

# AURUKUN SHIRE COUNCIL



## 2013/2014 ANNUAL REPORT



## **CONTENTS**

	<b><u>Page</u></b>
Message from the Mayor.....	3
Aurukun Shire Profile.....	5
o Legal Status.....	5
o Councillor Profiles.....	5
o Senior Executive Team.....	6
o Land Tenure: Aurukun Land Transfer Day .....	6
o Services in Aurukun.....	7
o Location.....	8
o Socio-Economic Status & Disadvantage .....	8
o Aurukun is a Welfare Reform Community.....	8
o Alcohol Management Plan and the Safer Streets Strategy.....	9
o Corporate Vision.....	10
o Shire History .....	11
o Challenges We Face.....	11
o Our Environment.....	13
For Visitors.....	14
Message from the Chief Executive Officer.....	16
Report from Director Corporate Services.....	17
Report from Director Community Services.....	20
Report from Director Technical Services.....	22
Organisation Charts (as at June 30th 2014).....	24 to 28
Community Financial Report.....	29 to 36
Statutory Reporting Requirements.....	37 to 42
Community Photographs.....	43
Annual Financial Statements (QAO audited).....	44
Rear inside cover ( <i>Feedback; Contact Details</i> )	

## MESSAGE FROM THE MAYOR



2013/14 has again been a challenging year for Aurukun Shire Council.

Council members are now growing in confidence and working well as a proactive team. Diminishing government funding continues to be a major problem for Council. It is still expected to provide community services and maintain and provide infrastructure. However we have certainly accepted the State Government's challenge to increase own source revenue. We now have the Aurukun Business Precinct operating well and we are confident that full tenancy may be taken up in 2014/15. Aurukun is open for business and we seek to develop employment opportunities and attract business within our Shire.

Once again I am proud to state that Council has again achieved an unqualified report from the Queensland Audit Office. This highlights that Council's financial and operational processes continue at a high standard. We will seek to further strengthen our financial position in coming years.

Despite a decision not being finally made on a mining proponent for the Aurukun bauxite mining lease, we remain confident that mining will eventuate in the near future and it is important that we be ready for this development and ensure that our people receive adequate benefits from the selected mining company.

It has been pleasing to see the housing contract now being administered by Council. The initial five houses are a great example of how local people can be employed and trained. We look forward to a further 19 houses being erected by local skilled Indigenous staff in the next two years. Hopefully this program is the forerunner of greater things to come in many different areas.

One of our proudest achievements has been the completion of the Aged Care Facility. It is a magnificent complex and is a community show piece that enables a better quality of life for our well deserving elderly and disabled residents. I intend to pursue a nearby residential facility that will provide our residents with a peaceful and comfortable environment in their later years. There have been many other achievements in the past year and they include the airport mural project, new housing subdivision, roads construction/resealing, new cemetery, facility signage, full operation of training centre, purchase of the former BPO complex which we have commenced redeveloping as a commercial accommodation facility, new planning scheme, Opal fuel storage tank and the establishment of Aurukun Community Foundation.

The staff organisation structure was reviewed in February 2014 and Council endorsed the appointment of a new Director of Community Services to provide better community

engagement, better services and support. I am proud of our management team and staff and Council looks forward to their efforts continuing.

Council always endeavours to operate as a strong local government that is not controlled by external organisations. Aurukun Shire Council has set a strong and visionary agenda through its new corporate plan and at all times will aspire to achieve the goals and objectives of this exciting plan.

**Cr. Dereck Walpo**  
**Mayor of Aurukun Shire Council**



# AURUKUN SHIRE PROFILE

## Legal Status

The Aurukun Shire Council operates under Queensland Government Legislation, namely *The Local Government Act 2009*. Furthermore, two Regulations working hand-in-glove with the Act are the *Financial Planning & Reporting Regulation* and the *Operations Regulation*. Council is constituted by the Councillors who are elected or appointed to the local government under this Act. Councils' **ABN is 32 338 490 426**. Council's GST registration is effective from 1 July, 2000.



Elected Councillors: L to R - Vera Koomeeta, Edgar Kerindun, Angus Kerindun, Ada Woolla, Dereck Walpo

## COUNCILLOR PROFILES

<b>Mayor Cr Dereck Walpo</b>	Served 1994/97; 2004/08. Elected 2012 to date. Portfolio – Health/Sport and Recreation, Business Development Council Representative: <ul style="list-style-type: none"> <li>Local Government Association of Queensland (LGAQ)</li> <li>Cape Indigenous Mayors Alliance (CIMA)</li> <li>Island and Cape Retail Enterprises (ICRE)</li> <li>Cape York Sustainable Futures (CYSF)</li> </ul>
<b>Deputy Mayor Cr Angus Kerindun</b>	Served 2008/2012. Elected 2012 to date.2008. Portfolio – Housing Council Representative: <ul style="list-style-type: none"> <li>Western Cape Communities Coordinating Committee (WCCCA)</li> </ul>
<b>Cr Edgar Kerindun</b>	Elected 2012 to date. Portfolio – Transport and Infrastructure, Environment Member: Family Responsibilities Commission (FRC)
<b>Cr Ada Woolla</b>	Served 1991/1994; Elected 2012 to date. Portfolio – Education Services, Arts, Craft, Culture Member: Family Responsibilities Commission (FRC) Member: Premiers Special Task Force on Domestic and Family Violence
<b>Cr Vera Koomeeta</b>	Elected 2012 to date. Portfolio – Community Services, Training, Employment Member: Family Responsibilities Commission (FRC)

## OUR SENIOR EXECUTIVE TEAM

<b>Chief Executive Officer</b>	Bernie McCarthy
<b>Director Corporate Services</b>	Ron Fenner
<b>Director Technical Services</b>	Robert Love
<b>Director Community Services</b>	Jason Holt
<b>Chief Accountant</b>	Felicia Yeow



(L to R) Mayor Dereck Walpo, Jason Holt, Ron Fenner, Bernie McCarthy, Rob Love

### Land Tenure: Aurukun Land Transfer Day

On 18 September 2013, Aurukun community saw a long awaited land transfer come to fruition. Following the transfer, the Shire Lease was cancelled and the land became Aboriginal Freehold land with two trustees:

- 1) Aurukun Shire Council became the trustee of the town area and the reserve land; and
- 2) Ngan Aak-Kunch Aboriginal Corporation RNTBC was made trustee of the balance of the Shire Lease (except the Peppan lot) and the four State land lots.

Both Trustees will be responsible for managing the land that they hold and making decisions about that land on behalf of the people they hold the land for. However ASC will have some jurisdiction over the whole shire, particularly through the Aurukun Shire Planning Scheme.

### Services Available in Aurukun:

Aurukun has the following services available to residents and visitors:

- School - Prep to Gr 7 (Koolkan Campus of the Cape York Australian Aboriginal Academy)
- Airport and Skytrans agency - daily flights (weekdays) from and to Cairns
- Kang Kang Café, Bakery & Laundromat.
- Health Clinic
- RFDS (Emergency Service)
- Wellbeing Centre
- Child Care Centre/CYP Parenting Hub
- Police Services (12 person station)
- SES Unit
- Community Police
- Bendigo Bank
- Post Office
- Library/IKC Services & internet facilities (also the Remote Indigenous Broadcasting service)
- Cape York Partnerships Opportunity Hub
- Centrelink
- Freight Services:
  - Dry Season (Hawkins and Tuxworth & Woods)
  - Wet Season (Sea Swift Barge Service)
- Police Citizens Youth Club/Activities (Cape PCYC)
- Safer Streets Task Force
- Sports Stadium
- Gymnasium
- Skate ramp
- Pool (future under review)
- Rugby Field
- Tennis/Basketball Courts
- Art Gallery
- Kooth Pach Guest House
- Wuungkam Lodge (Accommodation)
- Supermarket, fast food take-away and fuel sales
- Church
- Three Rivers Community Centre (ex-Tavern)
- Boat ramp for recreational fishing
- Training Centre
- Family Responsibilities Commission
- Community Justice Group
- Local Program Office
- Department of Housing and Public Works
- Cape York Employment (CYJP)
- Aak Puul Ngantam (APN) Office
- Ngan Aak Kunch (NAK) Office/Depot
- Child Support Services
- Women's Shelter

- Aged Care Facility (Respite Centre)
- Rio Tinto Alcan Office
- Ergon Power Station
- Radio Stations: ABC, Blackstar, Vision
- TV Stations: ABC Regional, SBS, ABC 24 hours News, WIN

#### Location:

The Aurukun Shire is a very remote area of Queensland which is starkly different to most other Queensland shires. Our community is among the most disadvantaged in Australia but it has outstanding potentials for growth and prosperity. The community of Aurukun is located on the north-west coast of the Cape York Peninsula, 200km (2hrs 30mins) by road south of the mining town of Weipa and 824km (18hr 20min) from Cairns. The community is located within the Aurukun Shire; nearly the entire population (99.6%) lives within the township.

The Shire covers an area of 7500 sq. km. (approximately 192km long and up to 50km wide). It has about 107 km of Gulf of Carpentaria coastline. The Accessibility/Remoteness Index of Australia (ARIA) produced by the Department of Health and Ageing rates Aurukun in the highest category of remoteness.

#### Socio-Economic Status & Disadvantage:

Socio-economic Indexes for Areas (SEIFA) is a suite of four summary measures that have been created from Census information. The indexes can be used to explore different aspects of socio-economic conditions by geographic areas. For each index, every geographic area in Australia is given a SEIFA number which shows how disadvantaged that area is compared with other areas in Australia. Aurukun is rated in the poorest 5% of communities Australia-wide. The 34 discrete Indigenous Queensland communities rank below all 123 other Queensland communities and Aurukun is the 11<sup>th</sup> lowest ranking among them. Aurukun is the 4<sup>th</sup> most disadvantaged Local Government Area in Australia, and the 2<sup>nd</sup> most disadvantaged Level 2 statistical Area.



#### Aurukun is a Welfare Reform Community:

Aurukun is one of only four Welfare Reform communities in Queensland. This means that possession of alcohol within the Shire is illegal and that Family Income Management is applied to families who do not satisfy certain criteria related to child care. Low school attendance is an ongoing challenge.

Aurukun has strong potential to grow in prosperity. To do that it will need investment in business infrastructure. It will also need appropriate management able to develop business in a manner that harmonises with the local culture and protects the natural and cultural resources of the Wik and Wik Way people. Opportunities exist in:

- Eco-cultural tourism - supported by the large and pristine areas of the Shire with rare ecological values and the strong traditional culture and arts and crafts industry of the community;
- The development of the Shire through road improvement and transport services;
- Mining - Significant discussions have commenced to investigate the establishment of mining operations. If mining proceeds, there will be benefits in direct employment, in service industries to support mining operations, and in the clearing and rehabilitation of the land mined including plantings that will create sustainable timber-related industries including timber, furniture manufacture and bush tucker supplies;
- “Import replacement” and improved retail and service businesses supporting a higher standard of living in the community;
- Employment in construction - approved and anticipated infrastructure development in the next two years includes: a large number of new community dwellings and refurbishments; upgrading of the water supply; redevelopment of accommodation facilities and the development of a major art complex. Refurbishment of the sports stadium, as well as the former Tavern building are currently under review.

### Alcohol Management Plan

Aurukun Shire is a restricted area with zero carriage limit. This means that the shire, community (including the airport) is totally dry and no alcohol is allowed. Additionally local brew is not permitted and heavy fines apply for offenders. For more information please refer to:

<http://www.atsip.qld.gov.au/communities/alcohol-limits/alcohol-reforms/fag.html>

There are serious penalties for breaching the alcohol limits. Police have power to stop and search all vehicles, boats, planes, air passengers, etc. coming into the restricted area.

### Safer Streets Strategy

Funding has been provided for this programme to boost security to reduce street crime and violence, which will in turn improve community safety. This is part of a national campaign and Council participates actively in the local Safer Streets task-force which also includes police and State Government agencies.

## Corporate Vision

Our Community Vision and Council Mission

**OUR VISION:** Our Vision for our community is based on our core community values. Our vision focuses on our community, our future leaders and the importance of respect in our community.

**Aurukun – Growing  
Community, Growing  
Respect and Growing  
Leaders**

**OUR MISSION:** As a Council it is important to understand our role and purpose. We exist to both lead and serve our community.

**Aurukun Shire Council –  
Strong leadership and  
excellence in service to our  
community**



**Ku Camp Dog: Artist Garry Namponan**

## Shire History

Cape Keerweer, on the Gulf of Carpentaria coast, was the site of the first attempted European settlement in Australia. In 1605 the Dutch ship Duyfken, under Captain Willem Janszoon, sailed down the west coast of Cape York Peninsula and made the first recorded Dutch landing in Australia at Cape Keerweer, south of Aurukun. Janszoon planned to build a city at the site. However, after exploitative actions by the crew, fighting broke out with the local people, several sailors were killed and the Duyfken departed.

Aurukun was established as a Presbyterian mission (formerly known as the Archer River Mission Station) in 1904. Aboriginal people were relocated from large surrounding areas to the mission settlement over several decades. Today's township is on the site of the original mission.

On 22 May 1978 the Local Government (Aboriginal Lands) Act came into force, constituting the Aurukun Shire Council. The Act granted a 50-year lease to the Council over most of the land in the original Reserve, a large part of the traditional lands of the Aurukun people.

However, on 18 September 2013, Aurukun saw a long awaited land transfer come to fruition. The Shire Lease was cancelled and the land became Aboriginal Freehold land with two trustees:

- 1) Aurukun Shire Council- is the trustee of the town area and the reserve land; and
- 2) Ngan Aak-Kunch Aboriginal Corporation RNTBC- is trustee of the balance of the Shire Lease (except the Peppan lot) and the four State land lots.

Both Trustees are responsible for managing the land that they hold and make decisions about that land on behalf of the people they hold the land for. The Council retains Local Government responsibility for all the land, including land that the Council and NAK are trustee for.

## Challenges We Face

- Size - The Shire comprises some 7,500 square kilometres.
- Isolation - The isolation of Aurukun limits its ability to attract skilled workers. The cost of materials and services is high due to freight costs and the distance from regional centres.
- Wet Season - The climate creates special challenges. Roads outside of the community are impassable during the wet season. This greatly increases freight costs - which flow through and raise the cost of just about everything. Extreme isolation for nearly half of the year also causes social and community stresses.

## Housing

Council provides the following housing services within Aurukun:

- Management and maintenance of 45 staff and agency houses.

- Contracting for the construction of ten community houses for the Department of Housing and Public Works
- Providing subcontract maintenance services to the Department of Housing and Public Works on a stock of 215 community houses
- It is projected that there will be 247 houses refurbished in the next ten years
- Houses are closed by the relatives for cultural reasons upon the passing of a resident. After a Council-prescribed period of three months an Opening Ceremony is held. The five clan groups come together at the opening to celebrate this event with traditional dancing and a smoking ceremony. After this ceremony the family returns to reside within the house.



Housebuilding Team

## Our Environment

Wik, Wik Way & Kugu Country - Almost the whole Shire is comprised in **five** areas of high conservation significance. The majority of the Shire is very high quality wilderness. There are several areas that demonstrate the geology of the region and the geological processes that formed most of the Gulf coastline. Landform and vegetation types are varied and many vegetation types are among the best of their class. Large, powerful and ancient species like the saltwater crocodile are not the only natural treasures in the Aurukun Shire.

The Spotted Cuscus and the Palm Cockatoo are two other important species. Freshwater Anchovies and the River Garfish have their only known habitats on Cape York Peninsula in the Archer and Embley Rivers respectively. The vulnerable Northern Crimson Finch has important habitat in the coastal section of the Holroyd Wilderness. The Aurukun Wetlands has important breeding sites for Magpie Geese - a culturally important species.

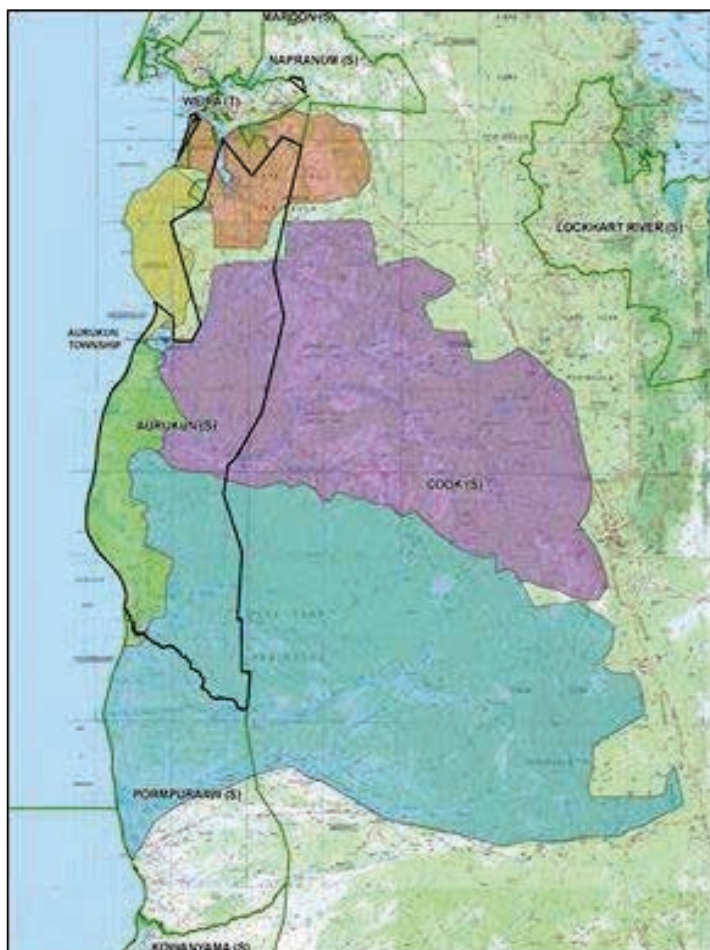
Rich in barramundi, mud crabs and numerous other species including some that are rare and threatened the lands and waters of the Aurukun Shire benefit from having had little commercial exploitation. Many areas have large shell middens left by the ancient Aboriginal populations. These contain valuable scientific evidence of past climatic conditions, plant populations and cultural artifacts.

The traditional culture and heritage of the Wik and Wik Way people is vibrant. Most Aboriginal people in Aurukun still speak their native tongue. The Traditional Owners' association with land and water is deeply significant.

The Aurukun Wetlands comprise high quality coastal wetland habitats. About 25% of their extent is of very high wilderness quality. They may be the most important dry season refuge for water birds on Cape York Peninsula. They include major breeding colonies for Magpie Geese and other water birds and two wader roost sites of over 5,000 birds. The area is a biodiversity hotspot.

The Shire boundaries are shown black in the map shown. Areas of natural conservation significance located partly or wholly within the Shire are colour-coded by conservation area:

- Hey-Embley Rivers Area
- Pera Head Area
- Aurukun Wetlands
- Archer – Coen Area
- Holroyd Wilderness



## For Visitors

### Fishing & Wetlands Charters

Aurukun Wetlands Charters conduct eco-cultural charter tours and fishing tours in the Aurukun Wetlands and adjacent waters.

### Access to Country

Requests should be made directly with Traditional Owners or by application 6 weeks in advance through Ngan Aak-Kunch (NAK):

c/o Post Office Aurukun,  
Qld 4892

### Meals and Supplies in Aurukun

Accommodation in Aurukun is provided on a self-catering basis. You will need to purchase and cook your own meals. However, there is a takeaway food bar at the Supermarket which is usually open to 5:00 p.m. on weekdays serving a variety of takeaway meals. Island & Cape Supermarket carries a large range of foodstuffs including groceries, milk, meat and fruit and vegetables. Its hours are 8:30 a.m. to 12:30 p.m. and 1:30 p.m. to 5:00 p.m. weekdays, Saturday and Sunday 8:00 am to 12 noon. If you are arriving in the community late in the afternoon you might not be able to purchase food before the General Store closes. It is worthwhile to consider bringing some food with you.

The Kang Kang Café and bakery operate out of the Sam Keridun Snr Business Precinct Building. This operates 8:00 am to 8:00 pm Monday to Friday, 8:00 am to 4:00 pm Saturday and Public Holidays, and closed on Sunday. The gift shop is open 9.00 am to 4.00 pm Monday to Friday, 9.00am to 12.00pm Saturday and closed Public Holidays.

In late 2014, Aurukun Shire Council will begin upgrading its accommodation facilities and a restaurant will be established at Wuungkam Lodge in early 2015. Breakfast, lunch and dinner will be available and the restaurant will be open to the public.

### Travel & Transport to Aurukun - By Road

Aurukun is approximately 752 km by road from Mareeba and 824 km from Cairns. Sealed from Cairns, the road is mainly good standard gravel surface from Lakeland (564 km) with many short sealed sections. During the wet season (variable - but often from December or January to May or June) road access is closed due to flooding.

Road condition reports can be obtained from Department of Transport & Main Roads (Phone: 131940), the RACQ website ([http://www.racq.com.au/travel/drive\\_travel/road\\_conditions](http://www.racq.com.au/travel/drive_travel/road_conditions)) and (in relation to the Aurukun Access Road, the last 105 km of the trip), from the Aurukun Police (Phone: 07 4083 4999).

Fuel can be purchased at Mareeba, Lakeland, Musgrave, Coen and Archer River Roadhouse. Freight transport to Aurukun, when accessible by road, is provided by Hawkins Transport (Qld) Pty Ltd for the Council's purposes. Hawkins can be found at: <http://www.hawkinsqld.com.au> Phone: 0427 028 966.

Tuxworth & Woods Carriers also services the community – their telephone contact is 07 4035 4022

### By Air

Passenger and freight transport to Aurukun is available on daily weekday scheduled flights operated by Skytrans. Visit their website at <http://www.skytrans.com.au/> for schedules and bookings. Phone: 1300 759 872.

Skytrans flights may also be booked through Aurukun Shire Council at the Post Office.

Freight is consigned through Toll Priority in Cairns - Phone: 13 15 31.

### By Sea

The shipping company Seaswift provides barge transport to the Torres Strait and Weipa. During the wet season it is the most economical freight service for bulky and heavy items to be transported to Aurukun. Freight items may be transhipped at Weipa for delivery to Aurukun. This service operates weekly and does the trip around Cape York Peninsula in about four days, leaving on a Tuesday and arriving in Weipa on Friday. Seaswift can be contacted on 07 4035 1234.



**Aurukun Shire Council Team Members**



**Customer Service**



**Airport Mural**



**Customer Service**

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**Bernie McCarthy**

I am now in my second year as Chief Executive Officer and continue to enjoy the challenge and progress that is being achieved within Aurukun Shire and the local community. Our staff organisation structure was reviewed in February 2014 and now a Director of Community Services has been recruited. Council appreciates its four senior managers continuing to work from our main office in Aurukun. A review of functions under each Director has been adopted and the allocated responsibilities will be stringently pursued in the new financial year, The Cairns based staff has visited more frequently and this is an ongoing practice which provides great support.

A stronger emphasis on Council's community communications has been introduced with enhanced notification of Council's deliberations and activities plus a redeveloped website. Now Facebook has been introduced and interaction is developing rapidly.

During 2013/14 Council adopted a new corporate plan. It is an exciting document which Council and management will be pursuing over the next five years. The plan's mission is to provide strong leadership and excellence in service to our community. Since the transfer of land outside the township area to Traditional Owners, there is a much greater emphasis on servicing township residents with services and facilities.

Other long awaited governance issues have now been achieved through the adoption of the Aurukun Shire planning scheme and six new local laws. Publicity and education on these important matters will be provided during the forthcoming year.

The financial statements for 2013/14 demonstrate that Council is in strong financial position. But with diminishing government funding, Council will continue to stringently monitor its budget and ensure that core business activities are provided. However Council will continue to pursue business development opportunities to hopefully see local economy grow stronger and more employment and training opportunities be provided for local Indigenous people.

Our key priorities for the foreseeable future are community safety and security to be improved and affordable infrastructure, community well-being and harmony, improved customer service, better communication, respect for community assets, employment for local residents, stronger governance, managing Council's finances and effective service delivery.

Special mention must be made of our retiring Executive Assistant Linda Sivyer. She has contributed enormously to council and community in her 22 years' service and she deserves every accolade she receives on her departure in August. Finally we seek your ongoing support and positive engagement to improve the quality of life in Aurukun.

**Bernie McCarthy**  
**Chief Executive Officer**

## Message from Director Corporate Services



**Ron Fenner**

2013/14 has been another busy year for Corporate Services with many positive achievements resulting.

Also, a big welcome is extended to the new staff who joined us during this past year.

### Corporate Governance

During the year Council adopted a number of governance policies and a corporate risk management system.

### Finance

Council has again achieved an unqualified audit for the 2013/2014 financial year and the matters arising were of low risk to the Finance team. The Finance team must be congratulated on this fine effort. There were also minimal non-compliances with grant acquittals and those which did not occur were due to lack of staff and quickly addressed. The Finance department is seeking to continue this result for 14/15. The Finance team brought down the annual budget and undertook two reviews throughout the year. The focus for the coming year is to achieve greater cash and stock control, simplify the financial reporting and create a new Chart of Accounts.

### IT/Records Management

Initially since the appointment of the IT/ Records Management Officer in January there has been an emphasis on identifying the IT assets and retiring the old equipment as well as mapping the IT system in order to identify gaps and standardising hardware and software.

### Human Resources

To increase the effectiveness of the Human Resources service for the Council employees, the HR team has expanded to include a Workplace Health, Safety and Training Officer, and a HR officer (primarily dedicated to recruiting). This is a valuable growth initiative to enable the appropriate and timely support to all employees.

HR team will be needed to work on the impending new Local Government Award and the pursuit of an Enterprise Bargaining Agreement. HR operates across a range of areas including recruitment, performance, training, development and workplace rehabilitation. It has been instigating positive change in the way it works and has restricted its administrative and advisory services, as well as implementing a number of new HR policies and updated existing ones.

There has also been a shift to HR becoming more strategic in its influence on the business by working with the Management on people issues or problems that have an impact on the business. In addition there has been a strong focus on engaging the

community by way of increasing traineeships and apprenticeships for both our Indigenous and non-Indigenous employees.

### Work Health Safety

There has been an emphasis on the development of a safety culture across the workforce. Engagement and understanding by employees has increased during the year. We have in place a robust induction process as well as new policies and procedures which define the Council's expectations of all employees with regards to safety and workplace behaviours.

### Training

During the year a structured training programme has been implemented. This has ensured that employees have not only an opportunity to enhance their existing skills but to develop further within the Council. Other achievements included the introduction of a performance management and induction system for all staff.

### Customer Service

The Bank and Post Office agencies moved to the new Business Precinct premises last year. There have been several teething problems relating to security and bank supplied IT equipment, however on the whole the transition was smooth. A big thank you to the staff involved in the move is warranted. The Bank Agency completed audit with minimal issues.

Council is seeking to address issues at the Post Office following its audit. The Post Office also moved to a partial online system that enables council to keep better track of the parcel post. Congratulations to all the staff who helped achieve this milestone. Council is also seeking greater assistance in the area of Customer Service from Skytrans in the sale of airfares and to strengthen Council's own cash receipting role.

Cleaning continues to be hampered with resourcing issues and the staff are to be credited with the work that has been achieved given the constraints they have worked under.

### Business Development/Grants

The year was notable for achievements in securing a number of important grants and the setting of new directions in economic development.

Some successful grants included landscaping for the Childcare Centre, further funding for the Arts Centre, improving efficiencies in Council and an extension and further funding for the Healthy Communities programme. In many instances, the grants received were substantially in excess of the funds expected. Grants funding for Council will become more challenging in the coming year due to lower funding levels from both the State and Commonwealth Governments. Council will need to seek more own-source income.

Work towards the establishment of the Aurukun Community Foundation, a not-for-profit entity with Deductible Gift Recipient Status, continues and when finally established, will result in expanded sources of grant funding especially from private-sector philanthropic funds.

On the business development side, there is a major change in direction and strategy for the accommodation facilities that Council own, Wuungkam Lodge and the Kooth Pach

Guesthouse. The facilities are to be expanded and upgraded and will be managed by externally-appointed contractors. This should result in increased accommodation usage and income and heightened customer service. This strategy should start the small beginnings of tourism in Aurukun. This hopefully will also see the initial development of business alliances or partnerships with external parties who can bring additional capital and land management expertise in emerging business opportunities in tourism and other areas of business.

### Arts Centre

The Arts Centre continues to be the centre for the preservation of culture within Aurukun as well as performing the more traditional role of providing artwork for sale.

A number of successful exhibitions have been held including CIAF, Cairns Gallery of Contemporary Arts, Gallery Gabrielle Pizzi (Melbourne), Noosa Art Gallery, Tanks Art Centre (Cairns), Ngarru Gallery (Port Douglas), Pandanus (Palm Cove), Woolloongabba Art Gallery, Canopy Art Space (Cairns) and the Jam Factory (Adelaide). There were also numerous workshops held including screen printing, etching and ceramics. Also, the very successful Badu aluminium cast workshop should be highlighted where a limited number of aluminium casts of artist works were made and resulted in a new line of sales that has been well received by collectors and galleries.

The Arts Centre also supplied art to the Aged Care Centre and gave advice on murals there. The focus for the coming year will be the continuance of the preservation of art and the re-establishment of a stock control system. Additionally, the engagement of local artists, production and sales through the local Arts Centre are challenges to be pursued.

### **Ron Fenner Director Corporate Services**



**Bank Customer Service**



**Post Office Customer Service**



**Cairns Office Staff**

## Message from Director of Community Services



**Jason Holt**

In early 2014 Aurukun Shire Council adopted a new organisation structure and subsequently recruited a Director of Community Services.

The new portfolio includes the Community Home Care Centre, Childcare Centre, Indigenous Knowledge Centre/Remote Indigenous Broadcasting Service, Community Police Officers program, community security, community events and community funerals.

Council has a challenging but exciting year ahead in the community services area. We will focus our efforts on the shift towards community ownership of programs, projects, activities and services and ownership of the responsibilities that will empower positive local change.

With a commitment moving forward centred around creating the right balance to nurture community capacity growth, all areas of the community services portfolio will be stepping through positive change next year.

The Koolkan Childcare Centre will be undertaking a facelift with major external landscaping work commencing in the early part of next year. Exciting progressions will also occur around the centre employees as they edge closer to completing their Diploma in Childcare.

The Chivaree Home and Community Help Centre has a state of the art new home. The new facility provides an enhanced service with an exciting new look as centre employees will assist with the instalment of the external landscaping featuring fruit trees and vegetable patches.

We will also be reinstalling the new Indigenous Knowledge Centre and Remote Indigenous Broadcasting service with new recruits and reinvigorate current infrastructure. It is identified as a major component within the Aurukun Community safety plan and progress here with the reimplementation of this program is highly desired.

The further development of skills for the locally employed Community Police Officers is a necessity and their profile should be raised significantly. Administered training through the Queensland Police Service will add weight to the integral work the Community Police officers are completing towards community crime prevention.

Events that maintain a focus on local culture and community development will be prioritised to encourage community engagement in positive participation opportunities.

An increase in the holding of well-planned community events certainly provides a great opportunity for community to continue to grow in a harmonious and positive manner.

Aurukun community has an exciting year ahead.

**Jason Holt**  
**Director of Community Services**



**Community Police**



**Residents at Aged Care Centre (HACC)**



**Weaving class at Childcare Centre**



**Aurukun Day Fun**

## **Report from Director Technical Services**



**Rob Love**

2013/2014 has been an exciting and challenging time. The particular focus points for implementation by Technical Services have been:

### **Building Services:**

Recognising that maintenance of Council buildings and community housing provides a significant opportunity for employment, training and own source revenue, Council has partnered with the Department of Housing and Public Works to:

1. Utilise the Government Portal to improve efficiency of administration for regular maintenance jobs.
2. Develop improved systems for estimating and administering large housing maintenance jobs.
3. Complete a prequalification tender process to shortlist tenderers for subcontract pricing of large maintenance projects.

In addition, a community housing construction project is being undertaken by Aurukun Shire Council in partnership with Department of Housing and Public Works and MiHaven Pty Ltd. This project also provides increased community benefits in employment and training opportunities using an intensive mentoring and training model. It is part of a program to provide an additional twenty four community houses between 2014 and 2016.

Other building projects completed or in progress include:

1. Women's Art Centre.
2. Construction of new Aged Care/HACC facility.
3. Commencement of upgrade of Wuungkam Lodge to provide improved accommodation and contribute to Council's own source revenue.

### **Civil Construction:**

Maintenance and further development of the Aurukun Access Road has continued on 70 kilometres of the Aurukun Access Road which is maintained by Council. This is undertaken using a deliver model which partners with the Department of Transport and Main Roads and employs construction personnel from the community.

In addition the following work was completed:

1. Completion of new cemetery including bitumen sealing of the access road.
2. Upgrading of Airport to Barge Ramp Road in preparation for sealing.
3. Construction of stage two of new housing subdivision by DATSIMA.
4. Installation of additional Opal fuel tank to provide additional storage capacity to serve the community during the wet season.
5. Further work on upgrading of sports oval.

Water Supply and Sewerage Operations:

Ongoing upgrade of the water supply and sewerage system has been completed including commissioning of new water mains, a new service reservoir and telemetry system for both water supply and sewerage systems.

Workshop:

Maintenance and repair services were provided by the workshop for Council plant and also provided a limited service to community members and allowed employment of three trainees / apprentices who were supervised by the workshop tradesmen.

Environmental Health:

Activities have included:

1. Regular maintenance of the solid waste facility.
2. Three animal treatment and control programs staged in consultation with a visiting vet, Mapoon Shire Council Animal Control Officer and Department of Health staff.
3. Periodic food outlet inspections were conducted in conjunction with Department of Health Staff.

Airport Operations:

Ongoing operation and maintenance of the Aurukun Airport was undertaken by Council staff including refuelling operations for Skytrans. In addition support was provided to the Royal Flying Doctor Service.

Disaster Management:

During the year Council acted as the coordinator for emergency services in the community and provided support to the operation of individual emergency services including Volunteer Marine Rescue, Queensland Rural Fire Service and State Emergency Service.

A new fire appliance was supplied by QRFS to improve emergency response ability.

**Robert Love  
Director Technical Services**



**Construction Crew**



**Gardening Team Member**

**Organisation Chart as at 30th June 2013**

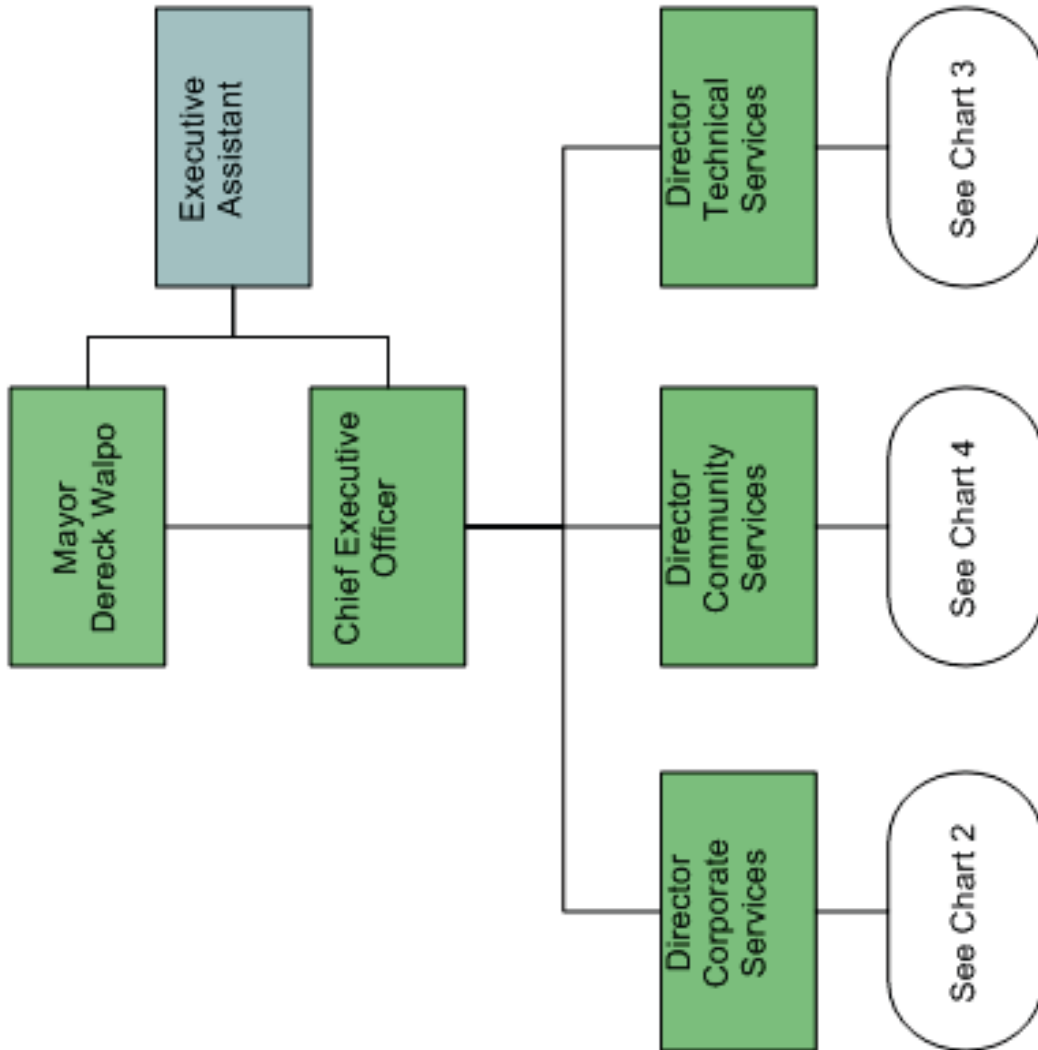


Chart 2

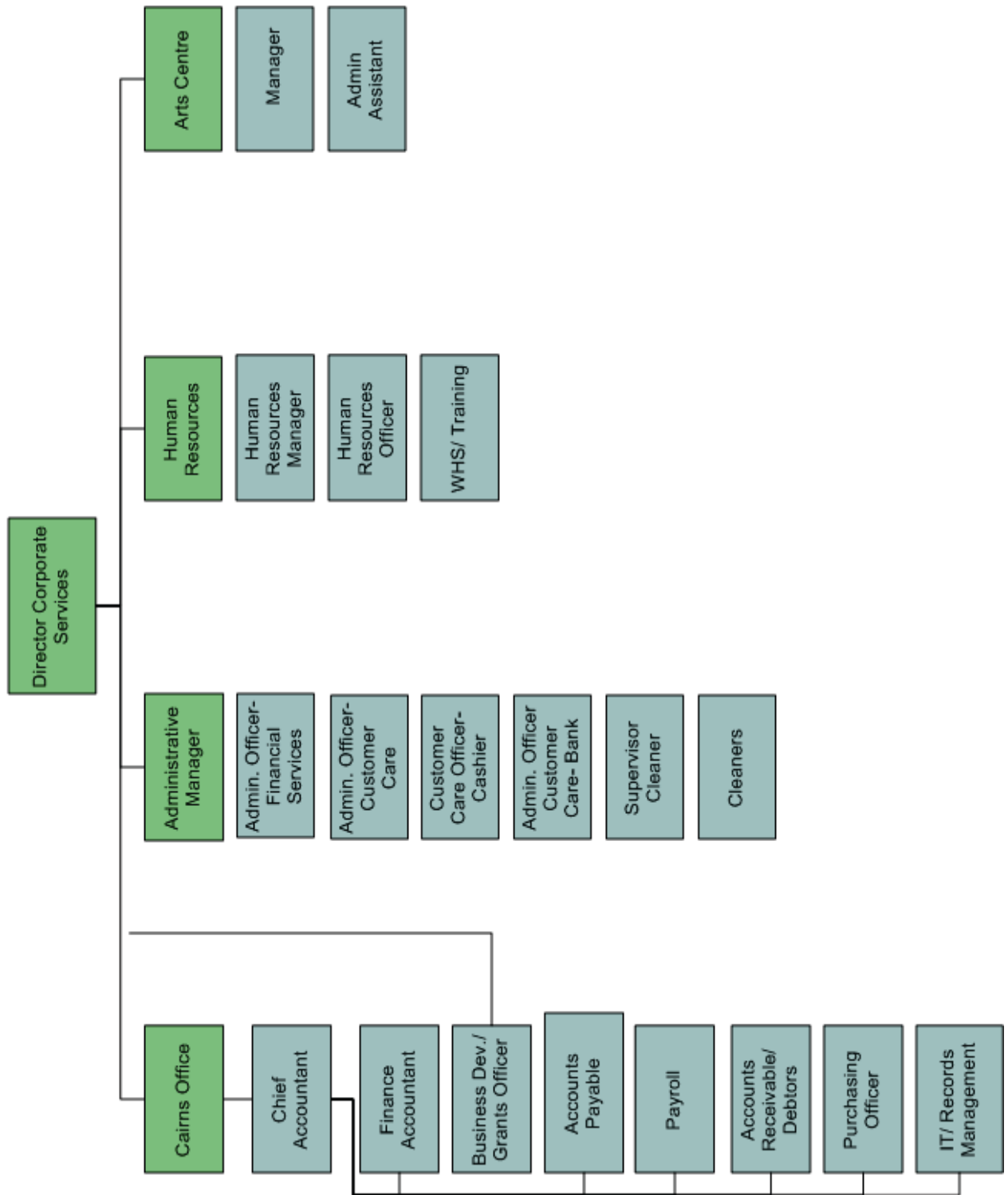


Chart 3

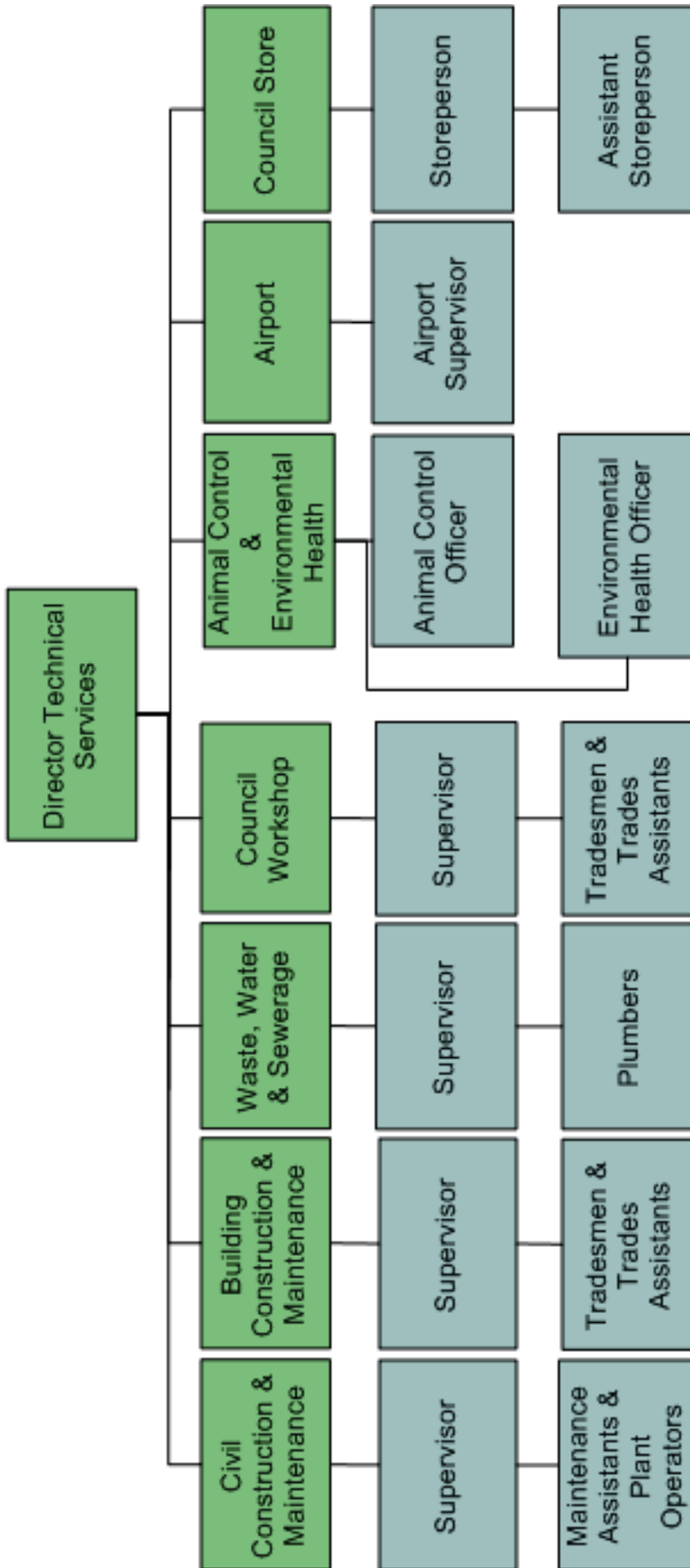
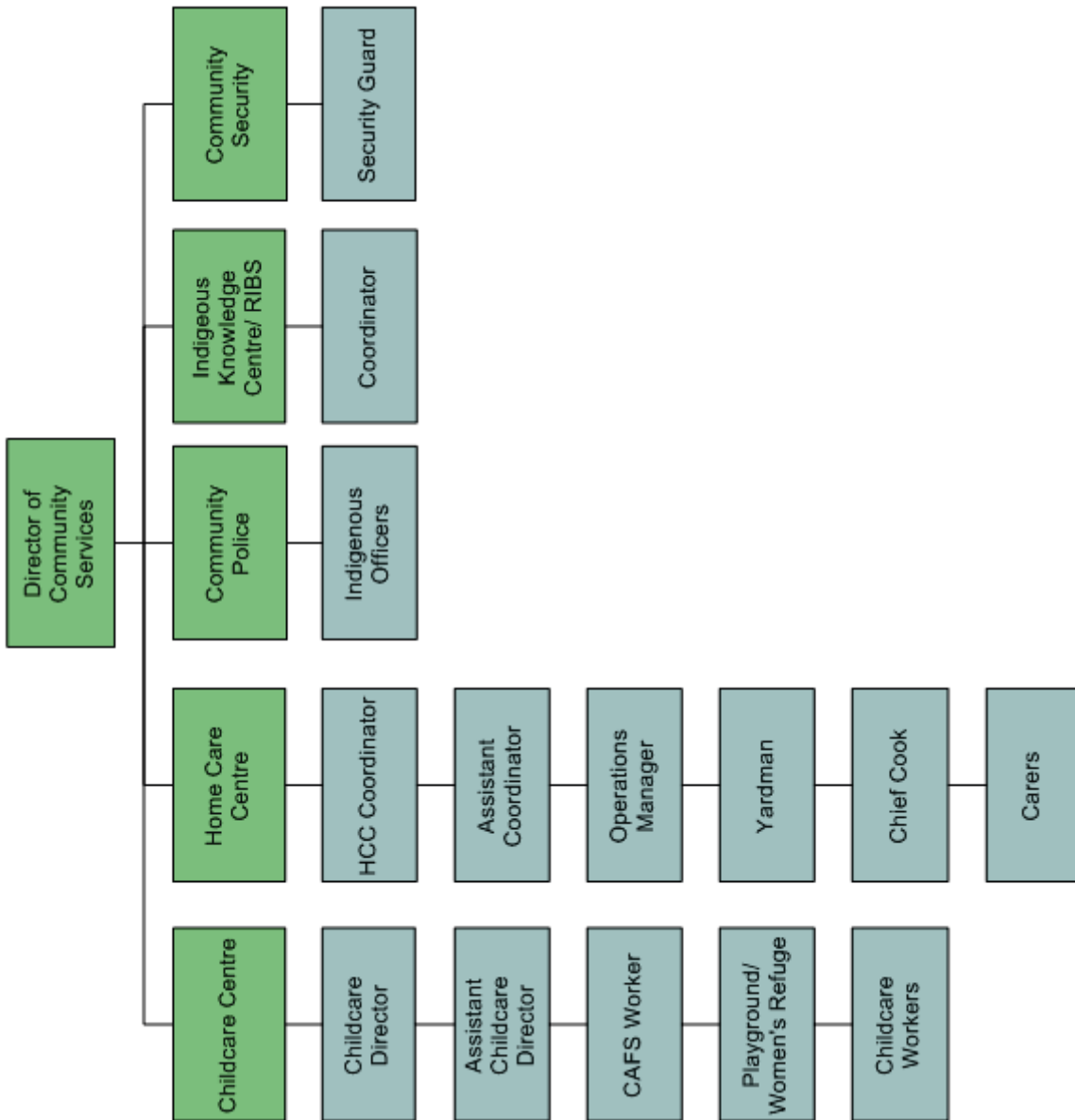
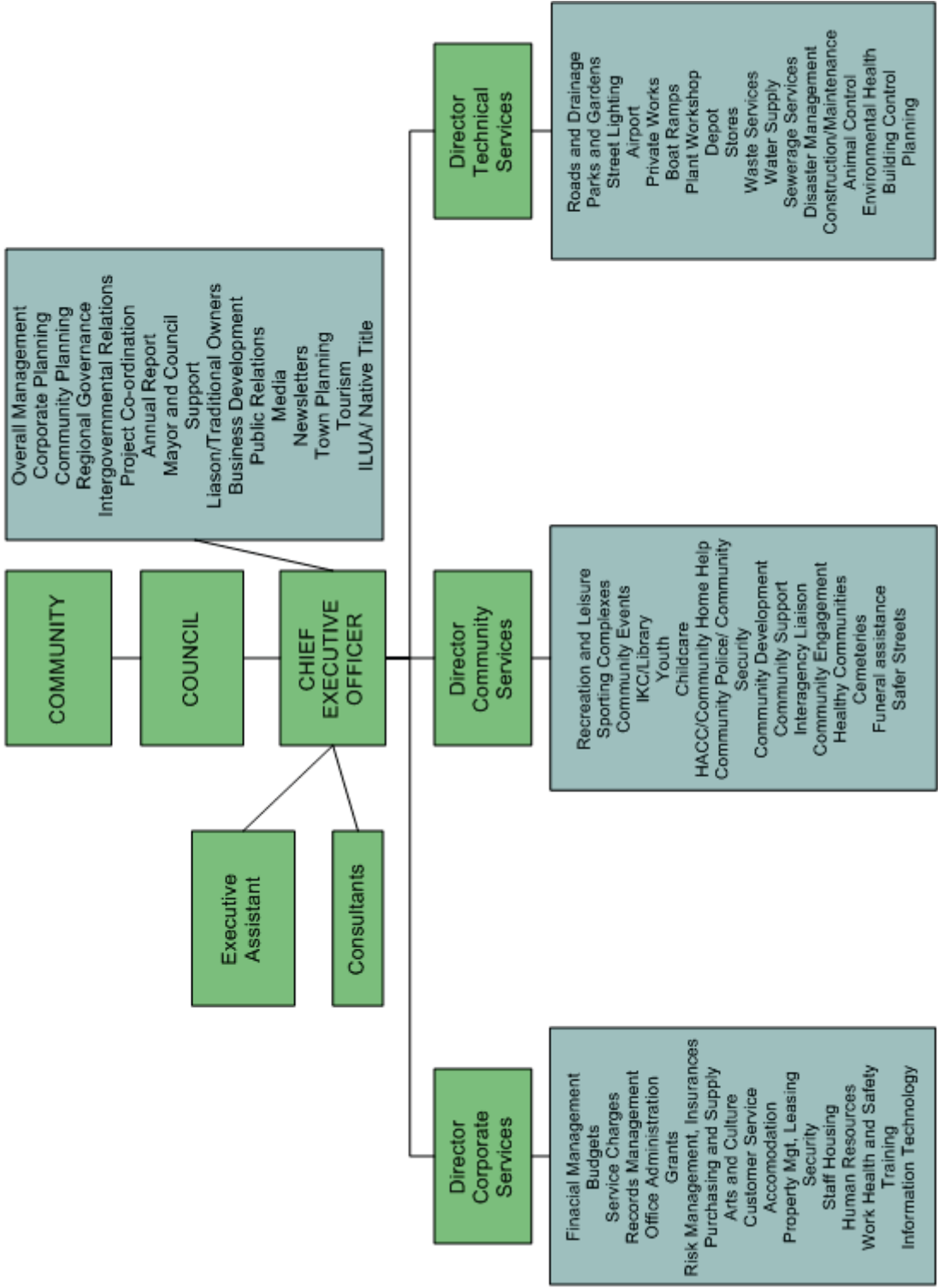


Chart 4



Aurukun Shire Council Organisation Chart



## Community Financial Report

This community financial report shows a summary of the Financial Statements with the aim of providing understandable information to the members of our community. The use of graphs allows readers to easily evaluate Council's financial performance and financial position. The Council continues to work hard to ensure it remains in strong financial position to provide services to the Aurukun community through sound financial management using the budget, corporate plan and operational plan.

The financial statements in this report cover the period 1 July 2013 to 30 June 2014. The financial statements contained in this report include:

- **Statement of Comprehensive Income** – displays Council's revenue and expenses. The profit or loss of the Council for the year is the difference between the revenue and expenses and is also referred to as the net result attributable to Council.
- **Statement of Financial Position** – displays the assets (what Council owns), liabilities (what Council owes) and community equity (total assets less total liabilities). Community equity is also an indication of how healthy the position of Council is at a given point in time.
- **Statement of Cash Flows** – reports how revenue received and expenses paid impact on the cash balances of Council.
- **Statement of Changes in equity** – presents a summary of transfers to and from equity accounts including asset revaluation surplus, retained surplus and other reserves.
- **Notes to the Financial Statements** – provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.

### STATEMENT OF COMPREHENSIVE INCOME

#### REVENUE

The Council aims to raise money in order to maintain the delivery of services during the current and future years.

Revenue for the 2013/14 financial year is derived from a variety of sources as shown in graph 1. More than half (52%) of Council's revenue is from grants, subsidies and contribution. Other significant sources of revenue are from other recurrent income (28%) and rental income (5%).

#### EXPENSE

Materials and services and employee costs make up 31% of the total expenditure for Council as shown in graph 2. Council has a strong labour workforce to provide maintenance, water and waste services, child care, aged care, community services and capital infrastructure for the community. In 2013/14 financial year Council transferred \$9,406,081 of assets located in the land handed over to Ngan Aak-Kunch Aboriginal Corporation RNTBC, represented by Capital Expense of 38%.

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

Council assets as at 30 June 2014 total \$122,067,706. Property, plant and equipment makes up 68% of total assets, followed by 40-year finance leases on social housing at 20% of total assets.

As shown in graph 3, current assets consist of cash and cash equivalents, trade and other receivables, inventories and other financial assets. Non-current assets consist of long term assets like property, plant and equipment and capital works in progress.

## LIABILITIES

Total liabilities as at 30 June 2014 are \$3,839,359. Liabilities mostly consist of amounts owing to suppliers (98%) and amounts owing to employees for leave entitlements (2%) as shown in graph 4.

## COMMUNITY EQUITY

Council's total community equity as at 30 June 2014 is \$118,228,347. Community equity is equal to total assets (what we own) minus total liabilities (what we owe).

The asset revaluation reserve represents the movement in values of property, plant and equipment.

Further details and a breakdown of the community equity can be found in the notes to the financial statements from note 17 to 19.

## 11. Summary of Rates, Charges, Service Levy

Utility charges for water, sewerage and cleansing are levied on all Government and Private Enterprises yearly.

A Local Government Service Levy is charged for all wage earning residents of the community.

Rates, Charges and Service Levy are charged in accordance with the fees and charges schedule approved during the 2013/14 Budget and Council did not grant any concessions for the above charges.

An Airport Landing Fee is charged for all commercial, chartered and private flights. Council grants an exemption of this fee to the Royal Flying Doctor Service.



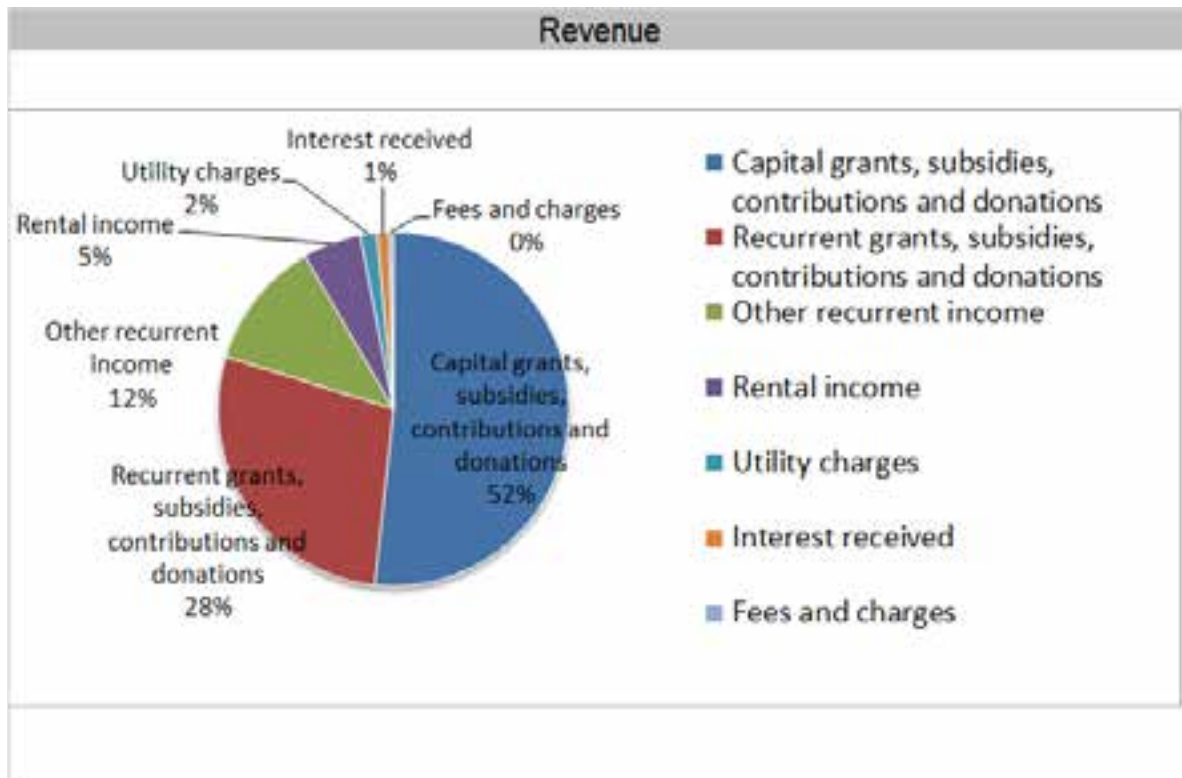
**Sculpture by Gary Namponan**

## STATEMENT OF COMPREHENSIVE INCOME

### REVENUE

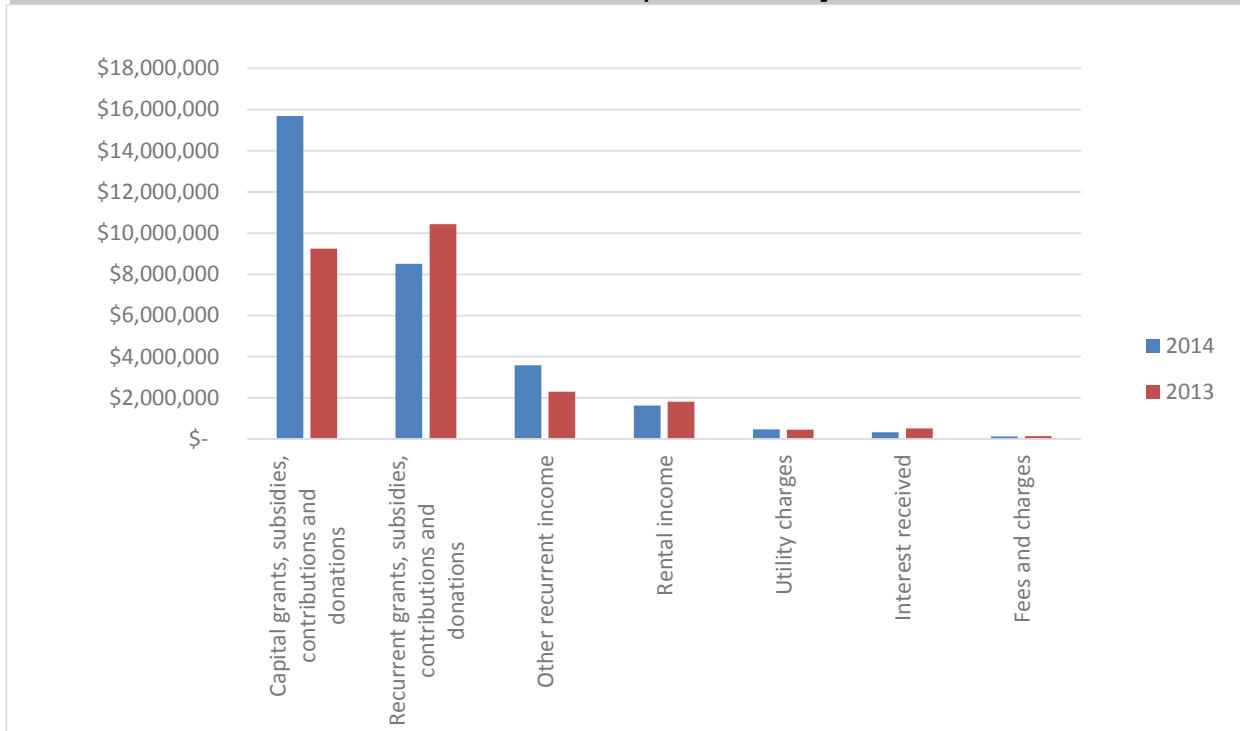
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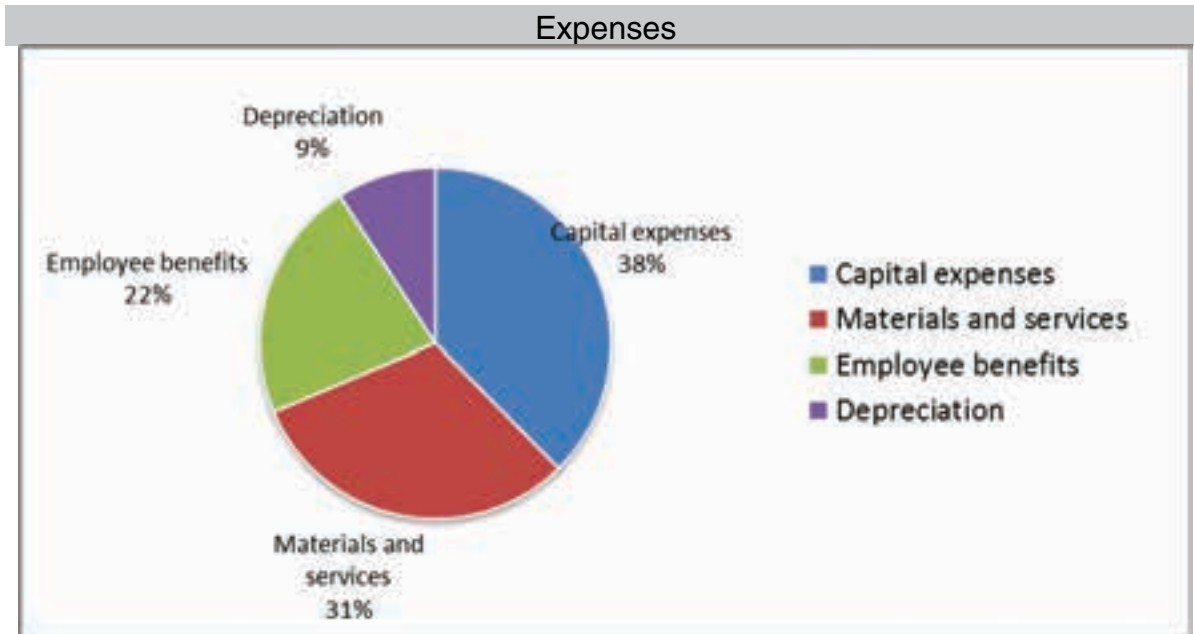
Income	2014	2013
Capital grants, subsidies, contributions and donations	\$ 15,695,595	\$ 9,251,078
Recurrent grants, subsidies, contributions and donations	\$ 8,510,879	\$10,439,441
Other recurrent income	\$ 3,581,090	\$ 2,306,636
Rental income	\$ 1,625,603	\$ 1,813,656
Utility charges	\$ 467,254	\$ 449,770
Interest received	\$ 336,547	\$ 515,810
Fees and charges	\$ 124,271	\$ 136,799
<b>Total Income</b>	<b>\$ 30,341,239</b>	<b>\$24,913,190</b>

## How does that compare to last year?

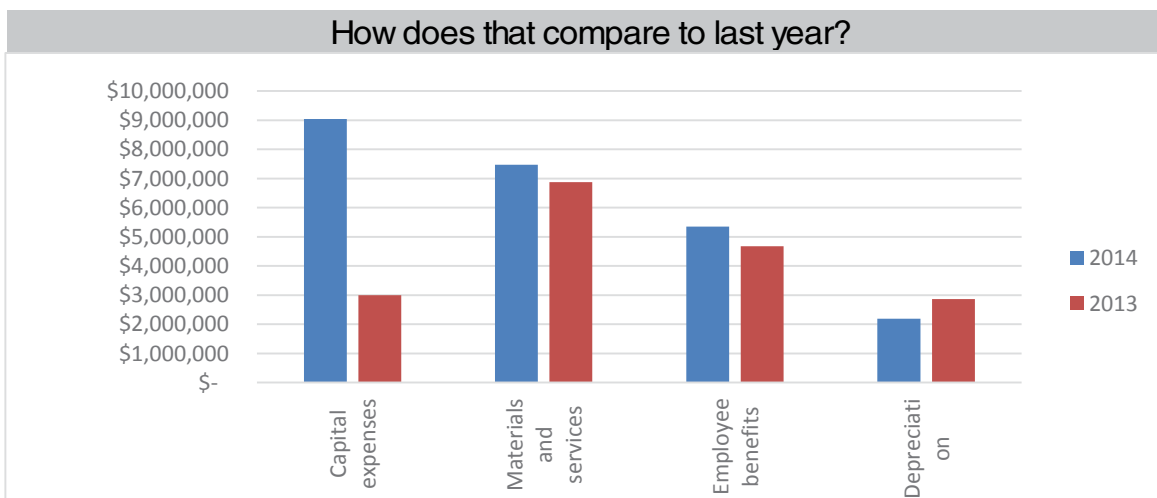


## EXPENSES

Materials and services and employee costs make up 31% of the total expenditure for Council as shown in graph 2. Council has a strong labour workforce to provide maintenance, water and waste services, child care, aged care, community services and capital infrastructure for the community. In 2013/14 financial year Council transferred \$9,406,081 of assets located in the land handed over to Ngan Aak-Kunch Aboriginal Corporation RNTBC, represented by Capital Expense of 38%.



Expenses	2014	2013
Capital expenses	\$ 9,046,081	\$ 2,999,485
Materials and services	\$ 7,472,121	\$ 6,879,858
Employee benefits	\$ 5,351,467	\$ 4,678,958
Depreciation	\$ 2,194,945	\$ 2,859,957
<b>Total Expenses</b>	<b>\$24,064,614</b>	<b>\$17,418,258</b>

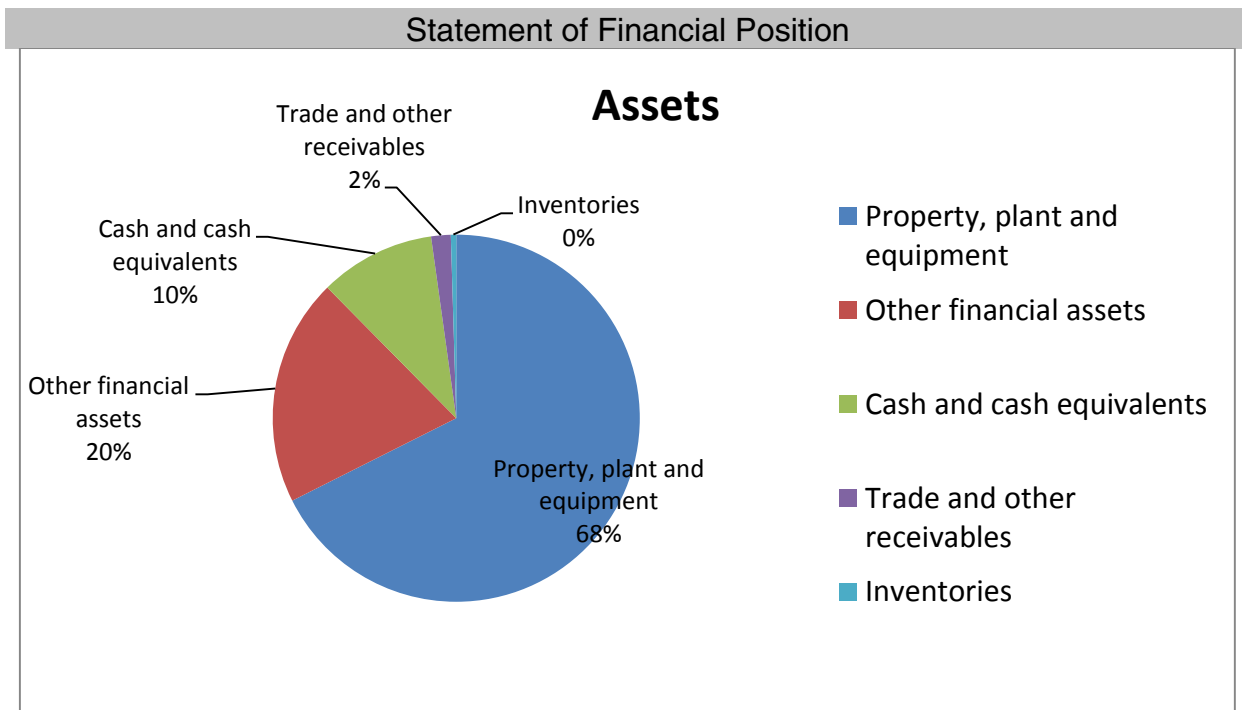


## STATEMENT OF FINANCIAL POSITION

### ASSETS

Council assets as at 30 June 2014 total \$122,067,706. Property, plant and equipment makes up 68% of total assets, followed by 40-year finance leases on social housing at 20% of total assets.

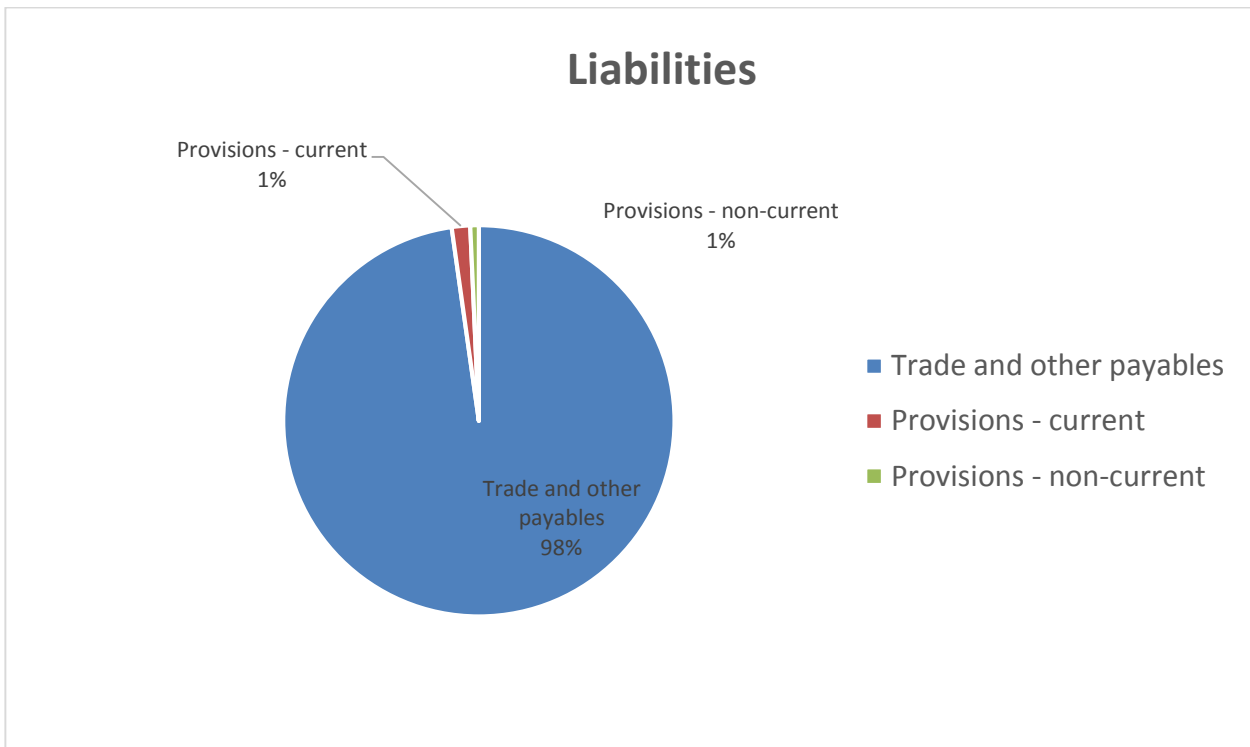
As shown in graph 3, current assets consist of cash and cash equivalents, trade and other receivables, inventories and other financial assets. Non-current assets consist of long term assets like property, plant and equipment and capital works in progress.



Assets	2014	2013
Property, plant and equipment	\$ 82,503,134	\$ 77,466,644
Other financial assets	\$ 24,435,654	\$ 22,435,214
Cash and cash equivalents	\$ 12,444,873	\$ 14,020,341
Trade and other receivables	\$ 2,105,013	\$ 1,792,688
Inventories	\$ 579,032	\$ 355,968
<b>Total Assets</b>	<b>\$122,067,706</b>	<b>\$116,070,856</b>

## LIABILITIES

Total liabilities as at 30 June 2014 are \$3,839,359. Liabilities mostly consist of amounts owing to suppliers (98%) and amounts owing to employees for leave entitlements (2%) as shown in graph 4.



Liabilities	2014	2013
Trade and other payables	\$ 3,753,780	\$ 2,412,238
Provisions - current	\$ 58,436	\$ 75,167
Provisions - non-current	\$ 27,143	\$ 49,280
<b>Total Liabilities</b>	<b>\$ 3,839,359</b>	<b>\$ 2,536,685</b>



Rebecca Wolmby Fruit Basket



Roderick Yunkaporta Ku Camp Dog

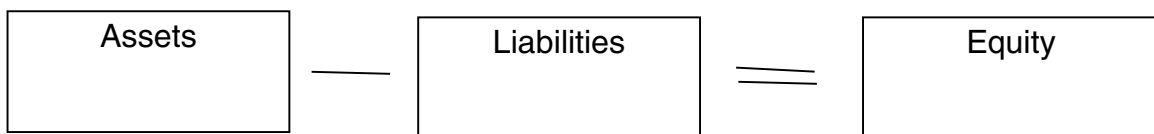
## COMMUNITY EQUITY

Council's total community equity as at 30 June 2014 is \$118,228,347. Community equity is equal to total assets (what we own) minus total liabilities (what we owe).

The asset revaluation reserve represents the movement in values of property, plant and equipment.

Further details and a breakdown of the community equity can be found in the notes to the financial statements from note 17 to 19.

### Community Equity



Equity	2014	2013
Total Assets	\$122,067,706	\$116,070,856
Total Liabilities	\$ 3,839,359	\$ 2,536,685
<b>Total Equity</b>	<b>\$118,228,347</b>	<b>\$113,534,171</b>

### How does that compare to last year?



## Statutory Reporting Requirements

This annual report has been prepared in accordance with Chapter 5, Part 3 of the Local Government Regulation 2012.

### 1. Councillors and Councillor Remuneration

Councillors are elected for a four year term to represent the Shire and the community of Aurukun.

Councillors must:

- Attend Council meetings regularly and all other meetings as required from time to time;
- Vote on matters requiring a decision;
- Perform their duties and responsibilities in a transparent, impartial and faithful manner at all times.

#### Meetings:

The following table displays the Councillors' attendance at meetings for 2013/2014:

2013/2014	Ordinary Meetings	Special Meetings
Cr Walpo	11	6
Cr Angus Kerindun	10	6
Cr Koomeeta	5	8
Cr Woolla	10	5
Cr Edgar Kerindun	11	8

The following table displays the total Councillors' remuneration for the year:

Councillor	Gross \$	Superannuation \$	Total \$
Cr Dereck Walpo	92,782	8,351	101,133
Cr Angus Kerindun	53,586	4,701	58,287
Cr Edgar Kerindun	46,390	5,483	51,873
Cr Vera Koomeeta	46,390	5,483	51,873
Cr Ada Woolla	46,390	5,483	51,873

#### Resolution – Councillors Remuneration

Notice is hereby given that at a Special Meeting of Council held on 26 February 2013, the following resolution was passed:

RESOLVED THAT Council sets the 2014 Remuneration for the Mayor, Deputy Mayor and Councillors as outlined in the Remuneration Schedule as follows:

Mayor - 65% of the reference rate (\$140,578) which represents \$91,376 p.a.;  
Deputy Mayor - 37.5% of the reference rate (\$140,578) which represents \$52,717 p.a.;  
Councillors - 32.5% of the reference rate (\$140,578) which represents \$45,688 p.a.

Carried

## Councillor Expenses

<b>Councillors travel and accommodation expenses 2013/2014</b>	
Cr Dereck Walpo	10,407
Cr Angus Kerindun	3,608
Cr Edgar Kerindun	1,164
Cr Vera Koomeeta	1,164
Cr Ada Woolla	1,393
<b>Total</b>	<b>\$17,736</b>

## 2. Councillors' code of conduct

In accordance with sections 186 of the Local Government Regulation 2012, the annual report must provide the following information:

<b>Item</b>	<b>Result</b>
<b>Section 186 (d)</b>	
(i) The total number of the orders and recommendations made under section 180 (2) or (4) of the Act.	Nil
(ii) Orders made under section 181 of the Act.	Nil
<b>Section 186 (e)</b>	
(i) The name of each councillor in relation for whom an order or recommendation was made under section 180 of the Act or as order was made under section 181 of the Act.	Section 180 – Not applicable Section 181 – Not applicable
(ii) A description of the misconduct or inappropriate conduct engaged in by each of the Councillors.	Nil
(iii) A summary of the order or recommendation made for each Councillor.	Not applicable
<b>Section 186 (f)</b>	
(i) Complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 176C (2) of the Act.	Nil
(ii) Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act.	Nil
(iii) Complaints referred to the Mayor under section 176(3)(a)(ii) or (b) (i) of the Act.	Nil

(iv) Complaints referred to the department's Chief Executive under section 176C(4)(a) of the Act.	Nil
(v) Complaints assessed by Chief Executive Officer as being about official misconduct.	Not applicable
(vi) Complaints heard by a conduct review panel.	Not applicable
(vii) Complaints heard by the tribunal.	Not applicable
(viii) Complaints to which section 176C(6) of the Act applied.	Nil

### 3. Complaints Management

The Council has a complaints management process in place and is committed to dealing fairly with administrative complaints. The complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision. The complaints management process will be made available to the public on Council's website. During 2013/14, there was one complaint lodged with Council under the complaints management process.

### 4. Senior Contract Employees

At 30th June 2014 Aurukun Shire Council employed five senior contract employees. Details of the total remuneration packages for the senior contract employees are as follows:

- 1 senior contract employee with a total remuneration package in the range of \$150,000 to \$199,999.
- 2 senior contract employees with a total remuneration package in the range of \$120,000 to \$149,999.
- 2 senior contract employees with a total remuneration package in the range of \$100,000 to \$119,000.

### 5. Overseas travel

No Council staff or Councillors undertook any overseas travel on Council business during the 2013/14 financial year.

### 6. Grants to Community Organisations

Concessions were not paid for the waiver of:

- Hire or rental fees associated with council facilities

- Airport landing charges

During the 2013/2014 financial year no grants were paid to community organisations.

## **7. Reserves and Controlled Roads**

No land that is a reserve under the Land Act or roads that are not owned by the Council were under the control of the Council at any time during the financial year.

## **8. Assessment of Performance in Implementing Corporate, Operational and Community Plans**

### **Corporate Plan**

The Council adopted its corporate plan for the five years ending 30 June 2019 at its meeting held on 4 February 2014. The corporate plan sets out the strategic direction of the Council's operations and activities for the abovementioned period.

### **Operational Plan**

The operational plan has been developed annually and is linked to the objectives in the new corporate plan. The operational plan sets out the projects and services Council will deliver in the financial year.

### **Community Plan**

Council engaged Aurecon to prepare the community plan. They undertook appropriate consultation and have now presented a comprehensive draft plan to Council. This ten year community plan will be reviewed and adapted in the future.

## **9. Invitations to Tenderers to Change Tenders**

There were nil instances during 2012/13 where persons who had submitted a tender to Council were invited to change their tenders.

## **10. Registers kept by Council**

The following registers are held by Aurukun Shire Council and are available for viewing by members of the public on request:

- Minutes of Council meetings
- Register of Personal interest of Councillors
- Register of Personal interest of Chief Executive Officer/ and Senior Executive Managers
- Road Register/Road Map
- Schedule of Fees and Charges
- Register of Local Laws and Subordinate Local Laws
- Registers of Burials

- Register of Regulatory Fees
- Register of Delegations
- Register of Council Policies
- Register of Contact by Lobbyists

## **11. Summary of Rates, Charges, Service Levy**

Utility charges for water, sewerage and cleansing are levied on all Government and Private Enterprises yearly.

Local Government Service Levy is charged for all wage earning residents of the community.

Rates, Charges and Service Levy are charged in accordance with the fees and charges schedule approved during the 2013/14 Budget and Council did not grant any concessions for the above charges.

Airport Landing fee is charged for all commercial, chartered and private flights. Council grants an exemption of this fee to the Royal Flying Doctors.

## **12. Internal Audit**

The Council appointed the firm Pacifica Chartered Accountants as its internal auditors for a three year period from 1 July 2010 to 30 June 2013. The internal auditors work with management to identify and recommend improvements in Council's operations, systems and processes.

Council will be seeking compliance with the changes to the Local Government Regulation 2012 provisions concerning internal audit in financial year 14-15.

## **13. Equal Employment Opportunity**

Aurukun Shire Council is an equal opportunity employer and does not discriminate against any individual or members of groups. The Council is committed and dedicated throughout its management and operations in recruiting and retaining the best available staff to:

- Improve the Council's efficiency and productivity, and
- Ensure effective and efficient service delivery to the community of Aurukun, and
- Meet and fulfil its obligations of equity and fairness.

Council's EEO Management Plan is aimed at ensuring all employees and applicants for employment are treated fairly, basing selection and promotion only on factors relevant to the job, such as skills, qualification, abilities and aptitude.

## **14. Capital Project Works**

Council completed the following works program during the period 1 July 2013 to 30 June 2014.

- Aged Care Facility
- New Cemetery
- Residential subdivision
- Wuungkam Lodge accommodation upgrade (part completion)

## 15. Consultants

A list of services rendered by category:

<b>Consultants Appointed</b>	<b>Purpose</b>	<b>Expenditure for the Year</b>
Business Mapping Solutions	Economic Development	\$125,986
Future Computers	I.T.	\$81,134
Colliers International	Marketing	\$12,722
RB Gould & Associates	Civil Engineering	\$78,447
Aurecon Group	Engineers + Project Managers	\$80,176
Black and More	Construction Project Managers	\$90,940
Darren Oertel	Surveying	\$17,310
APV	Asset Valuations	\$34,600

## 16. Advertising

Advertising for the year was \$22,957.

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**Sunset in Aurukun**



**Aurukun Community in Action**

**Annual Financial Statements (QAO audited)**

**AURUKUN SHIRE COUNCIL  
ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2014

**AURUKUN SHIRE COUNCIL**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Utility charges	3	467,254	449,770
Fees and charges	3	124,271	136,799
Rental income	3	1,625,803	1,813,656
Interest received	3	336,547	515,810
Other recurrent income	3	3,581,090	2,306,636
Grants, subsidies, contributions and donations	4	8,510,879	10,439,441
<b>Total recurrent revenue</b>		<b>14,645,644</b>	<b>15,662,112</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4	15,695,595	9,251,078
<b>Total capital revenue</b>		<b>15,695,595</b>	<b>9,251,078</b>
<b>Total revenue</b>		<b>30,341,239</b>	<b>24,913,190</b>
<b>Total Income</b>		<b>30,341,239</b>	<b>24,913,190</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(5,351,467)	(4,678,958)
Materials and services	6	(7,472,121)	(6,879,858)
Loss on revaluation of finance leases		0	(1,462,712)
Depreciation and amortisation	7	(2,194,545)	(2,859,957)
<b>Total recurrent expenses</b>		<b>(15,018,533)</b>	<b>(15,881,485)</b>
<b>Capital expenses</b>	8	<b>(9,046,081)</b>	<b>(1,536,773)</b>
<b>Total expenses</b>		<b>(24,064,614)</b>	<b>(17,418,258)</b>
<b>Net result</b>		<b>6,276,625</b>	<b>7,494,932</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase/(decrease) in asset revaluation surplus	17	(1,582,448)	568,813
<b>Total other comprehensive income for the year</b>		<b>(1,582,448)</b>	<b>568,813</b>
<b>Total comprehensive income for the year</b>		<b>4,694,177</b>	<b>8,063,745</b>

*The above statement should be read in conjunction with the accompanying notes and significant accounting policies.*

**AURUKUN SHIRE COUNCIL**  
**Statement of Financial Position**  
As at 30 June 2014

	Notes	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	9	12,444,873	14,020,341
Trade and other receivables	10	2,105,013	1,792,688
Inventories	11	579,032	355,968
Other financial assets	12	707,949	686,414
<b>Total current assets</b>		<b><u>15,836,867</u></b>	<b><u>16,855,411</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	13	82,503,134	77,466,644
Other financial assets	12	23,727,705	21,748,800
<b>Total non-current assets</b>		<b><u>106,230,839</u></b>	<b><u>99,215,444</u></b>
<b>Total assets</b>		<b><u>122,067,706</u></b>	<b><u>116,070,855</u></b>
<b>Current liabilities</b>			
Trade and other payables	15	3,753,780	2,412,238
Provisions	16	58,436	75,167
<b>Total current liabilities</b>		<b><u>3,812,216</u></b>	<b><u>2,487,405</u></b>
<b>Non-current liabilities</b>			
Provisions	16	27,143	49,280
<b>Total non-current liabilities</b>		<b><u>27,143</u></b>	<b><u>49,280</u></b>
<b>Total liabilities</b>		<b><u>3,839,359</u></b>	<b><u>2,536,685</u></b>
<b>Net community assets</b>		<b><u>118,228,347</u></b>	<b><u>113,534,170</u></b>
<b>Community equity</b>			
Asset revaluation surplus	17	114,536,875	116,119,323
Retained surplus/(deficit)	18	3,691,472	(2,585,153)
Reserves	19	0	0
<b>Total community equity</b>		<b><u>118,228,347</u></b>	<b><u>113,534,170</u></b>

*The above statement should be read in conjunction with the accompanying notes and significant accounting policies.*

**AURUKUN SHIRE COUNCIL**  
**Statement of Changes in Equity**  
For the year ended 30 June 2014

	Asset revaluation surplus Note 17		Retained surplus Note 18		Reserves Note 19		Total
	2014	2013	2014	2013	2014	2013	
Balance as at 1 July	\$ 116,119,323	\$ 115,550,510	\$ (2,585,154)	\$ (17,075,985)	\$ 0	\$ 6,995,900	\$ 113,534,169
Other comprehensive income for the year increase/(decrease) in asset revaluation surplus	(1,582,448)	568,813	0	0	0	0	(1,582,448)
Net income recognised directly in equity	(1,582,448)	568,814	0	0	0	0	(1,582,448)
Net result	0	0	6,276,625	7,494,932	0	0	6,276,625
<b>Total comprehensive income for the year</b>	<b>(1,582,448)</b>	<b>568,814</b>	<b>6,276,625</b>	<b>7,494,932</b>	<b>0</b>	<b>0</b>	<b>4,694,177</b>
<b>Transfers to and from reserves</b>							
Transfers to reserves	0	0	0	0	0	0	0
Transfers from reserves	0	0	0	6,995,900	0	(6,995,900)	0
<b>Total transfers to and from reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,995,900</b>	<b>0</b>	<b>(6,995,900)</b>	<b>0</b>
<b>Balance as at 30 June</b>	<b>114,536,875</b>	<b>116,119,323</b>	<b>3,691,471</b>	<b>(2,585,154)</b>	<b>0</b>	<b>0</b>	<b>118,228,347</b>
<b>Transfers to and from reserves</b>							
Council's cash and cash equivalents are subject to a number of external restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves. On 19 June 2013, Council passed a resolution to close all existing reserves and account for these using an internal management accounting system.							
All existing reserve balances were transferred to retained surplus/(deficit) on that date. Further information is supplied in note 9.							
The above statement should be read in conjunction with the accompanying notes and significant accounting policies.							

**AURUKUN SHIRE COUNCIL****Statement of Cash Flows**

For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		1,202,721	2,630,542
Payments to suppliers and employees		<u>(11,743,978)</u>	<u>(14,473,078)</u>
		<b>(10,541,256)</b>	<b>(11,842,536)</b>
Interest received		336,547	515,810
Rental income		1,596,321	986,059
Non capital grants and contributions	4	<u>8,510,879</u>	<u>10,439,441</u>
<b>Net cash inflow (outflow) from operating activities</b>	<b>23</b>	<b><u>(97,510)</u></b>	<b><u>98,774</u></b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	13	(4,340,413)	(7,023,890)
Proceeds from sale of property, plant and equipment	8	4,200	38,540
Funds placed on term deposit		0	1,027,011
Finance lease receipts	12	686,414	570,922
Grants, subsidies, contributions and donations	4	<u>2,171,842</u>	<u>4,182,853</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b><u>(1,477,958)</u></b>	<b><u>(1,204,564)</u></b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>(1,575,468)</b>	<b>(1,105,790)</b>
Cash and cash equivalents at beginning of the financial year		<u>14,020,341</u>	<u>15,126,131</u>
<b>Cash and cash equivalents at end of the financial year</b>	<b>9</b>	<b><u>12,444,873</u></b>	<b><u>14,020,341</u></b>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1: Summary of significant accounting policies

#### 1.01 Basis of preparation

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

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

#### 1.02 Statement of compliance

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

#### 1.03 Constitution

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

#### 1.04 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.

#### 1.05 Currency

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

#### 1.06 Adoption of new and revised Accounting Standards

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

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

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2010)	1 January 2013
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2014
AASB 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2014
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1: Summary of significant accounting policies (continued)

#### 1.06 Adoption of new and revised Accounting Standards (continued)

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014, Part C Financial Instruments – 1 Jan 2015]	1 January 2014
Interpretation 21 Levies	1 January 2014

#### AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### Note 1: Summary of significant accounting policies (continued)

##### 1.07 Critical accounting judgement and key sources of estimation uncertainty

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

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

Valuation and depreciation of property, plant and equipment - Note 1.16, Note 13 and Note 14

Provisions - Note 1.20 and Note 16

Valuation of finance leases Note 1.18 and Note 14

Contingent liabilities - Note 20

##### 1.08 Revenue

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

###### (i) Utility charges

Where community levies are received prior to the commencement of the levy period, the amount is recognised as revenue in the period in which they are received.

###### (ii) Grants, subsidies, contributions and donations

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2012, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

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

###### (iii) Non-cash contributions

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

###### (iv) Rental income

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

###### (v) Interest received

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

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1: Summary of significant accounting policies (continued)

#### 1.08 Revenue (continued)

##### (vi) Sales revenue

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

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

##### (vii) Fees and charges

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

##### (viii) Other recurrent income

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

#### 1.09 Financial assets and financial liabilities

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

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

##### Financial assets

Cash and cash equivalents (Note 1.10)

Receivables - measured at amortised cost (Note 1.11)

Other financial assets (finance leases) - measured at fair value (Note 1.18)

##### Financial liabilities

Payables - measured at amortised cost (Note 1.19)

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

The fair value of financial instruments is determined as follows:

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

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost. For other financial assets (finance leases), refer to note 1.18.

Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position except for other financial assets (finance leases).

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 24.

## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### Note 1: Summary of significant accounting policies (continued)

##### 1.10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### 1.11 Receivables

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

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

The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

##### 1.12 Inventories

Plant and equipment stores and miscellaneous saleable items are held for distribution and valued at cost, adjusted when applicable for any loss of service potential.

##### 1.13 Other financial assets

Refer to Note 1.13 for the accounting policy relating to finance lease assets.

##### 1.14 Non current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

##### 1.15 Investments

Term deposits in excess of three months are reported as investments with deposits of less than three months being reported as cash equivalents.

##### 1.16 Property, plant and equipment

Each class of property, plant and equipment is stated at amortised cost or fair value. 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.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1: Summary of significant accounting policies (continued)

#### 1.16 Property, plant and equipment (continued)

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

Office equipment	Aerodrome
Plant and equipment	Sewerage
Buildings and other structures	Water
Road, drainage, and bridge network	Capital works in progress

##### (i) Acquisition of assets

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

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

##### (ii) Capital and operating expenditure

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

##### (iii) Valuation

Buildings and all infrastructure asset classes are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. Other plant and equipment and work in progress are measured at cost.

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

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

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

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

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

Details of valuers and methods of valuations are disclosed in Note 14.

## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

## Note 1: Summary of significant accounting policies (continued)

### 1.16 Property, plant and equipment (continued)

#### (iv) 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.

#### (v) Depreciation

Depreciation on buildings and infrastructure asset classes, except plant and equipment and office equipment, is calculated on a consumption based depreciation method 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.

Depreciation on plant and equipment and office equipment is calculated on a straight-line basis.

As noted above the Council has adopted the Prabhu-Egerton asset management consumption model that incorporates the Advanced SLAM depreciation method which is a Consumption Based Depreciation (CBD) approach and is a variation on straight-line depreciation.

This methodology is based on the principle that it is difficult to accurately predict the total life for an asset when an asset is expected to have a long life and also be subject to cyclical maintenance which renews the asset. Therefore, an asset life-cycle is divided into a number of distinct phases identified as periods of transition between various consumption ratings. The consumption (depreciation) of the asset is calculated by making reference to the time of transition for each phase taking into account the relative reduction in asset value.

The key inputs used to determine the valuation are:

Pattern of consumption

Useful life

Residual value

Consumption rating

This methodology is based on Australian Pacific Valuers Pty Ltd (APV) default values which take into account the typical lifecycle and renewal treatment utilised by local governments.

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

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

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

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

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1: Summary of significant accounting policies (continued)

#### 1.16 Property, plant and equipment (continued)

##### (v) Depreciation (continued)

Depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed annually and adjusted where necessary. For each class of depreciable asset the following depreciation rates were used.

<b>Asset</b>	<b>Range of useful lives</b>
Office equipment	2 – 8 years
Plant and equipment	2 – 33 years
Buildings and other structures	15 – 100 years
Road, drainage, and bridge network	15 – 100 years
Aerodrome	15 – 100 years
Sewerage	20 – 50 years
Water	10 – 50 years

##### (vi) Leasehold land

The Aurukun Shire Council is located on land assigned to it under the Aboriginal Lands Lease No 1 granted to the Council pursuant to the provisions of the Local Government (Aboriginal Lands) Act 1978. In September 2013, the Queensland Government granted Aboriginal freehold title for lands constrained within the Aurukun Shire Council lease under the Deed of Grant of Land over an area of 286.1425 hectares described in Title References 40066957 and 4066958.

The land is administered through the provisions of the aforementioned legislation and the Council has restricted use of this land for the benefit of shire inhabitants. The grant was made to secure, for the benefit of the Aborigines who reside on the land, preservation of their traditional rights, use and occupancy of the land enjoyed by them as at 6 April 1978. The freehold land has not been taken up in the Council's assets as it cannot be reliably measured.

#### 1.17 Impairment of non-current assets

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 asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value in use.

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

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

#### 1.18 Leases

Leases of plant and equipment under which the Council as lessee assumes 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.

## **Note 1: Summary of significant accounting policies (continued)**

### **1.18 Leases (continued)**

#### **(i) Finance leases as lessee**

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

#### **(ii) Finance leases as lessor**

Council has leased 241 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,800. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

#### **(iii) Operating leases**

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

### **1.19 Payables**

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

### **1.20 Liabilities - employee benefits**

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

#### **(i) Salaries and wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

#### **(ii) Annual leave**

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wages and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable.

#### **(iii) Sick leave**

Sick leave is non-vesting and so any sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

## Note 1: Summary of significant accounting policies (continued)

### 1.20 Liabilities - employee benefits (continued)

#### (iv) Superannuation

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

Details of those arrangements are set out in Note 22.

#### (v) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

### 1.21 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in the carrying values 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 this surplus.

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

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

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

### 1.22 Reserves

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

On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

**Note 1: Summary of significant accounting policies (continued)**

**1.23 National Competition Policy**

The Council has reviewed its activities and has not identified any activities that are business activities. Accordingly, the code of competitive conduct has not been applied to any activity of the Council.

**1.24 Rounding and comparatives**

The financial statements have been rounded to the nearest \$1.  
Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1.25 Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. The monies are disclosed in Note 21 to the financial statements for information purposes only.

**1.26 Taxation**

Local authorities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Taxation Office or payable to the Australian Taxation Office is shown as an asset or liability respectively.

The Council is not required to pay payroll tax to the Queensland Government.

Note 2: Analysis of results by function  
(a) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2014 Functions	Gross program income			Elimination of inter-function transactions 2014	Total income 2014	Gross program expenses			Elimination of inter-function transactions 2014	Total expenses 2014	Net result from recurring operations 2014	Net result 2014	Assets 2014
	Recurring	Grants	Capital			Recurring	Capital						
Corporate services	\$ 2,992,284	\$ 3,323,175	\$ 0	\$ 0	\$ 5,915,459	\$ 3,431,234	\$ 0,046,081	\$ 0	\$ (6,350,228)	\$ 6,118,087	\$ 8,943,453	\$ (202,628)	\$ 17,021,701
Engineering services	\$ 3,013,432	\$ 457,380	\$ 0	\$ 0	\$ 3,472,812	\$ 5,627,917	\$ 1,179	\$ 0	\$ 1,179	\$ 5,629,096	\$ (2,156,284)	\$ (2,156,284)	\$ 11,930,263
Environmental services	\$ 160,000	\$ 0	\$ 5,785	\$ 0	\$ 165,850	\$ 215,084	\$ 0	\$ 0	\$ 0	\$ 215,084	\$ (55,619)	\$ (59,834)	\$ 409,735
Welfare & social services	\$ 1,723,078	\$ 510,000	\$ 0	\$ 0	\$ 2,292,309	\$ 1,845,788	\$ 0	\$ 0	\$ 0	\$ 1,845,788	\$ (63,459)	\$ (46,541)	\$ 10,969,910
Community & cultural services	\$ 303,320	\$ 100,000	\$ 0	\$ 0	\$ 1,134,728	\$ 1,348,067	\$ 9,044,902	\$ 0	\$ 9,044,902	\$ 10,391,859	\$ (9,957,141)	\$ (9,207,141)	\$ 10,522,201
Housing	\$ 0	\$ 215,432	\$ 77,501	\$ 0	\$ 322,933	\$ 533,265	\$ (2,006,653)	\$ 0	\$ (2,006,653)	\$ (2,053,588)	\$ 2,290,020	\$ 2,378,021	\$ 32,752,370
Public amenities & utilities	\$ 647,702	\$ 1,381,008	\$ 281,532	\$ 0	\$ 2,330,201	\$ 918,826	\$ 0	\$ 0	\$ 0	\$ 918,826	\$ (412,762)	\$ 13,708,014	\$ 24,347,338
Enterprises	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,120,000	\$ 1,411,435	\$ 14,109,309
ICC programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 5,519,379</b>	<b>\$ 5,134,165</b>	<b>\$ 15,695,595</b>	<b>\$ 0</b>	<b>\$ 30,341,239</b>	<b>\$ 15,018,534</b>	<b>\$ 9,046,081</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,064,615</b>	<b>\$ (372,890)</b>	<b>\$ 8,276,626</b>	<b>\$ 122,067,705</b>

Year ended 30 June 2013  
Functions

Year ended 30 June 2013 Functions	Gross program income			Elimination of inter-function transactions 2013	Total income 2013	Gross program expenses			Elimination of inter-function transactions 2013	Total expenses 2013	Net result from recurring operations 2013	Net result 2013	Assets 2013
	Recurring	Grants	Capital			Recurring	Capital						
Corporate services	\$ 2,671,744	\$ 807,500	\$ 0	\$ 0	\$ 4,149,240	\$ 2,087,224	\$ 0	\$ 0	\$ 0	\$ 2,087,224	\$ 1,562,024	\$ 1,562,024	\$ 15,030,778
Engineering services	\$ 5,105,702	\$ 1,336,051	\$ 223,000	\$ 0	\$ 5,302,397	\$ 4,398,325	\$ 5,862	\$ 0	\$ 0	\$ 4,404,187	\$ 670,058	\$ 898,199	\$ 14,488,917
Environmental services	\$ 616,487	\$ 0	\$ 0	\$ 0	\$ 616,487	\$ 502,450	\$ 0	\$ 0	\$ 0	\$ 502,450	\$ 108,037	\$ 108,037	\$ 433,223
Welfare & social services	\$ 1,462,279	\$ 42,730	\$ 2,290,000	\$ 0	\$ 3,795,009	\$ 2,306,432	\$ 0	\$ 0	\$ 0	\$ 2,306,432	\$ (800,067)	\$ 1,489,033	\$ 4,481,717
Community & cultural services	\$ 433,234	\$ 278,473	\$ 0	\$ 0	\$ 711,697	\$ 1,394,012	\$ 0	\$ 0	\$ 0	\$ 1,394,012	\$ (692,325)	\$ (692,325)	\$ 10,366,721
Housing	\$ 180,000	\$ 440,400	\$ 5,068,204	\$ 0	\$ 5,694,624	\$ 462,377	\$ 2,993,622	\$ 0	\$ 0	\$ 3,455,999	\$ 164,023	\$ 2,298,025	\$ 36,397,162
Public amenities & utilities	\$ 608,296	\$ 482,169	\$ 504,850	\$ 0	\$ 1,077,695	\$ 1,096,368	\$ 0	\$ 0	\$ 0	\$ 1,096,368	\$ (583,259)	\$ (78,409)	\$ 11,627,329
Enterprises	\$ 695,957	\$ 1,133,308	\$ 1,190,000	\$ 0	\$ 2,964,364	\$ 742,153	\$ 0	\$ 0	\$ 0	\$ 742,153	\$ 1,062,211	\$ 2,222,211	\$ 13,338,963
ICC programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 10,639,441</b>	<b>\$ 3,222,671</b>	<b>\$ 9,251,078</b>	<b>\$ 0</b>	<b>\$ 24,913,190</b>	<b>\$ 14,418,773</b>	<b>\$ 2,999,485</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,418,258</b>	<b>\$ 1,243,340</b>	<b>\$ 7,494,932</b>	<b>\$ 116,070,863</b>



## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### Note 2(b): Components of Council functions

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

##### **Corporate services**

This comprises the support functions for the mayor and councillors, Council and committee meetings, statutory requirements, Council's finance, information technology and administration.

##### **Engineering services**

Includes construction and maintenance of Shire roads, operation and maintenance of plant and equipment, and provision of support for other Council activities.

##### **Environmental services**

Includes the operation and planning of the management of animal control, emergency services and health inspections.

##### **Welfare and social services**

Includes the provision of:

- Child care services
- Family and parenting programs
- Aged care program
- Home and community care program

##### **Community and cultural services**

Community services and facilities including cultural health, welfare, environmental and recreational services.

This function includes:

- Libraries
- Cemeteries
- Youth programs
- Training programs
- Traditional arts and crafts

##### **Housing**

Includes the provision of community housing and housing for Council employees.

##### **Public amenities and utilities**

Includes the operation of the aerodrome, provision of cleansing, water and sewerage services and barge landing

##### **Enterprises**

Includes provision of visitor accommodation, general store, Bendigo Bank agency, Australia Post agency, the undertaking of private works etc.

##### **ICC programs**

Includes Indigenous Coordination Centre programs.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Note 3: Revenue analysis</b>			
<b>(a) Utility charges</b>			
Community charges		76,211	83,099
Water		121,420	126,531
Sewerage		179,034	159,166
Garbage charges		90,589	80,974
		<u>467,254</u>	<u>449,770</u>
<b>(b) Fees and charges</b>			
Fees and charges		124,271	136,799
		<u>124,271</u>	<u>136,799</u>
<b>(c) Rental income</b>			
Housing, building and land rental		1,113,914	1,181,424
Operating lease income	25	511,689	632,232
		<u>1,625,603</u>	<u>1,813,656</u>
<b>(d) Interest received</b>			
Interest received from term deposits		336,547	515,810
		<u>336,547</u>	<u>515,810</u>
<b>(e) Other recurrent income</b>			
Private works		444,460	1,832,205
Art work sales		82,408	165,067
Agency commissions		146,141	130,837
Other income		221,228	178,527
Gain on revaluation of finance leases		2,686,853	0
		<u>3,581,090</u>	<u>2,306,636</u>

There was a loss on the revaluation of finance leases the prior year. The comparative note is disclosed in Note 8.

## Note 4: Grants, subsidies, contributions and donations

<b>(a) Recurrent</b>			
General purpose grants		2,386,780	3,260,911
State Government specific and special purpose grants		4,290,043	4,883,637
Commonwealth Government specific and special purpose grants		1,715,655	2,111,309
Contributions, donations and other grants		118,401	183,584
		<u>8,510,879</u>	<u>10,439,441</u>
<b>(b) Capital</b>			
State Government capital grants		1,553,092	6,293,789
Commonwealth Government capital grants		1,312,750	1,400,000
Contributions, donations and other grants		12,823,753	1,557,289
		<u>15,695,595</u>	<u>9,251,078</u>

	Notes	2014 \$	2013 \$
<b>Note 5: Employee benefits</b>			
Total staff wages and salaries		3,977,337	3,416,694
Councillors' remuneration		285,539	254,393
Annual, sick and long service leave entitlements		503,466	473,379
Superannuation	22	475,457	393,525
		<u>5,241,799</u>	<u>4,537,992</u>
Other employee related expenses		189,327	158,864
		<u>5,431,126</u>	<u>4,696,856</u>
Less: capitalised employee expenses		(79,659)	(17,898)
		<u><u>5,351,467</u></u>	<u><u>4,678,958</u></u>

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

**Total Council employees at the reporting date:**

Elected members	5	5
Administrative staff	50	48
Depot and outdoors staff	54	42
<b>Total full time equivalent employees</b>	<u><u>109</u></u>	<u><u>95</u></u>

**Note 6: Materials and services**

Administration expenses	1,023,592	779,046
Aged care	397,246	505,013
Arts centre	310,150	347,489
Audit services	65,123	81,273
Child care	298,966	323,784
Bad and doubtful debts	0	(27,740)
Other material and services	945,391	1,498,749
Plant operations	357,136	583,925
Private works	335,505	542,301
Property, building and housing	790,670	598,168
Road works	2,405,128	1,102,123
Technical services	537,928	418,629
Write-down of inventories	5,278	127,098
	<u><u>7,472,121</u></u>	<u><u>6,879,858</u></u>

**Note 7: Depreciation and amortisation**

Buildings	882,375	1,632,684
Plant and equipment	233,365	173,060
Aerodrome	174,121	172,397
Office equipment	41,102	23,225
Road, drainage and bridge network	665,650	659,063
Water	71,623	72,924
Sewerage	126,705	126,525
	<u><u>2,194,945</u></u>	<u><u>2,859,957</u></u>

<b>Notes</b>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Note 8: Capital expenses</b>		
<b>Loss on the disposal of non-current assets</b>		
Book value of property, plant and equipment disposed	5,378	44,402
Less: proceeds from the sale of property, plant and equipment	<u>(4,200)</u>	<u>(38,540)</u>
	<u>1,179</u>	<u>5,862</u>
<b>Loss on the transfer of assets via land transfer</b>		
Book value of property, plant and equipment disposed	9,044,902	0
Less: proceeds from the transfer of property, plant and equipment	<u>0</u>	<u>0</u>
	<u>9,044,902</u>	<u>0</u>
<b>Loss on transfer of assets via finance lease</b>		
Book value of property, plant and equipment transferred	0	2,253,444
Less: initial recognition of finance lease	<u>0</u>	<u>(722,533)</u>
	<u>0</u>	<u>1,530,911</u>
	<u>9,046,081</u>	<u>1,536,773</u>

Included in Council's property, plant and equipment at 30 June 2013 are certain buildings and other structures on outstations outside of the town area. The land on which these outstations are located has not been recognised as a Council asset (Note 1.16(vi)). Although these outstation assets were transferred to Council some years ago, Council has undertaken no operations as such on, or in respect of, these outstations which have been managed by the traditional owners. In September 2013, the land on which the Council is located was granted Aboriginal freehold title with title to the land outside the town area being awarded to the Ngan Aak-Kunch Aboriginal Corporation RNTBC ("NAK"). Accordingly, the outstation assets on the land which had become NAK freehold land are now under the control of NAK from September 2013 and Council has derecognised these assets at that date (for nil consideration). The net effects for Council of this 'transfer' of the outstation assets to NAK from September 2013 are the removal of the outstation assets amounting to \$9m from Council's property, plant and equipment and the consequent cessation of future depreciation expense (approximately \$170,000 pa) in respect of these assets. There is no effect on other Council revenues or expenses.

**Note 9: Cash and cash equivalents**

Cash at bank and on hand	4,503,985	6,320,289
Term deposits - 3 months or less	<u>7,940,888</u>	<u>7,700,053</u>
<b>Balance per Statement of Cash Flows</b>	<u>12,444,873</u>	<u>14,020,341</u>

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

\*Externally imposed expenditure restrictions at the reporting date:

Constrained works	566,161	2,708,037
Future recurrent expenditure	<u>1,162,107</u>	<u>1,302,759</u>
<b>Total unspent restricted cash</b>	<u>1,730,288</u>	<u>4,010,796</u>

**Note 10: Trade and other receivables**

Service charge debtors	431,141	98,788
Rent debtors	475,434	446,152
Other debtors	1,237,960	1,342,778
GST receivable	5,972	873
Less: impairment	<u>(15,494)</u>	<u>(95,903)</u>
	<u>2,105,013</u>	<u>1,792,688</u>

<u>Notes</u>	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Note 11: Inventories</b>		
<b>Inventories for consumption:</b>		
Miscellaneous saleable items	6,725	2,024
<b>Total inventories for consumption</b>	<b>6,725</b>	<b>2,024</b>
<b>Inventories for distribution:</b>		
Plant and equipment stores	582,307	363,944
Less: Provision for slow moving and obsolete materials	(10,000)	(10,000)
<b>Total inventories for distribution</b>	<b>572,307</b>	<b>353,944</b>
<b>Total inventories</b>	<b>579,032</b>	<b>355,968</b>

**Note 12: Other financial assets**

<b>Current</b>		
Finance leases on social housing	707,949	686,414
	<b>707,949</b>	<b>686,414</b>
<b>Noncurrent</b>		
Finance leases on social housing	23,727,705	21,748,800
	<b>23,727,705</b>	<b>21,748,800</b>

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

<b>Gross minimum lease payments receivable:</b>		
Not later than one year	707,949	686,414
Later than one year but not later than five years	2,831,795	2,745,655
Later than five years	23,140,873	23,123,172
	26,680,617	26,555,241
Add: Estimated contingent rent	16,827,737	17,370,160
Less: Present value adjustment	(19,072,700)	(21,490,167)
<b>Fair value of lease payments</b>	<b>24,435,654</b>	<b>22,435,214</b>

The fair value of lease payments are receivable as follows:

Not later than one year	707,949	686,414
Later than one year but not later than five years	2,797,595	2,683,196
Later than five years	20,930,110	19,055,604
	<b>24,435,654</b>	<b>22,435,214</b>

Movements in finance leases were as follows:

Opening balance	22,435,214	20,235,380
Add: initial recognition of new leases	0	4,233,439
Less: Lease receipts	(686,414)	(570,922)
Plus: Gain on revaluation	2,686,853	(1,462,712)
<b>Closing balance</b>	<b>24,435,654</b>	<b>22,435,214</b>

The calculation of fair value has included an estimate of average annual CPI increases of 2.50% per annum and a discount rate of 3.00% per annum.

**AURUKUN SHIRE COUNCIL**  
Notes to the Financial Statements  
For the year ended 30 June 2014

**Note 13(a): Property, plant and equipment**  
For the year ended 30 June 2014

Basis of measurement	Office equipment	Plant & equipment	Buildings and Other Structures	Road, drainage and bridge network	Aerodrome	Sewerage	Water	Capital works in progress	TOTAL	Note
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross value at cost as at 1 July 2013	449,394	5,649,654	0	0	0	0	0	7,585,174	13,684,222	
Opening gross value at valuation as at 1 July 2013	0	0	60,259,008	14,774,120	3,615,667	7,683,047	3,117,953	0	89,449,795	
Additions at cost	0	269,577	0	0	0	0	0	17,594,589	17,864,166	
Disposals	(49,133)	(226,763)	(13,592,230)	0	0	0	0	0	(13,868,126)	8
Transfers to/from	0	0	10,484,045	0	0	0	0	(10,484,045)	0	
Revaluation adjustment to asset revaluation surplus	0	0	(71,631)	(3,080,335)	36,156	108,654	43,025	0	(2,964,131)	17
Closing gross value as at 30 June 2014	400,261	5,692,468	57,079,191	11,693,784	3,651,823	7,791,701	3,160,978	14,695,718	104,165,925	
<b>Accumulated depreciation</b>										
Opening balance as at 1 July 2013	234,664	4,755,965	11,379,451	4,345,078	1,131,560	1,680,427	2,140,028	0	25,667,374	
Depreciation provided in period	41,102	233,365	882,375	665,650	174,121	126,709	71,623	0	2,194,945	
Depreciation on disposals	(49,133)	(221,384)	(4,547,328)	0	0	0	0	0	(4,817,845)	
Revaluation adjustment to asset revaluation surplus	0	0	60,756	(1,596,717)	9,590	108,892	35,796	0	(1,381,683)	17
Accumulated depreciation as at 30 June 2014	226,633	4,767,946	7,775,252	3,414,011	1,315,272	1,916,028	2,247,447	0	21,662,790	
<b>Book value as at 30 June 2014</b>	<b>173,428</b>	<b>924,523</b>	<b>49,303,938</b>	<b>8,279,772</b>	<b>2,336,550</b>	<b>5,875,672</b>	<b>913,532</b>	<b>14,695,718</b>	<b>82,503,134</b>	
Residual value	0	118,990	26,790,722	1,860,766	950,257	1,473,233	189,795	0	31,383,762	
Range of estimated useful life in years	2 - 8	2 - 33	15 - 100	15 - 100	15 - 100	20 - 50	10 - 50			
<b>Additions comprise:</b>										
Infrastructure Renewals	0	99,617	0	0	0	0	0	8,399,558	8,499,176	
Other additions	0	169,960	0	0	0	0	0	9,195,031	9,364,990	
Total additions	0	269,577	0	0	0	0	0	17,594,589	17,864,166	

**Note 13(b): Property, plant and equipment (continued)**  
For the year ended 30 June 2013

Basis of measurement	Note	Office equipment		Plant & equipment		Buildings		Road, drainage and bridge network		Aerodrome		Sewerage		Water		Capital works in progress		TOTAL	
		Cost	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Cost		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Asset values</b>																			
Opening gross value at cost as at 1 July 2012		351,863	0	5,564,646	0	0	0	0	0	0	0	0	0	0	0	917,686	0	6,833,996	
Opening gross value at valuation as at 1 July 2012		0	0	60,906,047	14,627,842	3,579,868	7,671,953	3,099,359	0	0	0	0	0	0	0	0	0	89,895,070	
Additions at cost		97,731	0	192,317	1,513,654	0	0	0	0	0	0	0	0	0	0	6,777,476	0	8,581,179	
Disposals	8	0	0	(107,309)	(2,862,971)	0	0	0	0	0	0	0	0	0	0	0	0	(2,970,280)	
Transfers to/from		0	0	0	109,988	0	0	0	0	0	0	0	0	0	0	(109,988)	0	0	
Revaluation adjustment to asset revaluation surplus	17	0	0	592,290	146,278	35,799	11,094	18,594	0	0	0	0	0	0	0	0	0	604,055	
<b>Closing gross value as at 30 June 2013</b>		<b>449,394</b>	<b>0</b>	<b>5,649,654</b>	<b>60,259,008</b>	<b>14,774,120</b>	<b>3,615,667</b>	<b>7,683,047</b>	<b>3,117,953</b>	<b>7,585,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,585,174</b>	<b>0</b>	<b>103,134,019</b>	
<b>Accumulated depreciation</b>																			
Opening balance as at 1 July 2012		211,639	0	4,645,302	10,176,857	3,648,376	949,666	1,550,185	2,062,082	0	0	0	0	0	0	0	0	23,244,608	
Depreciation provided in period	7	23,225	0	173,059	1,632,684	659,063	172,397	126,525	72,994	0	0	0	0	0	0	0	0	2,859,957	
Depreciation on disposals	8	0	0	(62,906)	(609,527)	0	0	0	0	0	0	0	0	0	0	0	0	(672,433)	
Revaluation adjustment to asset revaluation surplus	17	0	0	0	179,437	37,639	9,497	3,717	4,952	0	0	0	0	0	0	0	0	235,242	
<b>Accumulated depreciation as at 30 June 2013</b>		<b>234,864</b>	<b>0</b>	<b>4,755,965</b>	<b>11,379,451</b>	<b>4,345,078</b>	<b>1,131,560</b>	<b>1,680,427</b>	<b>2,140,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,867,374</b>	
<b>Book value as at 30 June 2013</b>		<b>214,530</b>	<b>0</b>	<b>893,689</b>	<b>48,879,557</b>	<b>10,429,042</b>	<b>2,484,107</b>	<b>6,002,620</b>	<b>977,926</b>	<b>7,585,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,585,174</b>	<b>0</b>	<b>77,456,644</b>	
Residual value		0	0	118,990	28,791,307	1,860,766	950,257	1,473,233	189,795	0	0	0	0	0	0	0	0	33,384,347	
Range of estimated useful life in years		2 - 5	2 - 33	15 - 100	15 - 100	15 - 100	20 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	10 - 50	

## Note 14 Fair Value Measurements

### (i) Recognised fair value measurements

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

Property, plant and equipment	
- Buildings and other structures	- Aerodrome
- Road, drainage and bridge network	- Sewerage Infrastructure
- Other financial assets	- Water Infrastructure

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

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

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

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

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

The following table categorises fair value measurements as level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1 or level 2.

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

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

### Council

At 30 June 2014	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
			\$	\$
<b>Recurring fair value measurements</b>				
Buildings and other structures	13	-	49,303,938	49,303,938
Road, drainage and bridge network	13	-	8,279,772	8,279,772
Aerodrome	13	-	2,336,550	2,336,550
Sewerage	13	-	5,875,672	5,875,672
Water	13	-	913,532	913,532
Other financial assets	12	-	24,435,654	24,435,654
		-	91,145,119	91,145,119

There were no transfers between levels during the year.

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

**Note 14 Fair value measurements (continued)**

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

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

**Specific valuation techniques used to value Council assets comprise:**

*Highest and Best Use*

There were no assets valued where it was assumed that the highest and best use was other than its current use.

The last comprehensive valuation for buildings and infrastructure assets was performed 30 June 2012 by APV Valuers and Assets Management, with a desktop valuation undertaken for the year ended 30 June 2014.

**Buildings (level 3)**

The fair value of buildings were determined by valuer, Lachlan Black AAPI, a qualified valuer of APV Valuers and Asset Management. In undertaking the valuations, the valuer has made reference to the following:

*Valuation techniques to derive fair value*

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined by the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The main level 3 inputs used are derived and evaluated as follows –

- Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this the valuer determines an asset consumption rating scale for each asset type based on the interrelationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.
- The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

The valuation's sensitivity to these inputs is summarised below.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
<b>Specialised Buildings (Cost)</b>	Relationship between asset consumption rating scale and the level of consumed service potential	(2.50) %	2.50%	-\$1,176,205	\$1,176,205
<b>Other Structures (Cost)</b>	Relationship between asset consumption rating scale and the level of consumed service potential	(2.50) %	2.50%	-\$90,393	\$90,393

## **Note 14 Fair value measurements (continued)**

### **Buildings (level 3) (continued)**

The previous comprehensive valuation of Aurukun Shire Council assets was dated 30 June 2012. It should be noted that the following definitions and methodologies still apply for this valuation:

The valuation of buildings, structural improvements and site services includes those items which form part of the building services installation (e.g. heating, cooling and climate control equipment, fire alarms, sprinklers and fire fighting equipment, and general lighting etc.)

The building valuations incorporate a Gross Current Value, Net Current Value, Residual Value and Insurance Value for each asset. The methodology used to determine each of these values is as follows:

#### **Gross Current Values**

The Gross Current Value of the assets has been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees. The Gross Current Value costings have been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook) and the valuer's own internal market research and costings.

#### **Net Current Values**

Where there is no depth of market the Net Current Value is the Gross Current Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets has been carried out on a component level by conducting a condition assessment on each of the various components within each building/asset (i.e. substructure, floor, building envelope, fitout, roof, ceiling and services).

Where there is no depth of market each building component is individually assessed and depreciated using the Advanced SLAM Consumption Based Depreciation Methodology and taking into account the pattern of consumption, useful life and residual value of the particular asset. The Total Fair Value is the accumulation of the individually depreciated building components.

Where a depth in market can be identified the valuer has assessed the fair value of the assets on the basis of fair value in accordance with AASB116. Under AASB116 the fair value of an asset is the best estimate of the price reasonably obtainable in the market at the date of valuation. In this instance, the net value of the building / site improvements is the difference between the market value of the asset (as a whole) less the market value of the land component.

#### **Residual Values**

The APV Valuers and Asset Management's electronic schedule also details residual values for each asset. The residual values have been calculated at a component level and are based on the cost that would be incurred to restore the asset's service potential back to "as new" if it were allowed to deteriorate to a condition which was deemed to deliver an "unacceptable level of service".

#### **Sources of Data**

##### *Replacement cost (including indices) where cost approach was used*

Building assets values have been adjusted from the previous valuation by reference to indexation, to make them current as at 30 June 2014. The methodology used to achieve that is as follows:

The Indexation Percentage for the building valuations has been derived from reference to actual costs where details have been provided of recent construction, costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics and the valuer's own internal market research and costings.

Analysis by APV Valuers of these construction cost guides and research has determined that the approximate increase in building costs over the period from 30 June 2013 to 30 June 2014 for each building type is as following: Residential 2.0%, Commercial 1.0%, Industrial 1.0%, Civic 1.0%, Amenities 1.0% and Other Structures 1.5%.

## **Note 14 Fair value measurements (continued)**

### **Infrastructure assets (level 3)**

The fair value of infrastructure assets including water, sewerage, aerodrome, road, drainage and bridge network were independently determined by Janaka Weerasinghe, Bachelor of Engineering - Civil Engineer on behalf of APV Valuers and Asset Management, effective 30 June 2014.

#### *Valuation techniques to derive fair value*

All infrastructure assets were valued using level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 APV Valuers have adopted a policy that all infrastructure assets are deemed to be valued at level 3.

The main level 3 inputs used are derived and evaluated as follows –

- Asset Condition – The nature of infrastructure is that there is a very large number of assets which comprise the networks and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments. Likewise, especially for water infrastructure, a large portion of the portfolio is located underground and may only be inspected on an irregular basis.

- Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. In order to achieve this the valuer determines an asset consumption rating scale for each asset type based on the interrelationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based in part on the past experience of the valuer and industry guides and were then updated to take into account the experience and understanding of Council's engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

**Note 14 Fair value measurements (continued)**

**Infrastructure assets (level 3) (continued)**

The valuation's sensitivity to these inputs is summarised below.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
<b>Infrastructure (Cost)</b>	Condition of the asset where based on condition as supplied by client	5%	5%	-\$870,276	\$870,276
<b>Infrastructure (Cost)</b>	Relationship between asset consumption rating scale and the level of consumed service potential	5%	5%	-\$870,276	\$870,276

*Valuations for water mains*

The water mains have been fully depreciated due to the fact that the whole water main network is being replaced and that is work in progress.

*Replacement cost (including indices) where cost approach was used*

Infrastructure assets values have been adjusted from the previous valuation by reference to indexation, to make them current as at 30 June 2014. The methodology used to achieve that is as follows:

The indexation percentage for the infrastructure valuations has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics and the valuer's own internal market research and costings. The analysis of these construction cost guides and research has determined that the approximate increase in infrastructure costs over the period from 1 July 2013 to 30 June 2014 for each infrastructure type is as following:

Infrastructure Category	Index %
Road, drainage and bridge network	1%
Stormwater Assets	1%
Water Supply and Sewerage Active Assets – Civil	1%
Water Supply and Sewerage Active Assets - Mechanical	0%
Water Supply and Sewerage Active Assets - Electrical	0%
Water Supply and Sewerage Active Assets – Pipe work & Fittings	2%
Other Structure -Civil	1%

**Note 14 Fair value measurements (continued)**

**Finance lease (level 3)**

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). The calculation of the present value of the expected future lease income included an estimate of average annual Consumer Price Index increases of 2.5% and a discount rate of 3.00%.

The estimates of Consumer Price Index and discount rate comprise of unobservable inputs (level 3)

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Consumer Price Index (All Groups) Brisbane	RBA's stated inflation target range of 2% - 3%	The higher the indexation percentage, the higher the fair value
Long-term average discount rate	2.4% - 3.6%	The higher the discount rate percentage, the lower the fair value

**(iii) Changes in fair value measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurements are detailed in Note 12 (other financial assets) and Note 13 (property, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

**(iv) Valuation processes**

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Chief Accountant, Director of Corporate Services and Director of Technical Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1.16. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

Notes	2014 \$	2013 \$
<b>Note 15: Trade and other payables</b>		
<b>Current</b>		
Creditors and accruals	3,517,491	2,198,178
GST payable	0	0
Annual leave payable	236,289	214,060
	<u>3,753,780</u>	<u>2,412,238</u>
<b>Note 16: Provisions</b>		
<b>Current</b>		
Long service leave	58,436	75,167
	<u>58,436</u>	<u>75,167</u>
<b>Non-current</b>		
Long service leave	27,143	49,280
	<u>27,143</u>	<u>49,280</u>
<b>Long service leave</b>		
Balance at beginning of financial year	124,447	137,180
Long service leave entitlement arising	12,992	73,188
Long service leave entitlement extinguished	(15,483)	(32,850)
Long service leave entitlement paid	(36,377)	(53,071)
Balance at end of financial year	<u>85,579</u>	<u>124,447</u>
<b>Note 17: Asset revaluation surplus</b>		
<b>Asset revaluation surplus</b>		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	116,119,323	115,550,510
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings	(132,387)	412,853
Road, drainage and bridge network	(1,483,618)	108,639
Aerodrome	26,566	26,302
Sewerage	(238)	7,377
Water	7,229	13,642
Balance at end of financial year	<u>114,536,875</u>	<u>116,119,323</u>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus is comprised of the following asset categories:		
Buildings	93,201,450	93,333,637
Road, drainage and bridge network	13,967,317	15,450,935
Aerodrome	1,910,991	1,893,415
Sewerage	4,130,314	4,130,552
Water	1,317,813	1,310,584
	<u>114,536,875</u>	<u>116,119,323</u>

<u>Notes</u>	<u>2014</u> \$	<u>2013</u> \$
<b>Note 18: Retained surplus/(deficiency)</b>		
Movements in the retained deficit were as follows:		
Retained deficit at beginning of financial year	(2,585,153)	(13,160,302)
Effect of error correction		(3,915,682)
Retained deficit restated	<u>(2,585,153)</u>	<u>(17,075,984)</u>
Net result	6,276,625	7,494,932
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:		
Constrained works reserve	0	4,554,341
Transfers (to)/ from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	0	2,441,558
<b>Retained surplus at end of financial year</b>	<b><u>3,691,472</u></b>	<b><u>(2,585,153)</u></b>

## Note 19: Reserves

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

On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system.

The external restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

### (a) Reserves held for funding future capital expenditure:

Constrained works reserve	<u>0</u>	<u>0</u>
	0	0

### (b) Reserves held for funding future recurrent expenditure:

Future recurrent expenditure reserve	<u>0</u>	<u>0</u>
	0	0
<b>Total reserves</b>	<b><u>0</u></b>	<b><u>0</u></b>

### (c) Movements in capital reserves:

<b>Constrained works reserve</b>		
Balance at beginning of financial year	0	4,554,341
Transfer to the retained surplus/capital due to the closure of the reserve	<u>0</u>	<u>(4,554,341)</u>
<b>Balance at end of financial year</b>	<b><u>0</u></b>	<b><u>0</u></b>

### (d) Movements in recurrent reserves:

<b>Future recurrent expenditure reserve</b>		
Balance at beginning of financial year	0	2,441,558
Transfer to the retained surplus/capital due to the closure of the reserve	<u>0</u>	<u>(2,441,558)</u>
<b>Balance at end of financial year</b>	<b><u>0</u></b>	<b><u>0</u></b>

## Note 20: 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 being 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 of any year that a deficit arises.

As at 30 June 2014 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

### Local Government Workcare

The Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme, the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$121,447.

## Note 21: Trust funds

<u>Notes</u>	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	413,404	391,364
Security deposits	49,428	44,428
Mission account	641	641
	<u>463,473</u>	<u>436,433</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements. These funds are kept and maintained in a separate bank account by Council.

## Note 22: Superannuation

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

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation fund 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)

**Note 22: Superannuation (continued)**

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

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

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

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

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

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

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

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

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

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		\$	\$
Contributions	5	475,457	383,505

	Notes	2014 \$	2013 \$
<b>Note 23: Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		6,276,625	7,494,932
<b>Non-cash operating items:</b>			
Depreciation and amortisation	7	2,194,945	2,859,957
		<u>2,194,945</u>	<u>2,859,957</u>
<b>Investing and development activities:</b>			
Net (profit) loss on disposal of non-current assets	8	1,179	5,862
Loss on transferring assets via finance lease	8	0	1,530,911
Loss on the transfer of assets to PBC via land transfer	8	9,044,902	0
(Gain) loss on revaluation of finance leases	8	(2,686,853)	1,462,712
Capital grants and contributions	4	(15,695,595)	(9,251,078)
		<u>(9,336,367)</u>	<u>(6,251,593)</u>
<b>Changes in operating assets and liabilities:</b>			
(Increase)/decrease in receivables	10	(312,325)	(1,090,260)
(Increase)/decrease in other operating assets		(223,062)	83,069
Increase/(decrease) in payables	15	1,341,542	(2,984,596)
Increase/(decrease) in other provisions	16	(38,868)	(12,733)
		<u>767,287</u>	<u>(4,004,520)</u>
<b>Net cash inflow/(outflow) from operating activities</b>		<u><u>(97,510)</u></u>	<u><u>98,776</u></u>

## Note 24: Financial instruments

The Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risk is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

The Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

### (a) Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge its obligations.

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

The Council is exposed to credit risk through its deposits held with banks or other financial institutions. Investments are held with highly rated/regulated banks and financial institutions, and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

**Note 24: Financial instruments (continued)**

**(a) Credit risk exposure (continued)**

The following table represents the Council's maximum exposure to credit risk:

Financial assets	2014 \$	2013 \$
Cash and cash equivalents	12,444,873	14,020,341
Term deposit	0	0
Receivables	2,105,013	1,792,688
Finance leases on social housing	24,435,654	22,435,214
<b>Total</b>	<b>38,985,540</b>	<b>38,248,243</b>

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following table represents an analysis of the age of the Council's receivables that are either fully performing, past due or impaired:

30-Jun-14	Fully performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	1,574,950	65,458	70,663	433,464	2,144,535
Less impairment	0	0	0	(45,494)	(45,494)
GST receivable	5,972	0	0	0	5,972
Net receivables	1,580,921	65,458	70,663	387,970	2,105,013

30-Jun-13	Fully Performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	1,368,007	26,973	0	492,736	1,887,718
Less impairment	0	0	0	(95,903)	(95,903)
GST receivable	873				873
Net receivables	1,368,880	26,973	0	396,835	1,792,688

**(b) Liquidity risk**

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business.

The following table sets out the liquidity risks of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flow at balance date:

	0 to 1 year		1 - 5 Years		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Creditors and accruals	3,517,491	2,198,178	0	0	3,517,491	2,198,178
GST payable	0	0	0	0	0	0
Accrued annual leave	236,289	214,060	0	0	236,289	214,060
<b>Total</b>	<b>3,753,780</b>	<b>2,412,238</b>	<b>0</b>	<b>0</b>	<b>3,753,780</b>	<b>2,412,238</b>

**Note 24: Financial instruments (continued)**

**(c) Interest rate risk**

The Council is exposed to interest rate risk through its investments held with financial institutions.

**Interest rate sensitivity analysis**

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount 2014 \$	Net carrying amount 2013 \$	Net result 2014 \$	Net result 2013 \$	Equity 2014 \$	Equity 2013 \$
Financial Assets	76,644	73,909	76,644	73,909	76,644	73,909
Financial Liabilities	0	0	0	0	0	0
<b>Net</b>	<b>76,644</b>	<b>73,909</b>	<b>76,644</b>	<b>73,909</b>	<b>76,644</b>	<b>73,909</b>

**Fair value**

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets/liabilities.

Level 2 - Fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices).

Level 3 - Fair values that are derived from data not observable in a market.

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

Class	Classification according to fair value			Total carrying amount 2014 \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Other financial assets - finance leases on social housing	0	24,435,654	0	24,435,654
<b>Total</b>	<b>0</b>	<b>24,435,654</b>	<b>0</b>	<b>24,435,654</b>

**Note 25: Operating lease income (Council is lessor)**

The Council has leased the Aurukun General Store to an operator until the 2 September 2015 with a five-year option. The lease receipts are based on 3% of gross sales calculated for each two month period.

Notes	2014 \$	2013 \$
Lease receipts	511,689	632,232

**Note 26: Events after the reporting period**

There were no material adjusting events after the balance date.

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

**Note 27: Tied grants by project**

Source of funds and/or projects	Balance 1/07/2013 \$	Revenue \$	Expense \$	Balance 30/06/2014 \$
<b>Non-ICC grants</b>				
<b>General purpose grants</b>				
Grants for the whole of Council:				
State government financial aid	0	1,178,891	1,178,891	0
Financial assistance grant	0	1,207,889	1,207,889	0
	<b>0</b>	<b>2,386,780</b>	<b>2,386,780</b>	<b>0</b>
<b>Specific purpose grants</b>				
Jobfind - AGI transfer	10,142	0	10,142	0
Business development officer	9,125	52,084	61,209	0
Business development plan	0	40,020	19,476	20,544
Town planning	0	69,346	69,346	0
Natural disaster relief & recovery	(744,899)	1,635,022	1,397,441	(507,318)
TIDS	221,044	1,024,422	1,068,392	177,073
Aboriginal and Torres Strait Islander public health	23,020	145,578	150,961	17,637
Emergency Management Queensland	0	13,972	13,972	0
Environmental health officer	79,032	0	0	79,032
Land & Sea Indigenous Rangers	39,182		21,876	17,306
Family income management	66,044	0	0	66,044
Get ready resilience initiative	0	6,300	6,300	0
RADF (Arts Qld)	0	18,000	3,404	14,596
BSO - indigenous art centre alliance (Arts Qld)	1,000	0.00	1,000.00	0
WCCT - Aurukun swimming pool upgrade	27,273	0.00	0.00	27,273
NAiDOC	14,000	0	14,000	0
HACC youngies - recurrent	0	70,257	70,257	0
HACC oldies - recurrent	0	404,017	404,017	0
HACC - building	2,005,292	450,000	2,455,292	0
HACC - transitions (IT)	25,496	0	8,499	16,997
HACC - transitions no.2	35,609	0	43	35,566
Aged care package – recurrent	322,307	268,375	223,249	367,433
Aged care Cape York welfare reforms	0	93,476	93,476	0
Broadband for seniors	0	2,360	0	2,360
Healthy communities initiative - healthy lifestyles	210,873	0	117,342	93,531
Healthy communities initiative - woyan to country	9,847	0	9,778	69
Community development and recovery	3,601	0	3,601	0
Indigenous economic development	0	80,000	80,000	0
Aurukun sports & recreation opportunities	19,557	0	0	19,557
Indigenous knowledge centre	0	15,900	14,661	1,239
GraffitiSTOP	3,425	2,000	5,425	0
GraffitiSTOP cleanup	0	6,750	5,599	1,151
Volunteer grants	8,486	0	0	8,486
Child care centre - child care & family support - CC HUB	2,429	91,627	25,109	68,946
Child care centre – child care - Long Day Care	0	235,341	265,093	248
Child care centre - federal funded program	14,961	411,469	422,689	3,741
Child care centre - child and family support	8,522	0	0	8,522
Child care centre - vacation care	6,862	13,968	17,700	3,130
Remote airstrip upgrade (Dept of Infrastructure and Transport)	82,748	3,750	11,196	75,303
Remote airstrip upgrade (Dept of Transport and Main Roads)	80,910	10,000	21,196	69,714
	<b>2,585,887</b>	<b>5,194,034</b>	<b>7,091,741</b>	<b>688,180</b>
	<b>2,585,887</b>	<b>7,580,815</b>	<b>9,478,521</b>	<b>688,180</b>

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 27: Tied grants by project (continued)

Source of funds and/or projects	Balance 1/07/2013 \$	Revenue \$	Expense \$	Balance 30/06/2014 \$
<b>Specific purpose grants - continued</b>				
Barge landing upgrade	59,457	1,170,000	1,048,098	181,359.55
Aurukun business precinct	(145,000)	145,000		-
Tavern - revenue replacement program	-	667,700	667,700	-
Water infrastructure project	-	86,000	98,219	(12,219)
68KL LAF tank installation (Opal Fuel)	-	109,260	109,260	-
WCCT - cemetery fencing	-	27,273	27,273	-
Backing indigenous arts (Arts Old)	12,490	107,500	57,079	62,910.39
Ltd edition aluminium casting (Arts Old)	-	20,181	18,419	1,762.33
Building skills and opportunities - ceramics workshop (Arts)	3,965	-	960	3,005.45
Weaving fishing nets (Arts Old)	9,500	-	9,500	-
WCCT - arts and cultural activities	25,012	-	6,900	18,112.11
Aurukun community upgrades (cemetery, memorial and oval)	393,524	0	207,839	185,685
Locational supported playgroup	55,152	50,037	85,073	20,116
Indigenous broadcasting program	0	15,000	8,350	6,650
Municipal services - outstations and homelands	0	192,113	192,113	0
National job creation municipal positions	0	94,528	94,528	0
Arts and craft centre - IVAIS	0	155,000	148,640	6,360
Arts and craft centre (capital)	25,000	0	21,444	3,556
Arts and craft centre - Cape York job transition in arts	0	31,639	8,333	23,306
Art camps	24,255	0	23,601	654
Language camps	71,654	0	50,342	21,312
	<b>535,010</b>	<b>2,871,231</b>	<b>2,883,670</b>	<b>522,570</b>
<b>Add back negative grants</b>	<b>889,893</b>			<b>519,537</b>
<b>Unspent grant revenue</b>	<b>4,010,796</b>	<b>10,452,045</b>	<b>12,362,192</b>	<b>1,730,288</b>
	<b>Notes</b>		<b>2014</b>	<b>2013</b>
			\$	\$
<b>Summary of grants unexpended</b>			1,730,288	4,010,796
	9		<b>1,730,288</b>	<b>4,010,796</b>

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

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

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

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 40, 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.

  
DERECK WALPO  
Mayor

Date: 30/10/2014

  
BERNIE MCCARTHY  
Chief Executive Officer

Date: 30/10/2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Aurukun Shire Council

### Report on the Financial Report

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

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

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

#### *Opinion*

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

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

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

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



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



**AURUKUN SHIRE COUNCIL**  
**FINANCIAL SUSTAINABILITY STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2014**

# AURUKUN SHIRE COUNCIL

## Table of Contents

For the year ended 30 June 2014

Current year financial sustainability statement

Long-term financial sustainability statement

Certificate of Accuracy for the current year financial sustainability statement

Certificate of Accuracy for the long-term financial sustainability statement

Independent Auditor's Report

# AURUKUN SHIRE COUNCIL

## Current-year Financial Sustainability Statement For the year ended 30 June 2014

### Measures of Financial Sustainability

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

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-3%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	387%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-82%	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 2014.

Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2014

Measures of Financial Sustainability

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Operating surplus ratio	Between 0% and 10%	-3%	-27%	-33%	-31%	-31%	-31%	-25%	-24%	-24%	-23%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	387%	183%	0%	0%	0%	0%	0%	0%	0%	0%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	-82%	-92%	-95%	-91%	-86%	-80%	-74%	-71%	-67%	-62%

Aurukun Shire Council's Financial Management

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 current year financial sustainability statement**

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.

  
.....  
**DERECK WALPO**  
Mayor

Date: 30/10/2014

  
.....  
**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 30/10/2014.



**Certificate of Accuracy for the long-term financial sustainability statement**

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

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

  
.....  
**DERECK WALPO**  
Mayor

Date: 30/10/2014

  
.....  
**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 30/10/2014.

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Aurukun Shire Council

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

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

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

#### *Auditor's Responsibility*

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

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

### *Independence*

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

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

### *Opinion*

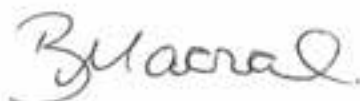
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Aurukun Shire Council, for the year ended 30 June 2014, has been accurately calculated.

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

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

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

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



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



Queensland Audit Office  
Brisbane

# Aurukun Shire Council

*Providing an improved quality of lifestyle for all Aurukun residents*





## Alcohol Management Plan

Aurukun Shire is a restricted area with zero carriage limit. This means that the shire, community (including the airport) is totally dry and no alcohol is allowed. Additionally local brew is not permitted and heavy fines apply for offenders. For more information please refer to:

<http://www.atsip.qld.gov.au/communities/alcohol-limits/alcohol-reforms/fag.html>

There are serious penalties for breaching the alcohol limits. Police have power to stop and search all vehicles, boats, planes, air passengers, etc. coming into the restricted area.

## Feedback

Aurukun Shire Council aims to make this Annual Report transparent and easy to read. Council welcomes your feedback and suggestions for improvement. If you have comments you wish to share, please direct them to the Chief Executive Officer by phoning 07 4060 6800 or emailing [ceo@aurukun.qld.gov.au](mailto:ceo@aurukun.qld.gov.au)

## Photographs

Special acknowledgement for contributions from: Bernie McCarthy, Rob Love, Phil Krisanski, Lisa Gottani,, Brenda Cohen, Linda Sivyver, Graham Poon,  
For next year's annual report, Council is looking for photographs which truly represent the heart of the Shire and its people. Aurukun Shire has many unique features and young and old photographers are encouraged to contribute images of its people at play and work plus our beautiful scenery. Any chosen photos will be acknowledged in the report.

## Contact Details

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Facebook: <https://www.facebook.com/AurukunShireCouncil>



**Francisca Walmbeng**



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