



**WUJAL WUJAL**  
Aboriginal Shire Council

# **Wujal Wujal Aboriginal Shire Council Annual Financial Statements**

**for the year ended 30 June 2019**

# **Wujal Wujal Aboriginal Shire Council**

## **Financial Statements**

### **For the year ended 30 June 2019**

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**Wujal Wujal Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Fees and charges	3(a)	654,177	599,556
Rental income		164,108	200,343
Interest received		4,227	6,804
Sales revenue	3(b)	1,154,035	2,607,670
Joint Venture	3(c),23	280,205	325,602
Other income	3(d)	629,303	577,485
Grants, subsidies, contributions and donations	4(a)	3,871,045	3,102,679
<b>Total recurrent revenue</b>		<u>6,757,100</u>	<u>7,420,139</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	6,123,241	4,128,780
Other capital income	5	519,037	-
<b>Total capital revenue</b>		<u>6,642,278</u>	<u>4,128,780</u>
<b>Total income</b>		<u>13,399,378</u>	<u>11,548,919</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(3,932,580)	(4,553,966)
Materials and services	7	(3,876,220)	(3,509,263)
Finance costs		(4,826)	(70,542)
Depreciation and amortisation	8,14	(1,493,947)	(1,492,193)
<b>Total recurrent expenses</b>		<u>(9,307,573)</u>	<u>(9,625,963)</u>
<b>Capital expenses</b>			
	9	(2,706,662)	(156,009)
<b>Total expenses</b>		<u>(12,014,235)</u>	<u>(9,781,972)</u>
<b>Net result</b>		<u>1,385,143</u>	<u>1,766,947</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	19	-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>1,385,143</u>	<u>1,766,947</u>

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Financial Position**  
As at 30 June 2019

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	10	4,415,766	1,320,434
Receivables	11	886,747	1,520,530
Inventories	12	238,000	53,717
Other financial assets	13	73,063	70,414
<b>Total current assets</b>		<b>5,613,576</b>	<b>2,965,095</b>
<b>Non-current assets</b>			
Other financial assets	13	2,284,921	1,939,216
Investment in joint venture	23	320,572	40,367
Property, plant and equipment	14	30,472,365	31,785,837
<b>Total non-current assets</b>		<b>33,077,858</b>	<b>33,765,420</b>
<b>Total assets</b>		<b>38,691,433</b>	<b>36,730,515</b>
<b>Current liabilities</b>			
Payables	16	1,271,392	869,243
Finance leases	26	138,255	70,086
Provisions	17	119,995	103,040
<b>Total current liabilities</b>		<b>1,529,642</b>	<b>1,042,368</b>
<b>Non-current liabilities</b>			
Finance leases	26	237,919	117,081
Provisions	17	130,998	163,335
<b>Total non-current liabilities</b>		<b>368,917</b>	<b>280,416</b>
<b>Total liabilities</b>		<b>1,898,559</b>	<b>1,322,784</b>
<b>Net community assets</b>		<b>36,792,874</b>	<b>35,407,731</b>
<b>Community equity</b>			
Asset revaluation surplus	19	14,892,783	14,892,783
Retained surplus/(deficiency)		21,900,091	20,514,948
<b>Total community equity</b>		<b>36,792,874</b>	<b>35,407,731</b>

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of changes in Equity**  
For the year ended 30 June 2019

Note	Asset revaluation surplus 19 \$	Retained Surplus \$	Total \$
<b>Balance as at 1 July 2018</b>	14,892,783	20,514,948	35,407,731
Adjustment on initial application of AASB 9			
Net operating surplus	-	1,385,143	1,385,143
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	-	-	-
<b>Total comprehensive income for the year</b>	-	1,385,143	1,385,143
<b>Balance as at 30 June 2019</b>	14,892,783	21,900,091	36,792,874
<b>Balance as at 1 July 2017</b>	14,892,783	18,748,001	33,640,784
Net operating surplus	-	1,766,947	1,766,947
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	-	-	-
<b>Total comprehensive income for the year</b>	-	1,766,947	1,766,947
<b>Balance as at 30 June 2018</b>	14,892,783	20,514,948	35,407,731

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

**Wujal Wujal Aboriginal Shire Council**  
**Statement of Cash Flows**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,753,916	3,395,805
Payments to suppliers and employees		(7,395,665)	(8,043,131)
		(4,641,749)	(4,647,326)
Interest received		4,227	6,804
Rental income		164,108	200,343
Non capital grants and contributions		3,871,045	3,093,087
Borrowing Costs		(12,985)	(10,662)
<b>Net cash inflow (outflow) from operating activities</b>	24	<b>(615,354)</b>	<b>(1,357,754)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,145,826)	(3,561,346)
Proceeds from sale of property plant and equipment	5,9	134,000	-
Finance lease receipts	13	73,735	71,618
Grants, subsidies, contributions and donations		5,734,747	4,534,802
Dividend - JV investment		-	450,000
<b>Net cash inflow (outflow) from investing activities</b>		<b>3,796,655</b>	<b>1,495,074</b>
<b>Cash flows from financing activities</b>			
Repayments made on finance leases	26	(85,969)	(67,241)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(85,969)</b>	<b>(67,241)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>3,095,331</b>	<b>70,079</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,320,434</b>	<b>1,250,355</b>
<b>Cash and cash equivalents at end of the financial year</b>	10	<b>4,415,765</b>	<b>1,320,434</b>

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**1 Significant accounting policies**

**1.A Basis of preparation**

Wujal Wujal Aboriginal Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia. These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). 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). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except where stated.

**1.B 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.C New and revised Accounting Standards**

This year Council has applied **AASB 9 Financial Instruments** for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument listed below in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories. Carrying amounts were also unchanged.

<b>Financial asset/liability</b>	<b>Measurement</b>
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost

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

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

**Standard and impact**

**AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities**

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

A range of new disclosures will also be required by the new standards in respect of the Council's revenue.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**AASB 16 Leases**

Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

**Leases in which Council is a lessor**

No significant impact is expected for other leases in which Council is a lessor. The only material leases relate to plant and equipment assets that are already accounted for as a finance lease. The remaining leases are not material to the financial statements and as such they are not expected to have a material impact on adoption of AASB 16.

**Peppercorn Leases**

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

**Transition method**

Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

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

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements.

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

Valuation and depreciation of property, plant and equipment - **Notes 14 and 15**

Impairment of property, plant and equipment - **Note 14**

Provisions - **Note 17**

Valuation of finance leases - **Notes 13 and 26**

Contingent liabilities - **Note 21**

**1.F 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 a consolidated asset or liability.



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**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, internal audit, legal and administrative support. The Mayor, Councillors and Chief Executive Officer activities are included in corporate governance.

**Corporate services**

Corporate Services provides professional administration, finance and information services across all of council. This function includes human resource management, 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.

**Technical services**

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

**Community Services & Economic Development**

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, kindergarten, entertainment venues, art gallery and cafe, community care services and facilities and 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, maintenance of Council assets and management of development approval processes.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

- 2 Analysis of results by function  
2(b) Income and expenses defined between recurring and capital are attributed to the following functions:  
Year ended 30 June 2019

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							
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate governance	-	-	-	-	-	(1,269,673)	-	(1,269,673)	(1,269,673)	(1,269,673)	-
Corporate services	1,747,723	380,939	-	-	2,128,662	(2,927,497)	-	(2,927,497)	(798,835)	(798,835)	7,961,940
Technical services	408,390	804,903	6,123,241	-	7,336,533	(2,986,073)	(2,706,662)	(5,692,735)	(1,772,781)	1,643,798	28,912,497
Community services	1,883,282	48,613	-	-	1,931,895	(1,281,317)	-	(1,281,317)	650,578	650,578	-
Building services	-	1,118,803	-	519,037	1,637,841	(843,012)	-	(843,012)	275,791	794,829	3,816,997
<b>Total</b>	<b>4,039,395</b>	<b>2,353,259</b>	<b>6,123,241</b>	<b>519,037</b>	<b>13,034,932</b>	<b>(9,307,573)</b>	<b>(2,706,662)</b>	<b>(12,014,235)</b>	<b>(2,914,919)</b>	<b>1,020,697</b>	<b>38,691,433</b>

**Year ended 30 June 2018**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate governance	-	5,500	-	-	5,500	(831,364)	-	(831,364)	(825,864)	(825,864)	-
Corporate services	1,686,495	948,402	-	-	2,634,897	(1,419,441)	(156,009)	(1,575,450)	1,215,456	1,059,447	7,558,421
Technical services	310,787	776,992	4,128,780	-	5,216,559	(2,538,103)	-	(2,538,103)	(1,450,324)	2,678,456	25,548,546
Community services	1,105,397	59,493	-	-	1,164,890	(2,325,067)	-	(2,325,067)	(1,160,177)	(1,160,177)	-
Building services	-	2,527,072	-	-	2,527,072	(2,511,988)	-	(2,511,988)	15,084	15,084	3,623,548
<b>Total</b>	<b>3,102,679</b>	<b>4,317,459</b>	<b>4,128,780</b>	<b>-</b>	<b>11,548,918</b>	<b>(9,625,963)</b>	<b>(156,009)</b>	<b>(9,781,972)</b>	<b>(2,205,825)</b>	<b>1,766,946</b>	<b>36,730,515</b>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>3 Revenue</b>			
<b>(a) Fees and charges</b>			
Administration and utility charges		597,365	549,415
Bank and Post Office agency commissions		10,637	11,185
Centrelink commissions		23,176	22,612
Other fees and charges		22,999	16,344
Total fees and charges		<u>654,177</u>	<u>599,556</u>
<b>(b) Sales revenue</b>			
<b>Contracts and recoverable works</b>			
Private works revenue		18,352	1,177
Q Build and BAS contract and recoverable works		936,344	1,903,068
Housing construction contract		-	499,250
Total contracts and recoverable works		<u>954,696</u>	<u>2,403,495</u>
<b>Sale of goods</b>			
Fuel		113,648	147,492
Art Centre		48,613	56,684
Works Private External Hire		37,078	-
Total sale of goods		<u>199,339</u>	<u>204,176</u>
Total sales revenue		<u>1,154,035</u>	<u>2,607,671</u>
<p>Council generates revenues from a number of services including an arts centre, service station sales and contracts for recoverable works relating to roads and social housing construction. Revenue from these contracts generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.</p> <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. The contract work carried out is not subject to retentions.</p>			
<b>(c) Joint Venture</b>			
Share of joint venture profit	23	280,205	325,602
<b>(d) Other income</b>			
Joint Venture Placement Fees		56,950	66,741
Other		39,557	34,644
Insurance Recovery		532,796	528
ATO Refund		-	475,572
Total other income		<u>629,303</u>	<u>577,485</u>
<b>4 Grants, subsidies, contributions and donations</b>			
<b>(a) Recurrent</b>			
General purpose grants		1,747,723	1,686,495
State government subsidies and grants		1,063,760	781,388
Commonwealth government subsidies and grants		1,059,562	634,796
Total recurrent		<u>3,871,045</u>	<u>3,102,679</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>(b) Capital</b>		
State government subsidies and grants	5,717,219	4,128,780
Commonwealth government subsidies and grants	406,022	-
Contributions - finance lease assets recognised in respect of newly built houses	-	-
<b>Total capital</b>	<b>6,123,241</b>	<b>4,128,780</b>

All grants, subsidies and contributions are non-reciprocal in nature and are recognised as revenue in the year in which Council obtains control over them with the exception of My Pathways grant which was disclosed in 2017/2018 as unearned revenue.

**Conditions over contributions**

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

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Grants for expenditure on services	3,957,302	1,239,543
	<u>3,957,302</u>	<u>1,239,543</u>

**5 Capital income**

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

Proceeds from the sale of property, plant and equipment	134,000	-
Less: Book value of property, plant and equipment disposed of	(55,051)	-
	<u>78,949</u>	<u>-</u>

**Other capital income**

SES truck donation	18,000	-
Gain on revaluation of finance leases	422,088	-
	<u>440,088</u>	<u>-</u>

**Total capital income**

	<u><b>519,037</b></u>	<u><b>-</b></u>
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**6 Employee benefits**

Total staff wages and salaries	3,021,517	3,430,117
Councillors' remuneration	315,699	318,705
Annual, sick and long service leave entitlements	389,355	480,676
Superannuation	405,758	433,064
	<u>4,132,328</u>	<u>4,662,562</u>
Less: Capitalised employee expenses	(199,748)	(108,596)
<b>Total employee benefits</b>	<b>3,932,580</b>	<b>4,553,966</b>

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.

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

Total Council employees at the reporting date:	2019	2018
Elected members	5	5
Administration and indoor staff	29	35
Depot and outdoors staff	46	42
<b>Total full time equivalent employees</b>	<u><b>80</b></u>	<u><b>82</b></u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>7 Materials and services</b>		
Buildings and Houses - repairs	346,636	587,190
Agency operations	32,823	26,987
Audit of annual financial statements by the QAO	182,028	129,604
Communications and IT	174,019	180,112
Insurances	142,581	101,582
Recoverable Works costs	124,972	181,706
Housing Construction Contract	17,546	1,021,774
NDRRA and cyclone costs	256,932	45,263
Security & Emergency services	16,299	16,589
Cultural activities	207,275	291,125
Community Care services	233,169	116,404
Community Welfare services	342,959	355,607
Consultants	238,434	55,562
Councillors Non-Wages Expenses	40,122	23,402
Supplies and Services and Other Recoveries	1,494,157	369,186
Other materials and services	26,267	7,170
<b>Total materials and services</b>	<b>3,876,220</b>	<b>3,509,263</b>

Total audit fees quoted by the QAO relating to the 2018-19 financial statements are \$130,000 (2018: \$135,000)

<b>8 Depreciation and amortisation</b>		
<b>Depreciation of non-current assets</b>		
Buildings	591,998	590,570
Major plant	182,074	141,464
Other plant and equipment	69,762	72,861
Road, drainage and bridge network	140,324	147,074
Water	254,047	263,367
Sewerage	251,849	272,963
Other infrastructure assets	3,893	3,893
<b>Total depreciation and amortisation</b>	<b>1,493,947</b>	<b>1,492,192</b>
<b>9 Capital expenses</b>		
<b>Loss on disposal of non current assets</b>		
less book value of disposed assets	14 (2,706,662)	(44,454)
<b>Total loss on sale of assets</b>	<b>(2,706,662)</b>	<b>(44,454)</b>
<b>Loss on revaluation of finance leases</b>		
Loss on revaluation of finance leases	13 -	(111,555)
<b>Total capital expenses</b>	<b>(2,706,662)</b>	<b>(156,009)</b>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>10 Cash and cash equivalents</b>		
Cash at bank and on hand	4,415,766	1,320,434
Balance per Statement of Cash Flows	<u>4,415,766</u>	<u>1,320,434</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:

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

Unspent government grants and subsidies	3,957,302	1,239,543
Total unspent restricted cash	<u>3,957,302</u>	<u>1,239,543</u>

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at 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.

**11 Receivables**

**Current**

Trade Debtors	632,240	1,446,998
Less impairment	(60,027)	(63,156)
Trade Debtors Net	<u>572,212</u>	<u>1,383,842</u>
Other debtors	314,534	136,688
Total current receivables	<u>886,747</u>	<u>1,520,530</u>

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the asset's carrying amount less any amount expected to be recovered.

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

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

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

Not past due	239,566	1,082,209
Past due 31-60 days	-	-
Past due 61-90 days	-	-
More than 90 days	392,673	364,789
Trade Debtors	<u>632,239</u>	<u>1,446,998</u>
Impaired	(60,027)	(63,156)
Total	<u>572,212</u>	<u>1,383,842</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>12 Inventories</b>		
Stores, raw materials and other goods held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads.		
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.		
<b>Inventories held for distribution</b>		
Plant and equipment stores	238,000	53,717
Total inventories	<u>238,000</u>	<u>53,717</u>
<b>13 Other financial assets</b>		
<b>Current</b>		
Finance leases	73,063	70,414
	<u>73,063</u>	<u>70,414</u>
<b>Non-current</b>		
Finance leases	2,284,921	1,939,216
	<u>2,284,921</u>	<u>1,939,216</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	73,063	70,414
Later than one year but not later than five years	292,252	281,655
Later than five years	2,154,151	2,149,126
	2,519,466	2,501,195
Add: Estimated contingent rent	1,413,541	1,459,083
Less: Present value adjustment	(1,575,024)	(1,950,648)
Fair value of lease payments	<u>2,357,983</u>	<u>2,009,630</u>
The fair value of lease payments are receivable as follows:		
Not later than one year	73,063	70,414
Later than one year but not later than five years	289,352	272,555
Later than five years	1,995,568	1,666,661
	<u>2,357,983</u>	<u>2,009,630</u>
Movements in finance leases were as follows:		
Opening balance	2,009,630	2,192,803
Less: Lease receipts	(73,735)	(71,618)
Gain (Loss) on revaluation	422,088	(111,555)
Closing balance	<u>2,357,983</u>	<u>2,009,630</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% for 2018/19 (2018: 2.5%) and a discount rate of 2.91% for 2018/19 (2018: 3.86%).

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>13 Other financial assets</b>		
There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable recognised as income applicable to the leases. There is, however, a contingent rent recognised of \$1.4 million which is the difference between nominal rents and consumer price indexation of rents.		
Council has leased 85 (2018 - 85) dwellings as lessor to the Queensland Government for 40 years. The average lease payment per dwelling in the current year was \$867 (2018 - \$842), in addition, there was also approximately \$5,904 (2018 \$5,758) in service charges applied per property. The lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane in accordance with the terms of the 40 year lease, whereas, the service charge component is adjusted each year as part of Council's annual passing of its Budget and Revenue Policy. The discount rate implicit in the leases for 2018/19 is 2.91% (2018 - 3.86%), which is the higher of CPI and Council's present cost of capital, as advised by Queensland Treasury Corporation (QTC). The leases are recognised at the present value of the expected future lease payments receivable, excluding service charges (i.e. NPV method is used). Gains on revaluation of finance lease assets are recognised as "other income" when the cashflows diminish and the discount rate declines year on year. Conversely, in the future, when the discount rate increases and the cashflows diminish, losses on finance lease asset revaluations will be recognised as "other expenses".		



**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

14

**Property, plant and equipment**  
**30 June 2019**

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2018

Additions

Disposals

Transfer from WIP

Revaluation adjustment to asset revaluation surplus

**Closing gross value as at 30 June 2019**

Note

Land	Buildings		Motor Vehicles		Plant and Equipment		Furniture & Fittings		Water Infrastructure		Sewerage Infrastructure		Other Infrastructure		Roads Network		Work in progress		Total	
	Valuation	Cost	Valuation	Cost	Cost	Cost	Valuation	Cost	Valuation	Cost	Valuation	Cost	Valuation	Cost	Valuation	Cost	Valuation	Cost		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1,065,687	20,962,606	848,429	2,791,341	99,468	7,523,573	6,390,154	297,861	8,147,218	755,390	2,432,118	2,940,868	-	-	-	-	-	-	-	-	48,681,726
-	(1,018,060)	195,774	312,976	-	(398,207)	(506,842)	-	(1,449,820)	-	-	-	-	-	-	-	-	-	-	-	2,940,868
-	343,870	(281,056)	(78,833)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,732,838)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,065,687	20,288,396	763,147	3,025,484	99,468	7,125,366	5,883,312	297,861	6,697,398	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	48,069,756

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**Accumulated depreciation and impairment**

Opening balance as at 1 July 2018

Depreciation provided in period

Depreciation on additions/disposals

Revaluation adjustment to asset revaluation surplus

Impairment adjustment to asset revaluation surplus

Impairment adjustment to income

**Accumulated depreciation as at 30 June 2019**

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-	9,186,141	541,560	951,754	93,256	2,300,978	2,521,875	33,013	1,467,313	-	-	-	-	-	-	-	-	-	-	-	17,095,890	
-	591,988	67,760	182,074	2,002	254,047	251,849	3,893	140,324	-	-	-	-	-	-	-	-	-	-	-	-	1,493,947
-	(242,410)	(212,960)	(54,696)	-	(131,932)	(70,756)	-	(259,692)	-	-	-	-	-	-	-	-	-	-	-	-	(972,446)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	9,535,729	386,360	1,079,132	95,258	2,423,093	2,702,968	36,906	1,347,945	-	-	-	-	-	-	-	-	-	-	-	-	17,617,391

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**Total written down value as at 30 June 2019**

Residual value

Range of estimated useful life in years

1,065,687	10,752,667	366,787	1,946,352	4,210	4,702,273	3,180,344	260,955	5,349,453	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	2,843,638	30,472,365	
Landr. Not depreciated	15-60	2-8	3 - 20	3 - 20	3 - 60	5 - 80	15-75	10-1,000	-	-	-	-	-	-	-	-	-	-	-	-	-

**Additions comprise:**

Renewals

Other additions

Total additions

880,282	529,484	195,774	312,976	-	255,109	726,318	4,235	36,690	-	-	-	-	-	-	-	-	-	-	-	-	1,898,399
1,409,766	195,774	195,774	312,976	-	255,109	726,318	4,235	36,690	-	-	-	-	-	-	-	-	-	-	-	-	2,940,868

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

14

**Property, plant and equipment**

**30 June 2018**

Basis of measurement

Asset values

Opening gross value as at 1 July 2017

Additions

Disposals

Transfer from WIP

Revaluation adjustment to asset revaluation surplus

**Closing gross value as at 30 June 2018**

Note	Land	Buildings	Motor Vehicles	Plant and Equipment	Furniture & Fittings	Water	Sewerage	Other Infrastructure	Roads Network	Work in progress		Total
										Valuation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,065,687	20,962,606	799,599	1,620,700	99,468	7,436,281	6,319,001	340,652	6,326,663	561,599	3,518,216	45,532,456
	-	-	48,830	40,306	-	-	-	(256,081)	-	3,518,216	-	3,607,352
	-	-	-	1,130,335	-	87,292	71,153	215,290	1,820,355	(3,324,425)	-	(256,081)
	-	-	-	-	-	-	-	-	-	-	-	-
	1,065,687	20,962,606	848,429	2,791,341	99,468	7,523,573	6,390,154	297,861	8,147,218	755,390	-	48,881,728

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2017

Depreciation provided in period

Depreciation on additions/disposals

Revaluation adjustment to asset revaluation surplus

**Accumulated depreciation as at 30 June 2018**

-	8,595,571	433,852	810,290	88,865	2,037,611	2,248,912	245,571	1,320,239	-	-	-	15,780,911
-	590,570	68,470	141,464	4,391	263,367	272,963	3,893	147,074	-	-	-	1,492,192
-	-	39,238	-	-	-	-	(216,451)	-	-	-	-	(177,213)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	9,186,141	541,560	951,754	93,256	2,300,978	2,521,875	33,013	1,467,313	-	-	-	17,085,890

**Total written down value as at 30 June 2018**

Range of estimated useful life in years

1,065,687	11,776,465	306,869	1,839,587	6,212	5,222,595	3,866,279	264,848	5,679,905	755,390	-	-	31,765,838
Land: Not depreciated	15-60	2-8	3 - 20	3 - 20	3 - 60	5 - 80	15-75	10-1000	-	-	-	-

**Additions comprise:**

Renewals

Other additions

Total additions

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**14 Property, plant and equipment accounting policies**

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

Acquisition of assets

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

Capital and operating expenditure

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

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

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

Valuation Processes

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

For the financial year ending 30 June 2019, the valuer assessed index movements as:

Land - 0.00% (2018 - -4.20%)  
Buildings - Replacement Cost 0.04% (2018 3.71%)  
Other Structures 0.04% (2018 3.95%)  
Water Infrastructure 2.63% (2018 3.33%)  
Sewer Infrastructure 2.63% (2018 3.37%)  
Roads Network 3.27% (2018 3.10%)

As the index movements 1 July 2017 to 30 June 2019 are not material, no indexation was applied.

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

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

Capital work in progress

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**14 Property, plant and equipment accounting policies**

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares, purchased specifically for particular assets, that are above the asset recognition threshold, are capitalised and depreciated on the same basis as the asset to which they relate.

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

Land under roads

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

DOGIT and other land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the Land Act 1994.

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

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

Impairment

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

Following severe weather impacts between December 2018 and March 2019, a significant number of infrastructure assets were derecognised.

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**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**15 Fair value measurements**

**15(a) Measurement**

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

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

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

**15(b) Recognised fair value measurements**

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

Property, plant and equipment

- Land
- Buildings
- Road network
- Water Infrastructure
- Sewerage Infrastructure
- Other Infrastructure assets
- Other Financial assets - Finance Leases

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

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

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

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

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

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

As at 30 June	Note	Level 3 (Significant unobservable inputs)		Total	
		2019	2018	2019	2018
<b>Recurring fair value measurements</b>					
Finance Leases	13	2,357,983	2,009,630	2,357,983	2,009,630
Land	14	1,065,687	1,065,687	1,065,687	1,065,687
Buildings	14	10,752,667	11,776,465	10,752,667	11,776,465
Road network	14	5,349,453	6,679,904	5,349,453	6,679,904
Water	14	4,702,273	5,222,595	4,702,273	5,222,595
Sewerage	14	3,180,344	3,868,278	3,180,344	3,868,278
Other Infrastructure assets	14	260,955	264,848	260,955	264,848
		<b>27,669,361</b>	<b>30,887,407</b>	<b>27,669,361</b>	<b>30,887,407</b>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**15 Fair value measurements**

**15(c) Valuation techniques used to derive fair values for level 3 valuations**

**Land**

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

**Buildings**

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

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

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

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

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

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

**Infrastructure assets (level 3)**

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

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

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**15 Fair value measurements**

**Roads**

*Current replacement cost*

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

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

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

*Accumulated depreciation*

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

**Water and Sewerage**

*Current replacement cost*

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

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

<b>Factors taken into account in determining replacement costs included:</b>
--

Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
---

Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).
---

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

*Accumulated depreciation*

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

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

**15(d) 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 13 and Note 14**.

**15(e) Valuation processes**

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

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>16 Payables</b>			
<b>Current</b>			
Creditors and accruals		1,034,310	210,787
Unearned Capital Grant		17,528	406,022
Annual leave		219,555	252,434
		<u>1,271,392</u>	<u>869,243</u>

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

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

<b>17 Provisions</b>			
<b>Current</b>			
Long service leave		119,995	103,040
		<u>119,995</u>	<u>103,040</u>
<b>Non-current</b>			
Long service leave		130,998	163,335
		<u>130,998</u>	<u>163,335</u>

Details of movements in provisions:

<b>Long service leave</b>			
Balance at beginning of financial year		266,374	224,918
Long service leave entitlement arising		40,512	70,596
Long Service entitlement extinguished		-	(11,489)
Long Service entitlement paid		(55,893)	(17,651)
Balance at end of financial year		<u>250,993</u>	<u>266,374</u>

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 Council's employment or other associated employment which would result in 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.

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**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>18 Commitments for expenditure</b>			
<b>Capital commitments</b>			
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:			
<i>Property, Plant and Equipment</i>			
Road, drainage and bridge network		-	-
Buildings		-	-
Water & Sewerage		-	-
Other		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

**19 Asset revaluation surplus**

**Asset revaluation surplus analysis**

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

Land	-	-
Buildings	6,597,106	6,597,106
Infrastructure	8,295,677	8,295,677
	<u>14,892,783</u>	<u>14,892,783</u>

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.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

Note	2019	2018
	\$	\$

**20 Transactions with related parties**

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

KMP are the Mayor, Councillors, Chief Executive Officer, Director Works and Services, Director Finance and Corporate Services and Director Economic Development.

	\$	\$
Short-term employee benefits	1,148,582	989,269
Post-employment benefits	76,979	84,278
Long-term employee benefits	5,000	-
Termination benefits	29,501	-
<b>Total</b>	<b>1,260,062</b>	<b>1,073,547</b>

**(b) Transactions with other related parties**

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

Details of transactions between council and other related parties in 2018/19 are disclosed below:

Details of transactions	\$	\$
Employee expenses of close family members of KMP (3 employees, 2018: 4)	130,291	261,205

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

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

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

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

Details of transactions	\$	\$
Enterprise Management Group		
- Distribution received	-	450,000
- Share of profit for 2018/2019	280,205	325,602
My Pathway (t/a Enterprise Management Group)		
- Sales (at arms-length)	111,337	110,270
- Profit distribution received	-	100,000
- Project advance payment received	-	406,021

Further information about the Joint Venture can be found in **Note 23** to the Financial Statements.

**(d) Outstanding balances with related parties**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties: Amounts owed by KMP and other related parties as at balance date totalled \$4,792 (2018 \$1,430) All amounts were more than 90 days overdue. Amounts owing to KMP and other related parties at balance date totalled \$4,786

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

The majority of people who are related parties of Council live within the Wujal Wujal Aboriginal Shire Community. Therefore on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges and for sales of goods and services are considered to be an ordinary citizen transaction.

Council has not included these types of transactions in its disclosure as they are made on the same terms and conditions available to the general public.

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

**21 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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

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

The indemnity amount provided by Wujal Wujal Aboriginal Shire Council as at 30 June 2019 in relation to the Local Government Workcare Bank Guarantee is \$47,059.29. The latest audited financial statements for Local Government Workcare are as at 30 June 2019 and show accumulated member funds (equity) of \$49.218M.

**Consultants**

Council is currently in dispute with contractors in respect of work performed during the financial year ended 30 June 2019. Legal proceedings may be commenced.

**22 Superannuation**

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

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

The scheme has three elements referred to as:

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

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

The Accumulation Benefits Fund (ABF)

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

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

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "at the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2018 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

The next actuarial investigation will be conducted as at 1 July 2021.

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

	Note	2019 \$	2018 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	405,758	433,064

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>23 Joint venture</b>			
<p>The Council has a 25% (2018 - 25%) joint venture interest in Cook RJCP Joint Venture, the principal activity of which is to provide delivery of services under the Remote Jobs and Communities Program in the Cooktown region. Cook RJCP Joint Venture's principal place of business is C/- My Pathways, 84-88 Cook St, Cairns, Queensland. In accordance with ownership interests Council holds 25% voting rights in the joint venture.</p> <p>Council has determined that this joint arrangement is a joint venture under AASB 11 <i>Joint Arrangements</i> 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.</p> <p>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.</p> <p>The following information has been extracted from Cook RJCP Joint Venture financial statements. Council has only been provided with a profit and loss statement, and does not know what the Balance Sheet items of the Joint Venture are.</p>			
Revenue		5,744,158	7,393,977
Expenses		(4,623,336)	(6,091,568)
Profit or loss from continuing operations		1,120,822	1,302,409
Post-tax profit or loss from discontinued operations		-	-
Profit (loss) for the year		1,120,822	1,302,409
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>1,120,822</u>	<u>1,302,409</u>
The above profit (loss) for the year includes:			
Legacy Activities & Corporate Service Fee		746,455	1,375,142
Payroll expenses		2,480,552	3,193,439
The movement in the carrying amount of the Council's investment in the joint venture is as follows:			
Carrying amount at the beginning of the financial year		40,367	164,765
Share of profit (loss)	3(c)	280,205	325,602
Distribution received		-	450,000
Carrying amount at the end of financial year		<u>320,572</u>	<u>40,367</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		1,385,143	1,766,947
Non-cash items:			
Depreciation and amortisation	8	1,493,947	1,492,193
Impairment of receivables		(8,158)	59,880
Gain/loss on revaluation of finance leases	13	(422,088)	111,555
Asset acquired for nil consideration	14	(18,000)	(9,592)
		<u>1,045,701</u>	<u>1,654,036</u>
Investing and development activities:			
Gain on disposal of non-current assets	5,9	(78,949)	44,454
Loss on disposal of non-current assets		2,706,662	-
Capital grants and contributions	4(b)	(6,123,241)	(4,128,780)
Profit retained in joint venture	23	(280,205)	(325,602)
		<u>(3,775,733)</u>	<u>(4,409,929)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		641,942	(388,906)
(Increase)/decrease in inventory		(184,282)	(60)
(Increase)/decrease in PPE		(503,387)	-
Increase/(decrease) in payables		790,644	(21,298)
Increase/(decrease) in provisions		(15,382)	41,456
		<u>729,535</u>	<u>(368,808)</u>
Net cash inflow from operating activities		<u>(615,354)</u>	<u>(1,357,754)</u>

**Wujal Wujal Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>25 Events after the reporting period</b>			
Repairs to damaged buildings totalling \$296,475 were approved for payment by insurance in late October 2019. There were no other material post balance date events.			
<b>26 Finance Leases</b>			
Council leases plant and equipment. As all the risks and rewards of ownership were substantially assumed these leases were classified as a finance lease. As ownership of the asset will be obtained by Council, the lease is amortised over the life of the asset.			
A leased asset and a lease liability equal to the present value of the minimum lease payments was recognised at the inception of the lease. Lease liabilities are reduced by repayments of principal while interest components of lease payments are expensed as finance costs.			
Council entered into a lease contract for a Grader in February 2017 for a term of 48 months. The interest rate is 4.15%. Council will obtain ownership at the end of the lease. The carrying value of the leased asset is <b>\$364,116</b> .			
Council entered into a lease contract for a Loader in February 2019 for a term of 48 months. The interest rate is 4.15%. Council will obtain ownership at the end of the lease. The carrying value of the leased asset is <b>\$294,976</b> .			
Movements in the finance lease during the reporting period were:			
Lease entered into in February 2017		197,702	274,232
Lease entered into in February 2019		274,976	0
Payments made during period		96,504	76,530
<b>Minimum lease payments</b>		<u>376,174</u>	<u>197,702</u>
These payments are payable as follows:			
Not later than 1 year		151,255	76,530
Later than 1 year but not later than 5 years		250,140	121,172
<b>Minimum lease payments</b>		<u>401,395</u>	<u>197,702</u>
Less future finance charges		25,221	10,535
<b>Lease liability</b>		<u>376,174</u>	<u>187,167</u>
Classified as:			
Current		138,255	70,086
Non current		237,919	117,081
		<u>376,174</u>	<u>187,167</u>
The present value of the above payments are payable as follows:			
Not later than 1 year		138,255	70,086
Later than 1 year but not later than 5 years		237,919	117,081
		<u>376,174</u>	<u>187,167</u>

**Wujal Wujal Aboriginal Shire Council**

**Financial statements**

For the year ended 30 June 2019

**Management Certificate  
For the year ended 30 June 2019**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012*

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

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



Mayor  
Desmond Tayley

Date: 31, 01, 2020



Chief Executive Officer  
Stephen Wilton

Date: 31, 01, 2020

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Wujal Wujal Aboriginal Shire Council

### Report on the audit of the financial report

#### Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

Other information comprises the information included in Wujal Wujal Aboriginal Shire Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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



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

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

### **Responsibilities of the council for the financial report**

The council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



Sri Narasimhan  
as delegate of the Auditor-General

31 January 2020

Queensland Audit Office  
Brisbane

**Wujal Wujal Aboriginal Shire Council**  
**Current-year Financial Sustainability Statement**  
For the year ended 30 June 2019

**Measures of Financial Sustainability**

	How the measure is calculated	Actual	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-38%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	153%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-55%	not greater than 60%

**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2019.

**Certificate of Accuracy**  
For the year ended 30 June 2019

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

  
\_\_\_\_\_  
Chief Executive Officer  
Stephen Wilton

Date: 31, 01, 2020

Date: 31, 01, 2020

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Wujal Aboriginal Shire Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year statement of financial sustainability of Wujal Aboriginal Shire Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Wujal Aboriginal Shire Council for the year ended 30 June 2019 has been accurately calculated.

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

Other information comprises the information included in Wujal Wujal Aboriginal Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the current year financial sustainability statement**

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

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

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

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

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

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

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



Sri Narasimhan  
as delegate of the Auditor-General

31 January 2020

Queensland Audit Office  
Brisbane

**Wujal Wujal Aboriginal Shire Council  
Unaudited Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2019**

**Measures of Financial Sustainability**

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Operating surplus ratio	Between 0% and 10%	-38%	-19%	-19%	-19%	-19%	-18%	-18%	-17%	-17%	-17%
Asset sustainability ratio	greater than 90%	153%	63%	31%	31%	19%	37%	19%	18%	18%	18%
Net financial liabilities ratio	not greater than 60%	-55%	-11%	12%	-12%	-14%	-14%	-17%	-20%	-23%	-23%


**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 2019**

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government in accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has

  
 Mayor  
 Desmond Tayley  
 Date: 31/01/2020

  
 Chief Executive Officer  
 Stephen Wilton  
 Date: 31/01/2020