Additions

Operating expense removed from Work in Progress

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Revaluation adjustment to income (capital income)

Transfers between classes

**Closing gross value as at 30 June 2015**

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2014

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

**Accumulated depreciation as at 30 June 2015**

**Total written down value as at 30 June 2015**

Residual value

Range of estimated total useful life in years

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Note	Land	Buildings	Motor Vehicles	Plant and Equipment	Furniture & Fittings	Water	Sewerage	Other Infrastructure	Roads Infrastructure	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,950,000	21,493,000	766,701	1,044,225	94,786	7,008,625	5,151,534	2,365,900	9,796,000	591,944	50,262,715
	-	650,124	74,293	42,924	-	145,205	-	-	333,191	574,464	1,820,202
	-	-	-	-	-	-	-	-	-	(1,143,855)	(1,143,855)
	-	-	(91,362)	(10,000)	-	-	-	-	-	-	(101,362)
10	-	-	-	-	-	(1,178,429)	461,139	(3,600)	(198,170)	-	(919,060)
SOCE	-	-	-	-	-	307,736	-	-	-	-	307,736
5	-	-	-	-	-	778,000	94,000	(601,400)	176,400	-	-
	-	(447,000)	-	-	-	-	-	-	-	-	-
	<b>1,950,000</b>	<b>21,696,124</b>	<b>749,632</b>	<b>1,077,149</b>	<b>94,786</b>	<b>7,061,138</b>	<b>5,706,673</b>	<b>1,760,900</b>	<b>10,107,421</b>	<b>22,553</b>	<b>50,226,376</b>

	-	6,864,000	389,212	659,408	76,302	2,470,813	1,204,303	982,562	4,177,000	-	16,823,600
9	-	472,048	67,453	68,703	3,923	310,590	175,574	29,877	261,830	-	1,389,998
10	-	-	(71,246)	(10,000)	-	-	-	-	-	-	(81,246)
SOCE	-	-	-	-	-	(1,178,428)	740,222	-	-	-	(438,207)
	-	(123,001)	-	-	-	91,664	23,000	8,337	-	-	0
	<b>-</b>	<b>7,213,047</b>	<b>385,419</b>	<b>718,111</b>	<b>80,225</b>	<b>1,694,638</b>	<b>2,143,098</b>	<b>1,020,776</b>	<b>4,438,830</b>	<b>-</b>	<b>17,694,145</b>

<b>1,950,000</b>	<b>14,483,077</b>	<b>364,213</b>	<b>359,038</b>	<b>14,661</b>	<b>5,366,500</b>	<b>3,663,675</b>	<b>740,123</b>	<b>5,668,591</b>	<b>22,553</b>	<b>32,532,231</b>
1,950,000	-	150,000	58,000	-	-	-	-	-	-	-
4-332	-	4-332	4-332	-	-	-	-	-	-	-
Land: Not depreciated.	15-75	2-8	3 - 20	3 - 20	3 - 60	5 - 60	18 - 80	18 - 80	-	-

**SOCE = Statement of Changes in Equity**

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	74,293	-	-	-	-	-	333,191	-	407,484
-	650,124	-	42,924	-	145,205	-	-	-	574,464	1,412,718
-	-	-	-	-	-	-	-	-	-	-
<b>-</b>	<b>650,124</b>	<b>74,293</b>	<b>42,924</b>	<b>-</b>	<b>145,205</b>	<b>-</b>	<b>-</b>	<b>333,191</b>	<b>574,464</b>	<b>1,820,202</b>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

30-Jun-14

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2013

Assets Reclassified from Other Infrastructure

Restated Opening Gross Value as at 1 July 2013

Additions

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Revaluation adjustment to income (capital income)

Capital Writedown-Flood Damaged Infrastructure

**Closing gross value as at 30 June 2014**

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013

Depn Reclassified from Other Infrastructure

Restated Opening balance as at 1 July 2013

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Capital Writedown-Flood Damaged Infrastructure

**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	Water	Sewerage	Other Infrastructure	Roads Infrastructure	Work in progress	Total
	Valuation	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	\$
	\$	\$	\$	\$	\$	\$	\$	\$			
	1,700,000	28,294,538	694,864	975,763	94,788	-	-	20,764,916	-	1,482,245	54,007,114
	-	-	(253)	251	(2)	5,211,846	6,033,843	1,453,124	8,066,103	-	
	1,700,000	28,294,538	694,611	976,014	94,786	5,211,846	6,033,843	1,453,124	8,066,103	1,482,245	54,007,110
	-	811,841	217,785	76,211	-	13,375	29,534	-	414,505	(890,301)	672,950
10	-	(7,093,353)	(145,695)	(8,000)	-	-	-	-	-	-	(7,247,048)
19	250,000	(520,026)	-	-	-	1,783,404	(911,843)	1,782,264	1,315,392	-	3,699,191
	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	(869,488)	-	-	(869,488)
	1,950,000	21,493,000	766,701	1,044,225	94,786	7,008,625	5,151,534	2,365,900	9,796,000	591,944	50,262,718

-	10,318,878	429,256	588,120	72,368	-	-	3,480,962	-	-	-	14,889,584
-	-	-	-	-	990,080	633,089	352,855	1,504,938	-	-	
-	10,318,878	429,256	588,120	72,368	990,080	633,089	352,855	1,504,938	-	-	14,889,584
9	-	332,498	65,205	79,288	3,934	102,718	111,576	3,358	155,012	-	853,589
10	-	(3,035,321)	(105,249)	(8,000)	-	-	-	-	-	-	(3,148,570)
19	-	(752,055)	-	-	-	1,378,015	459,638	1,131,850	2,517,049	-	4,734,497
10	-	-	-	-	-	-	-	(505,500)	-	-	(505,500)
-	8,864,000	389,212	659,408	76,302	2,470,813	1,204,303	982,562	4,177,000	-	-	16,823,600

1,950,000	14,629,000	377,489	384,817	18,484	4,537,812	3,947,231	1,383,337	5,619,000	591,944	33,439,118
1,950,000	-	121,000	56,000	-	-	-	606,700	-	-	-
Land; Not depreciated.	15-75	2-8	3 - 20	3 - 20	20 - 80	20 - 60	18 - 80	18 - 80	-	-

16 Fair Value Measurements

(16a) Recognised fair value measurements

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

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

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 infrastructure 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.

At 30 June 2015	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
		2015	2014	2015	2014	2015	2014
<b>Recurring fair value measurements</b>							
Finance Leases	14	-	-	1,564,549	1,585,209	1,564,549	1,585,209
Land	15	-	-	1,950,000	1,950,000	1,950,000	1,950,000
Buildings	15	-	-	14,483,077	14,629,000	14,483,077	14,629,000
Road, drainage and bridge network	15	-	-	5,668,591	5,619,000	5,668,591	5,619,000
Water	15	-	-	5,366,500	4,537,812	5,366,500	4,537,812
Sewerage	15	-	-	3,563,575	3,947,231	3,563,575	3,947,231
Infrastructure assets	15	-	-	740,123	1,383,337	740,123	1,383,337
				<b>33,336,415</b>	<b>33,651,590</b>	<b>33,336,415</b>	<b>33,651,590</b>

There were no transfers between levels 1 and 2, nor between levels 2 and 3 during the year. Finance Leases are also recognised at the present value of the expected future lease payments receivable (Fair Value).

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

(16b) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Finance Leases (level 3)

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
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Council has residential properties in the township of Wujal Wujal which are leased out to the Department of Housing & Public Works for a period of up to 40 years. Therefore they were valued using the Net Present Value (NPV) approach.

**Land (level 2)**

Land fair values were determined by independent valuer, Propell Valuers effective 30 June 2014, and then indexed by Australis Advisory Valuers effective 30 June 2015. The most significant inputs into this valuation approach are sales volumes and median prices for the regions around Wujal Wujal and Cooktown.

**Buildings (level 3)**

The fair value of buildings were also were determined by independent valuer Propell Valuers effective 30 June 2014, and then indexed by Australis Advisory Valuers effective 30 June 2015. 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 sales volumes and median prices for the regions around Wujal Wujal and Cooktown, and the Producer Price Output Indices as they relate to construction costs in the FNQ region.

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 building assets have 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. Council has, as per the AASB Boards recent decision regarding Residual Values, componentised its assets so that the assets can be more easily assessed as to which parts have short useful lives and which have longer useful lives, and which components Council may expect to receive consideration at the end of that components useful life. It is not expected that this decision will have any significant impact on the annual depreciation charge against the building assets.

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	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Condition rating(useful life)	new-5.5 (100%-0%)	The higher the condition rating %, the higher the value	Increase in the value of the asset	Decrease in the value of the asset

**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.

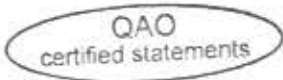
The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as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

**Road, drainage and bridge network - 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.



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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 full valuation of road infrastructure was undertaken by Propell Valuers effective 30 June 2014. CRC was determined by indexation, effective at 30 June 2015, by Australis Advisory Valuers, who are independent registered Valuers. The indexation methodology was based on production/wage/construction indices and on consultation with local contractors and suppliers. A full valuation of sealed roads and associated infrastructure is planned in 2019.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives  
 Infrastructure – Sensitivity of valuation to unobservable inputs

As detailed above Council's roads, drainage and bridge 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	Relationship of unobservable inputs to fair value
Number of Labour hours	The higher the labour hours, the higher the fair value
Standard material usage quantities	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	The higher the condition rating, the higher the fair value.
Remaining useful life	The longer the remaining useful life, the higher the fair value.

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 independent valuers, Australis Advisory effective 30 June 2015. 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:
<ul style="list-style-type: none"> <li>Schedule rates for construction of asset or similar assets</li> </ul>
<ul style="list-style-type: none"> <li>Recent contract and tender data</li> </ul>
<ul style="list-style-type: none"> <li>Rawlinson's Rates for building and construction, and</li> </ul>
<ul style="list-style-type: none"> <li>Suppliers' quotations</li> </ul>

Factors taken into account in determining replacement costs included:
<ul style="list-style-type: none"> <li>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)</li> </ul>
<ul style="list-style-type: none"> <li>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)</li> </ul>





- Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/ trench cage which increases costs and slows production).

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 rating of between 0 and 10, which was used to estimate remaining useful life - 0-1 being extremely poor or failed asset with 0%-10% useful remaining life and 10 being a new asset with a 91%-100% remaining useful life. The lower the condition rating, the lower the fair value.

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

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	Relationship of unobservable inputs to fair value
Number of Labour hours	The higher the labour hours, the higher the fair value
Standard material usage quantities	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	The higher the condition rating, the higher the fair value.
Remaining useful life	The longer the remaining useful life, the higher the fair value.

(16c) 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) and Note 5 (Capital Income).

(16d) Valuation processes

Council's valuation policies and procedures are set by an executive management team which comprises the Chief Executive Officer and the Manager of Corporate Services. 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 and investment property (recurring fair value measurements) is set out in note 1P and 1Q respectively. 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 2015

17 Trade and other payables

	Note	2015 \$	2014 \$
Current			
Creditors and accruals		314,513	193,390
Annual leave		260,685	185,428
		<u>575,198</u>	<u>378,818</u>

18 Provisions

Current			
Long service leave		128,118	118,508
		<u>128,118</u>	<u>118,508</u>
Non-current			
Long service leave		101,762	82,064
		<u>101,762</u>	<u>82,064</u>

Details of movements in provisions:

Long service leave			
Balance at beginning of financial year		200,572	164,874
Long service leave entitlement arising		46,041	44,141
Long Service entitlement extinguished		(7,122)	-
Long Service entitlement paid		(9,610)	(8,443)
Balance at end of financial year		<u>229,880</u>	<u>200,572</u>

19 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year		14,586,344	12,908,234
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		-	(168,287)
Buildings		-	418,929
Infrastructure		1,186,929	1,975,138
Motor Vehicles			(371,313)
Plant and Equipment			(63,385)
Furniture & Fittings			(110,972)
Balance at end of financial year		<u>15,773,273</u>	<u>14,586,344</u>

Asset revaluation surplus analysis

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

Land		420,000	420,000
Buildings		7,703,888	7,703,888
Infrastructure		7,649,385	6,462,456
		<u>15,773,273</u>	<u>14,586,344</u>

20 Retained surplus/(deficiency)

Movements in the retained surplus were as follows:

Retained surplus/(deficit) at beginning of financial year		22,745,684	33,718,898
Adjustment to opening balance	29	-	(3,968,448)
Adjusted opening balance		22,745,684	29,750,450
Net result attributable to Council		(1,303,468)	(4,707,568)
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:			
Transfer to Revaluation Surplus	SOCE	(1,667,782)	(2,715,415)
Future capital works reserve		854,182	458,217
Constrained works reserve		-	-
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

Recurrent expenditure reserve	318,083	(40,000)
Retained surplus at end of financial year	<u>20,946,701</u>	<u>22,745,684</u>

SOCE = Statement of Changes in Equity

**21 Reserves**

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

**Reserves held for funding future capital expenditure**

Capital Constrained Works Reserve	320,490	1,174,672
	<u>320,490</u>	<u>1,174,672</u>

**Reserves held for funding future recurrent expenditure**

Future recurrent expenditure reserve	708,738	1,026,821
	<u>708,738</u>	<u>1,026,821</u>
<b>Total reserves</b>	<u><b>1,029,228</b></u>	<u><b>2,201,493</b></u>

Note	Council	
	2015 \$	2014 \$
<b>Movements in capital reserves:</b>		
<b>Capital constrained works reserve</b>		
Balance at beginning of financial year	1,174,672	1,567,163
Adjustment to Opening Balance	-	65,726
Transfer from retained surplus for future expenditure	-	682,319
Transfer to the retained surplus/capital in respect of amounts expended during the year	(854,182)	(1,140,536)
Balance at end of financial year	<u>320,490</u>	<u>1,174,672</u>
<b>Movements in recurrent reserves:</b>		
<b>Operating Constrained Works reserve</b>		
Balance at beginning of financial year	1,026,821	1,052,547
Adjustment to Opening Balance	-	(65,726)
Transfer from retained surplus for future expenditure	-	40,000
Transfer to retained surplus	(318,083)	-
Balance at end of financial year	<u>708,738</u>	<u>1,026,821</u>

**22 Contingent liabilities**

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

**Local Government Mutual**

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

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there are insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$45,417.35

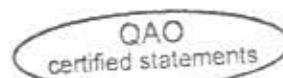
**23 Superannuation**

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

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

The scheme has three elements referred to as:

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



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**  
The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

	Note	2015 \$	2014 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	305,240	275,574

## 24 Joint venture

The Council has a 25% (2014 - 25%) joint venture interest in Cook RJCP Joint Venture, the principal activity of which is to provide delivery of services under the Remote Jobs & Communities Program in the Cookdown region. Cook RJCP Joint Ventures principal place of business is C/- My Pathways, 84-88 Cook St, Cairns, Queensland. In accordance with ownership interest Council holds 25% voting rights in the joint venture.

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

The following information has been extracted from Cook RJCP Joint Venture financial statements. Wujal Wujal Aboriginal Council has only been provided with a Revenue and Expenditure statement, and does not know what the Balance Sheet items of the Joint Venture are. A profit distribution of \$187,487 was made in this financial year (2014 \$250,270).

Cook RJCP Joint Venture:		
Revenue	2,807,308	2,373,421
Expenses	(2,015,528)	(1,408,394)
Profit or loss from continuing operations	791,779	965,027
Post-tax profit or loss from discontinued operations	-	-
Profit (loss) for the year	791,779	965,027
Other comprehensive income for the year	-	-
Total comprehensive income for the year	791,779	965,027

The above profit (loss) for the year includes:

Promotions and Marketing	5,505	5,319
Corporate Service Fee	551,203	451,068
Vehicle exp's, rego & insurance	52,283	40,168
Payroll expenses	1,118,382	743,725
Rent & Lease of premises	65,020	21,139
Travel Costs	96,575	57,185
Administration Costs	124,580	89,791
	2,015,528	1,408,394

The joint ventures net assets reconcile to to the carrying amount of the investment as follows:

Net assets		
Interest in the joint venture	25%	25%
other adjustments (specify)		
Carrying amount of the Council's interest in the joint venture		

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

	Note		
#Carrying amount at the beginning of the financial year			
Share of profit (loss)	3(e)	188,932	250,270
Distribution received		187,487	250,270
Carrying amount at the end of financial year		1,445	-

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25 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

Net result	(1,303,488)	(4,707,568)
Non-cash items:		
Depreciation and amortisation	1,389,908	853,589
Revaluation adjustments	(307,736)	363,988
Impairment of Accounts Receivable	27,594	-
Gain on revaluation of finance	(63,494)	(37,238)
	1,046,361	1,180,339
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	4,961	11,357
Loss on transferring assets via finance lease	-	3,904,958
Capital grants and contributions	(587,203)	(705,551)
Profit retained in joint venture	(1,445)	-
	(583,686)	3,210,764
Financing activities:		
	-	-
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(240,582)	231,922
(Increase)/decrease in inventory	(1,363)	(21,376)
Increase/(decrease) in payables	196,380	(82,105)
Increase/(decrease) in liabilities	(136)	-
Increase/(decrease) in other provisions	29,308	35,698
	(16,394)	164,139
Net cash inflow from operating activities	(857,187)	(152,326)

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 2015**

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:

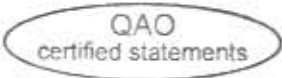
	Note	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	11	3,067,514	3,914,536
Receivables - other	12	1,334,321	1,121,332
Other financial assets	14	1,564,549	1,585,209
<b>Other credit exposures</b>			
Guarantees	22	45,417	60,048
<b>Total financial assets</b>		<u>6,011,802</u>	<u>6,681,125</u>

*Cash and cash equivalents*

The Council may be exposed to credit risk through its investments with 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. Council has residential properties in the township of Wujal Wujal which are leased out to the Dept of Housing & Public Works. They were valued using the NPV approach.



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

*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.

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

	2015	2014
	\$	\$
Not past due	746,142	1,016,127
Past due 31-60 days	563,022	3,996
Past due 61-90 days	7,374	4,861
More than 90 days	57,376	108,348
Impaired	-39,593	-12,000
Total	<u>1,334,321</u>	<u>1,121,332</u>

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

**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, 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:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2015</b>					
Trade, other payables	314,513	-	-	314,513	314,513
	<u>314,513</u>	<u>-</u>	<u>-</u>	<u>314,513</u>	<u>314,513</u>
<b>2014</b>					
Trade, other payables	193,390	-	-	193,390	193,390
	<u>193,390</u>	<u>-</u>	<u>-</u>	<u>193,390</u>	<u>193,390</u>

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

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**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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. The Council has access to various cash management investment options so that interest rate risk exposure can be minimised and returns maximised.

*Sensitivity*

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.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2015</b>					
Cash investments	3,067,514	30,675	(30,675)	30,675	(30,675)
<b>Net total</b>		<u>30,675</u>	<u>(30,675)</u>	<u>30,675</u>	<u>(30,675)</u>
<b>2014</b>					
Cash investments	3,914,536	39,145	(39,145)	39,145	(39,145)
<b>Net total</b>		<u>39,145</u>	<u>(39,145)</u>	<u>39,145</u>	<u>(39,145)</u>

**Fair value**

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

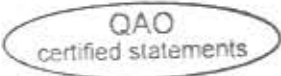


**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

28    **Tied grants by project**

The following note has been prepared on an accrual basis.

	Under/Over spend b/fwd 01/07/14	Revenue	Expense	Under/Over spend 30/06/2015
	\$	\$	\$	\$
<b>Commonwealth government grants</b>				
Dept of Prime Minister & Cabinet				
NJCP Essential Services 2-HQVNAA	0	189,056	-189,056	0
Municipal Services 2-H8KJ/OE	75,645	0	-75,645	0
Remote Indigenous Broadcasting Service	0	15,000	-14,985	15
Training Subsidy	0	3,300	0	3,300
NJP Radio Grant	0	64,288	-56,114	8,174
<b>Total</b>	<b>75,645</b>	<b>271,644</b>	<b>-335,800</b>	<b>11,489</b>
<b>Dept of Aboriginal &amp; Torres Strait Island</b>				
NAIDOC	0	500	-500	0
<b>Total</b>	<b>0</b>	<b>500</b>	<b>-500</b>	<b>0</b>
<b>Dept of Social Services</b>				
NJCP Program 2-PMM9TO	0	69,545	-69,545	0
NJCP Radio, Arts & Culture (Attorney-Generals Dept) 78487	0	96,432	-74,653	21,779
Emergency Relief 1-M930JG	0	1,338	-772	566
Home Care CACPS	48,654	58,594	-76,962	30,286
Home and Community Care	27,981	245,463	-273,444	0
HACC Business Improvement (Dept Health & Ageing)	34,919	0	-34,919	0
<b>Total</b>	<b>111,554</b>	<b>471,372</b>	<b>-530,295</b>	<b>52,631</b>
<b>Total - Commonwealth government</b>	<b>187,199</b>	<b>743,516</b>	<b>-866,595</b>	<b>64,120</b>
<b>State government grants</b>				
<b>Dept of Local Government, Community Recovery &amp; Resilience</b>				
SGFA Grant	0	1,000,297	-1,000,297	0
SDF Grant	0	166,395	-166,395	0
FAGS Grant	0	431,629	-431,629	0
ILGSP 14/15 Transitional Grant	0	226,933	-226,933	0
GraffitiSTOP	0	1,960	-1,960	0
Get Ready QLD Grant	2,226	2,440	-4,666	0
IEDG Grant	0	120,000	-120,000	0
LGGSP 12/13 Capital Grant-Sports Oval Amenities	-12,788	67,800	-55,012	0
Ayton Water Supply Capital Grant	0	106,000	-106,000	0
Bloomfield Suspension Bridge Capital Grant	0	379,300	-379,300	0
<b>Total</b>	<b>-10,562</b>	<b>2,502,754</b>	<b>-2,492,192</b>	<b>0</b>
<b>Dept Employment, Training &amp; Education</b>				
Care & Share Group Vacation Care Program	0	9,618	-9,618	0
Community Kindergarten EYS Payment	0	13,487	-13,487	0
Community Kindergarten Asset Purchases	0	2,072	-2,066	6
Community Kindergarten Capital Upgrade	-34,103	34,103	0	0
<b>Total</b>	<b>-34,103</b>	<b>59,280</b>	<b>-25,171</b>	<b>6</b>
<b>Queensland Reconstruction Authority</b>				
NDRRRA Tropical Cyclone ITA	549,887	94,563	-644,450	0
<b>Total</b>	<b>549,887</b>	<b>94,563</b>	<b>-644,450</b>	<b>0</b>
<b>Dept of QLD Health</b>				
ATSI Public Health Grant	0	150,309	-150,309	0
<b>Total</b>	<b>0</b>	<b>150,309</b>	<b>-150,309</b>	<b>0</b>





Dept of Community Safety				
SES Operating Subsidy	0	14,181	-6,082	8,099
<b>Total</b>	<b>0</b>	<b>14,181</b>	<b>-6,082</b>	<b>8,099</b>
Queensland State Library				
State Library Subsidy	0	14,600	-14,600	0
<b>Total</b>	<b>0</b>	<b>14,600</b>	<b>-14,600</b>	<b>0</b>
Dept Communities, Child Safety & Disability Services				
Reducing Demand-Mens Support Program	0	43,262	-43,262	0
State Younger Persons Grant-ROPE	0	61,535	-61,535	0
ALSP-ACCRES Grant	0	9,917	-8,916	1,001
<b>Total</b>	<b>0</b>	<b>114,714</b>	<b>-113,713</b>	<b>1,001</b>
Arts QLD				
2014/15 IRADF Grant	0	10,000	-4,444	5,556
2014/15 Cairns Indigenous Art Fair	0	10,000	-8,391	1,609
Backing Indigenous Arts Grant	0	2,500	-2,500	0
IAC Operational Grant 2014/15	0	40,000	-21,223	18,777
Jewellery & Art Print Workshop Grant 2014/15	0	10,000	-9,575	425
Indigenous Visual Arts Support Grant	0	97,500	-94,936	2,564
<b>Total</b>	<b>0</b>	<b>170,000</b>	<b>-141,068</b>	<b>28,932</b>
<b>Total - State government</b>	<b>505,222</b>	<b>3,120,401</b>	<b>-3,587,585</b>	<b>38,038</b>
Other grant providers				
Creche & Kindergarten Assoc Ltd				
QKFS Funding	82,864	112,560	-157,824	37,600
SRA Funding	0	34,628	-34,628	0
<b>Total</b>	<b>82,864</b>	<b>147,188</b>	<b>-192,452</b>	<b>37,600</b>
Aussie Apprenticeships				
Training Subsidies	0	2,500	-2,500	0
	0	0	0	0
<b>Total</b>	<b>0</b>	<b>2,500</b>	<b>-2,500</b>	<b>0</b>
Local Govt Assoc of QLD (LGAQ)				
Training Subsidies	0	14,560	-14,560	0
	0	0	0	0
<b>Total</b>	<b>0</b>	<b>14,560</b>	<b>-14,560</b>	<b>0</b>
<b>Total - Other grant providers</b>	<b>82,864</b>	<b>164,248</b>	<b>-209,512</b>	<b>37,599</b>
<b>Total grants</b>	<b>775,285</b>	<b>4,028,164</b>	<b>-4,663,692</b>	<b>139,758</b>
<b>Unspent grant revenue</b>	<b>775,285</b>	<b>4,028,164</b>	<b>-4,663,692</b>	<b>139,758</b>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

29     Correction of error

Since the Council initially entered into 40 year housing leases in 2013 it has treated the statutory charges component as part of "Other financial assets." in prior years. Council can charge a fixed "rates component" under the lease agreement, or levy "statutory charges". While "rates component" is considered to be a lease payment, "statutory charges" should be accounted for as annual revenue of Council to be consistent with the treatment of "statutory charges" levied on premises that are not subject to 40 year leases. As a result, adjustments have been made to reduce "Other financial assets" balances, and to increase "Fees and Charges" revenue. The opening balances at 1 July 2013 have been restated as have the comparative amounts for the year ended 30 June 2014. A restated Statement of Financial Position has been included in the financial statements as at 1 July 2013.

The value of the restatements are summarised below.

**Statement of Comprehensive Income**

	2014	Restated 2014
	\$	\$
<b>Revenue</b>		
<b>Recurrent revenue</b>		
Fees and charges	109,734	337,193
Other income	934,629	306,021
<b>Expenses</b>		
Capital expenses	(2,268,130)	(4,280,303)

**Statement of Financial Position**

	2014	Restated 2014	2013	Restated 2013
	\$	\$	\$	\$
<b>Current assets</b>				
Other financial assets	255,643	49,640	172,705	33,600
<b>Non-current assets</b>				
Other financial assets	7,711,333	1,535,569	4,887,037	1,057,696
<b>Community equity</b>				
Retained surplus/(deficiency)	29,127,453	22,745,684	33,718,898	29,750,450



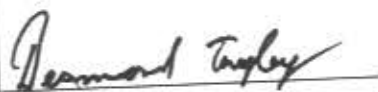
Wujal Wujal Aboriginal Shire Council  
Financial statements  
For the year ended 30 June 2015

Management Certificate  
For the year ended 30 June 2015

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.

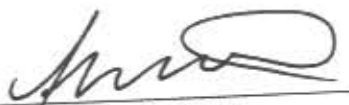
In accordance with section 212(5) of the Regulation we certify that:

- (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 x to x, 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  
Desmond Tayley

Date: 30, 06, 2016



Acting Chief Executive Officer  
Katherine Wiggins

Date: 30, 6, 16

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## 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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash 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 Acting 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 the *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 including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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 2014 to 30 June 2015 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.



C G STRICKLAND CA  
(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 2015**

**Measures of Financial Sustainability**

Council's performance at 30 June 2015 against key financial ratios and targets:

Operating surplus ratio

Asset sustainability ratio

Net financial liabilities ratio

How the measure is calculated

Actual - Council

Target

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

-29% Between 0%  
and 10%

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

29% greater than  
90%

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

-49% not greater than  
80%

**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 2015.

**Certificate of Accuracy**  
**For the year ended 30 June 2015**

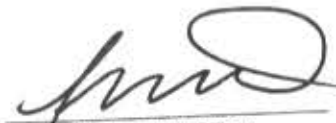
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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

  
 Mayor

Desmond Tayley

Date: 30/06/2016

  
 Acting Chief Executive Officer

Katherine Wiggins

Date: 30/6/16

certified statements  
 QAO

## 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 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Acting 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 2015, 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.

C G STRICKLAND CA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane



Wujal Wujal Aboriginal Shire Council  
Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2015

Measures of Financial Sustainability

Council

Operating surplus ratio

Asset sustainability ratio

Net financial liabilities ratio

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2015	30 June 2016	31 June 2017	31 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Net result divided by total operating revenue	Between 0% and 10%	-28%	-8%	-28%	-17%	-15%	-21%	-20%	-19%	-19%	-18%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	29%	118%	93%	77%	39%	39%	23%	60%	23%	23%
Total liabilities less current assets divided by total operating revenue	not greater than 50%	-49%	-29%	-23%	-22%	-25%	-26%	-26%	-26%	-31%	-34%

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 2015

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  
Desmond Tayley  
Date 30.06.2016

  
Acting Chief Executive Officer  
Katherine Wiggine  
Date 30.6.16