

# MAPOON ABORIGINAL SHIRE COUNCIL

## Income Statement

For the Year Ended 30 June 2009

		2009
	Note	\$
<b>Income</b>		
<b>Revenue</b>		
<b>Recurrent Revenue</b>		
Fees and Charges	3(a)	322,922
Rental income	3(b)	295,051
Interest received	3(c)	13,073
Sales revenue	3(d)	2,266,045
Other recurrent income	3(e)	803,207
Grants, subsidies, contributions and donations	4(a)	4,390,315
Total recurrent revenue		<u>8,090,613</u>
<b>Capital revenue</b>		
Grants, subsidies, contributions and donations	4(b)	182,471
		<u>182,471</u>
Total revenue		<u>8,273,084</u>
<b>Capital Income</b>	5	(21,091)
Total income		<u>8,251,993</u>
<b>Expenses</b>		
Employee benefits	6	(1,607,542)
Materials and services	7	(3,084,390)
Finance costs	8	(28,532)
Depreciation	9	(1,838,746)
Total recurrent expenses		<u>(6,559,210)</u>
Total expenses		<u>(6,559,210)</u>
<b>Net result attributable to council</b>		<u>1,692,783</u>

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



# MAPOON ABORIGINAL SHIRE COUNCIL

## Balance Sheet

as at 30 June 2009

	Note	2009 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	10	1,501,358
Trade and other receivables	11	832,067
Inventories	12	<u>166,520</u>
<b>Total current assets</b>		<u>2,499,945</u>
<b>Non-current Assets</b>		
Property, plant and equipment	13	<u>52,991,843</u>
<b>Total non-current assets</b>		<u>52,991,843</u>
<b>TOTAL ASSETS</b>		<u>55,491,789</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	14	428,064
Provisions	15	<u>88,213</u>
<b>Total current liabilities</b>		<u>516,278</u>
<b>Non-current Liabilities</b>		
Provisions	15	<u>19,428</u>
<b>Total non-current liabilities</b>		<u>19,428</u>
<b>TOTAL LIABILITIES</b>		<u>535,706</u>
<b>NET COMMUNITY ASSETS</b>		<u>54,956,083</u>
<b>Community Equity</b>		
Shire capital	16	14,275,111
Asset revaluation reserve	17	39,189,327
Retained surplus/(deficiency)	19	(101,747)
Other reserves	20	1,593,393
<b>TOTAL COMMUNITY EQUITY</b>		<u>54,956,085</u>

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



# MAPOON ABORIGINAL SHIRE COUNCIL

## Statement of Changes in Equity

For the Year Ended 30 June 2009

	Shire Capital	Asset revaluation reserve	Retained Surplus	Capital and Other Reserves	Total
Notes		17	19	20	
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2009</b>					
<b>Balance at 30 June 2008</b>	-	2,686,701	14,073,974	-	16,760,675
Adjustment to opening balances			(1,344,581)	1,344,581	
Adjusted balances	-	2,686,701	12,729,393	1,344,581	16,760,675
Revaluations of Property, Plant and Equipment		36,502,627			36,502,627
Net income recognised directly in equity	-	36,502,627	-	-	36,502,627
Surplus for the period			1,692,783		1,692,783
<b>Total recognised income and expense</b>	-	36,502,627	1,692,783	-	38,195,410
<b>Transfers to and from reserves</b>					
Transfers to/from capital	14,275,111		(14,275,111)		-
Transfers to capital and other reserves			(248,812)	248,812	-
Transfers from capital and other reserves			-	-	-
<b>Total transfers to and from reserves</b>	14,275,111	-	(14,523,923)	248,812	-
<b>Balance at 30 June 2009</b>	14,275,111	39,189,327	(101,747)	1,593,393	54,956,085

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



# MAPOON ABORIGINAL SHIRE COUNCIL

## Cash Flow Statement

For the Year Ended 30 June 2009

2009

<b>Cash flows from operating activities :</b>	Note	\$
Receipts from customers		3,133,231
Payments to suppliers and employees		<u>(5,412,268)</u>
		(2,279,037)
Interest received		13,073
Rental income		295,051
Non capital grants and contributions		4,390,315
Finance costs		<u>(28,532)</u>
<b>Net cash inflow (outflow) from operating activities</b>		<u>2,390,870</u>
 <b>Cash flows from investing activities:</b>		
Payments for property, plant and equipment		(2,557,839)
Proceeds from sale of property plant and equipment		-
Grants, subsidies, contributions and donations		<u>182,471</u>
<b>Net cash inflow (outflow) from investing activities</b>		<u>(2,375,369)</u>
 <b>Cash flows from financing activities:</b>		
<b>Net cash inflow (outflow) from financing activities</b>		<u>-</u>
 <b>Net increase (decrease) in cash held</b>		<u>15,501</u>
 Cash at beginning of reporting period		950,334
 <b>Cash at end of reporting period</b>	10	<u><u>965,835</u></u>

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



## 1 Summary of Significant Accounting Policies

### 1.A Basis of Preparation

This special purpose financial report has been prepared in accordance with Australian Accounting Standards, except as detailed in Note 1.D below, and complies with the requirements of the Local Government (Community Government Areas) Act 2004 and the Local Government (Community Government Areas) Finance Standard 2004.

### 1.B Historical Cost Convention

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

### 1.C Basis of consolidation

The Council has no controlled entities.

### 1.D Compliance with Accounting Standards.

These special purpose financial statements comply with all applicable Australian Accounting Standards, including Australian Accounting Interpretations, except for the following and as detailed in this note:

*AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

*AASB 101: Presentation of Financial Statements (December 2007), paragraphs 14 -14.3*

Some Infrastructure assets that have been under council control for many years were recognised for the first time this year. In recognising them Council did not comply with AASB 116: Property, Plant and Equipment paragraphs 7 -15 as it was considered impracticable to estimate the original acquisition dates, original cost or fair value at acquisition of the assets. AASB 116 has been complied with in all other respects.

Council has chosen not to include comparative figures in this financial report and therefore has not complied with the following paragraphs of the relevant Australian Accounting Standards: *AASB 101: Presentation of Financial Statements (December 2007), paragraphs 36-41* and *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (April 2007), paragraphs 19(b), 22-27, 42(a), 43-47, 50-53*

A copy of Council's audited financial statements for the 2007-2008 financial year is available from the Council office at Red Beach Road, Mapoon, Queensland 4874, PO Box 213 Weipa QLD 4874

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2008-09 and have not been applied.

*AASB3 Business Combinations (March 2008)*

*AASB8 Operating Segments (Feb 2007)*

*AASB101 Presentation of Financial Statements (September 2007)*

*AASB123 Borrowing Costs (June 2007)*

*AASB127 Consolidated and Separate Financial Statements (March 2008)*

*AASB 1039 Concise Financial Reports (August 2008)*

*AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)*

*AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)*

*AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)*

*AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101*

*AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (February 2008)*



**MAPOON ABORIGINAL SHIRE COUNCIL**  
**Notes to and forming part of the Financial Statements**  
**For the Year Ended 30 June 2009**

**1 Summary of Significant Accounting Policies**

AASB2008-2 Amendments to Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)  
AASB2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)  
AASB2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)  
AASB2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project  
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (July 2008)  
AASB2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139] (August 2008)  
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (September 2008)  
AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3] (November 2008)  
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners (December 2008) [AASB 5 & AASB 110]  
Interpretation 15 - Agreements for the Construction of Real Estate (August 2008)  
Interpretation 16 - Hedges of a Net Investment in a Foreign Operation (August 2008)  
Interpretation 17 – Distributions of Non-cash Assets to Owners (December 2008)  
It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of

**1.E Critical accounting estimates**

The preparation of financial statements in conformity with relevant Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

**1.F Currency**

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

**1.G Constitution**

The Mapoon Aboriginal Shire Council is constituted under the Queensland Local Government (Community Government Areas) Act 2004 and is domiciled in Australia.

**1.H Date of authorisation**

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Council has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Council as part of the Annual Report.



**1 Summary of Significant Accounting Policies**

**1.I Changes to Accounting Policies**

Adoption of the following Australian Accounting Standards for the first time this year has resulted in a number of accounting policy changes that are described below:

AASB 5: Non-current Assets Held for Sale and Discontinued Operations  
AASB 7: Financial Instruments: Disclosures  
AASB 101: Presentation of Financial Statements (December 2007)  
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors  
AASB 116: Property, Plant and Equipment  
AASB117: Leases  
AASB 123: Borrowing Costs  
AASB 127: Consolidated and Separate Financial Statements  
AASB 128: Investments in Associates  
AASB 131: Interests in Joint Ventures  
AASB 132: Financial Instruments: Presentation  
AASB 136: Impairment of Assets  
AASB 138: Intangible Assets  
AASB139: Financial Instruments: Recognition and Measurement  
AASB141: Agriculture  
AASB 1004: Contributions  
AASB 1048: Interpretation and Application of Standards  
AASB 1051: Land Under Roads  
AASB 1052: Disaggregated Disclosures

This has resulted in the following accounting policy changes:

Some Infrastructure assets have been recognised for the first time increasing the net assets by \$27,631,203 and community equity by \$27,631,203. Since it was impractical to identify the newly valued assets with the infrastructure assets previously recognised, the difference in written down value has been treated as a revaluation. Council did not comply with AASB 116 paragraph 15 as it was considered impracticable to estimate the original acquisition dates, original cost or fair value at acquisition of the assets. Instead council has recognised the infrastructure at its fair value on 30 June 2009. As a result of this no assessment for impairment has been made in the year ended 30 June 2009.

**1.J Fees, Charges, Grants and Other Revenue**

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds where these arise from a non-reciprocal transaction.

**(i) Fees and Charges**

Where fees and charges are received prior to the commencement of the fee/charge period, the amount is recognised as revenue in the period in which they are received.

**(ii) Grants and Subsidies**

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained contributions or constrained works reserve until the obligation is satisfied.

**(iii) Non-Cash Contributions**

Non-cash contributions with a value in excess of the recognition thresholds set out in note 1.Q, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as a revenue and an expense.



**MAPOON ABORIGINAL SHIRE COUNCIL**  
**Notes to and forming part of the Financial Statements**  
**For the Year Ended 30 June 2009**

**1 Summary of Significant Accounting Policies**

(iv) Other Revenue Including Contributions

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.K Cash and Cash Equivalents**

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

**1.L Receivables**

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 with provision being made for impairment. The loss is recognised in other expenses.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on loss events.

All known bad debts were written-off against the provision for impairment at 30 June. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

Loans and advances are recognised in the same way as other receivables.

**1.M Financial Assets and Financial Liabilities**

***Categorisation***

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

<b>Financial Assets</b>	<b>Categorisation</b>
Cash	
Receivables	Loans and receivables (at amortised cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)

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

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial assets and liabilities is determined as follows:



## 1 Summary of Significant Accounting Policies

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts.

The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation..

### 1.N Inventories

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

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
  - goods to be used for the provision of services at no, or nominal, charge.
- These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

### 1.O Investments

Financial institution deposits at call and term deposits with a short maturity of three months or less are treated as cash equivalents.

Interest and dividend revenues are recognised on an accrual basis.

### 1.P Deed of Grant in Trust land

The Council is located on part of the land assigned to trustees under a Deed of Grant in Trust (DOGIT) under section 334 of the *Land Act 1962*.

The land is administered by the Department of the Environment and Resource Management and the trustees have restricted use of this land for the benefit of shire inhabitants. The DOGIT land used by the Council has not been taken up in the Council's assets as its value cannot be reliably measured.

### 1.Q Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$500 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

- Buildings
- House Furniture and Fittings
- Motor Vehicles
- Other Plant and Equipment
- Road Drainage and Bridge Network
- Water
- Other Infrastructure Assets



1 **Summary of Significant Accounting Policies**

(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 and assets received in a local government restructure, 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 means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(ii) Capital and operating expenditure

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

(iii) Valuation

Buildings, all infrastructure assets and motor vehicles are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and the *Local Government (Community Government Areas) Finance Standard 2004*. All other plant and equipment is 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 comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, 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 reserve relating to 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 13.

(iv) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

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.



**1 Summary of Significant Accounting Policies**

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 13.

**(v) Unfunded Depreciation**

Mapoon Aboriginal Shire Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works.

**(vi) Land Under Roads**

Council does not control any land under roads and therefore has not made an election with respect to land under roads acquired before 1 July 2008. Land dedicated as a road and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* within the council area is controlled by the Department of the Environment and Resource Management.

**1.R Intangible Assets**

Only intangible assets which have a cost exceeding \$1,000 are recognised as intangible assets.

The Council currently has no intangible assets meeting the recognition criteria.

**1.S 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. Capital work in progress is included in the cost of the appropriate class of property, plant and equipment.

**1.T Impairment of Non Current Assets**

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, 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 reserve of the relevant class to the extent available.



## 1 Summary of Significant Accounting Policies

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 increase.

### 1.U Payables

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

### 1.V Liabilities - Employee Benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be taken 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 14 as a payable.

#### (ii) Annual Leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in Note 14 as a payable.

#### (iii) Sick Leave

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. Sick leave is non vesting.

#### (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 24

#### (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 interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability is reported in Note 15 as a provision.



**1 Summary of Significant Accounting Policies**

**1.W Asset Revaluation Reserve**

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

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

**1.X Reserves**

The following reserves are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

**(i) Constrained Contributions Reserve**

This reserve represents amounts contributed by funding bodies, for specific projects, that have not yet been expended for the purpose for which the funding was granted.

**(ii) Constrained Works Reserve**

This reserve represents contributions received for capital works where the required works have not yet been carried out.

**1.Y Retained Surplus**

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

**1.Z National Competition Policy**

The Council has reviewed its activities and not identified any business activities.

**1.AA Rounding and Comparatives**

Amounts included in the financial statements have been rounded to the nearest \$1.

**1.AB Financial Risk Management**

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 and are for a period of less than one year.

The Council does not invest in derivatives or other high risk investments.

Details of financial instruments and the associated risks are shown at note 28

**1.AC Judgements and Assumptions**

The council has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.



**MAPOON ABORIGINAL SHIRE COUNCIL**

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2009

**1 Summary of Significant Accounting Policies**

**1.AD 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 the notes to the financial statements for information purposes

For details see note 26

**1.AE Funds held in Trust by Outside Parties**

Some funds belonging to Council are held in the trust funds of third parties. These include grants for town planning.

For details see note 26

**1.AF Taxation**

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

The Council pays Payroll Tax to the Queensland Government on certain activities.



MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2009

2 Analysis of results by function

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

(a) Year ended 30 June 2009

Functions	Gross program income		Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result attributable to council	Assets
	Recurring	Capital		Recurring	Capital				
	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance and Administration	1,085,634	1,489,595	2,575,229	(1,959,701)	364,012	(1,595,689)	(874,067)	979,540	6,069,276
Housing	701,111	193,178	894,289	(1,554,145)	(15,610)	(1,569,755)	(853,034)	(675,466)	16,924,909
Community Services	37,544	2,458,668	2,496,212	(1,007,473)	(199,886)	(1,207,359)	(969,929)	1,288,853	2,101,050
HACC Program	(158)	369,712	369,554	(144,527)	(3,004)	(147,531)	(144,685)	222,023	34,025
Store	1,180,482	-	1,180,482	(1,177,962)	(12,745)	(1,190,707)	2,520	(10,225)	583,244
Roads, Water and infrastructure	674,594	61,632	736,226	(844,242)	(3,927)	(848,169)	(169,648)	(111,943)	29,779,285
<b>Total Council</b>	<b>3,679,207</b>	<b>4,572,785</b>	<b>8,251,992</b>	<b>(6,688,050)</b>	<b>128,840</b>	<b>(6,559,210)</b>	<b>(3,008,843)</b>	<b>1,692,782</b>	<b>55,491,789</b>



## MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

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### 2(b) Components of council functions

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

#### Governance and Administration

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

#### Housing

Provision of public housing within the DOGIT area.

#### Community Services

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

This function includes:

- Environmental Health
- Animal Management Program
- Child care centre

#### HACC Program

Management of the home and community care program.

#### Store

The community store, workshop and fuel business.

#### Roads, Water and Infrastructure

Providing roads, water supply and other infrastructure based services.



MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	Note	2009
		\$
<b>3 Revenue analysis</b>		
<b>(a) Fees and charges</b>		
Fees and Charges		<u>322,922</u>
		<u>322,922</u>
<b>(b) Rental income</b>		
Property rentals		<u>295,051</u>
		<u>295,051</u>
<b>(c) Interest received</b>		
Interest received from term deposits		<u>13,073</u>
		<u>13,073</u>
<b>d) Sales revenue</b>		
<b>Sale of services</b>		
Contract and recoverable works		1,084,663
Motor vehicle repairs		23,341
Plant Hire		451
Other		56,804
		<u>1,165,258</u>
<b>Sale of goods</b>		
Store		1,035,388
Fuel		51,652
Workshop		1,069
Other		12,677
		<u>1,100,787</u>
		<u>2,266,045</u>
<p>The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.</p>		
<b>(e) Other recurrent income</b>		
Other Income		<u>803,207</u>
		<u>803,207</u>
<b>4 Grants, subsidies, contributions and donations</b>		
<b>(a) Recurrent - grants and subsidies, other contributions and donations are analysed as follows:</b>		
General purpose grants		1,232,959
State Government subsidies & grants		1,706,242
Commonwealth Government subsidies & grants		591,611
Other subsidies & grants		855,303
Donations		4,200
Contributions		-
Total recurrent revenue		<u>4,390,315</u>
<b>(b) Capital - grants and subsidies, and other contributions are analysed as follows.</b>		
Commonwealth Government subsidies & grants		144,118
State Government subsidies & grants		38,353
Contributions		-
		<u>182,471</u>
Total capital revenue		<u>182,471</u>



MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
	\$
<b>(c) Conditions over contributions</b>	
Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date.	
Grants for expenditure on services	248,812
Grants for expenditure on infrastructure	248,812
Contributions for infrastructure	<u>248,812</u>
Contributions and grants which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with the Council's obligations	
Grants for expenditure on services	
Grants expended on infrastructure	
Contributions expended on infrastructure	<u>-</u>
<b>5 Capital income</b>	
<b>Gain on the disposal of non-current assets</b>	
Proceeds from the sale of plant & equipment	-
Less: Book value of property, plant & equipment disposed of	<u>(21,091)</u>
	<u>(21,091)</u>
Total gain (loss) on the disposal of non-current assets	<u>(21,091)</u>
<b>6 Employee benefits</b>	
Total staff wages and salaries	1,517,571
Superannuation	24 <u>192,964</u>
	1,710,535
Other employee related expenses	<u>64,750</u>
	1,775,285
Less: Capitalised employee expenses	<u>(167,743)</u>
	<u>1,607,542</u>
Total Council employees at the reporting date:	<u>2009</u>
Elected members	5
Administration staff	7
Depot and outdoors staff	<u>52</u>
Total full time equivalent employees	<u>64</u>
<b>7 Materials and services</b>	
Advertising and marketing	425
Administration supplies and consumables	473,680
Audit services	4,750
Communications and IT	39,769
Consultants	64,317
Contractors	106,166
Donations paid	183
Goods for resale	879,780
Rental Property Expenses	224,871
Power	8,243
Repairs and maintenance	112,959
Rentals - Operating leases	388,200
Subscriptions and registrations	2,705
Travel	204,880
Other material and services	<u>573,461</u>
	<u>3,084,390</u>



MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
	\$
<b>8 Finance costs</b>	
Finance costs relating to other bank loans	23,293
Bank charges	5,239
Impairment of debts	-
	<u>28,532</u>
<b>9 Depreciation</b>	
Buildings	1,258,271
House furniture and fittings	1,272
Motor vehicles	236,555
Other plant and equipment	178,624
Road drainage and bridge network	-
Water	-
Other Infrastructure Assets	164,024
	<u>1,838,746</u>
Total depreciation	
<b>10 Cash and cash equivalents</b>	
Cash at bank and on hand	973,199
Term Deposits	519,092
Less Bank Overdraft	9,067
<b>Balance per cash flow statement</b>	<u>1,501,358</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:	
Unspent government grants and subsidies	<u>1,593,393</u>
Total unspent restricted cash for capital projects	<u>1,593,393</u>
<p>Cash and deposits at call are held in the Queensland Country Credit union in normal term deposits and business cheque accounts. The Credit Union does not have a credit rating, as banks do, but as a regulated financial institution. the risk of financial failure is considered remote.</p>	
<b>11 Trade and other receivables</b>	
<b>(a) Current</b>	
Housing rentals	125,077
Community services charges	-
Other debtors	782,313
Less provision for doubtful debts	(106,338)
Prepayments	31,015
	<u>832,067</u>
<p>No interest is charged on debtors. There is no concentration of credit risk for community services charges and other debtors receivable.</p>	
<b>12 Inventories</b>	
<b>Current</b>	
Inventories held for resale:	
Supermarket stock	146,952
Fuel Stock	6,449
Powercards	-
Gas Bottles	1,096
Works Materials	12,022
Total inventories for resale	<u>166,520</u>
Valued at the lower of cost and net realisable value.	
Total inventories	<u>166,520</u>



**MAPOON ABORIGINAL SHIRE COUNCIL**

**Notes to the Financial Statements**

For the Year Ended 30 June 2009

**13 Property, plant and equipment**

**(a) Asset Movements**

	Buildings	House Furniture and Fittings	Motor Vehicles	Other Plant and Equipment	Road Drainage and Bridge Network	Water	Other Infrastructure Assets	Total
Revaluation 2009	Cost 2009	Revaluation 2009	Cost 2009	Revaluation 2009	Revaluation 2009	Revaluation 2009	Revaluation 2009	2009
\$	\$	\$	\$	\$	\$	\$	\$	\$
16,225,337	27,018	908,994	1,296,001	-	-	-	4,188,289	22,645,638
1,508,790	1,764	181,473	31,804	-	-	-	834,009	2,557,839
(26,364)	-	-	-	-	-	-	-	(26,364)
16,555,541	-	417,377	-	20,835,654	10,704,074	-	530,791	49,043,436
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
34,263,304	28,781	1,507,844	1,327,804	20,835,654	10,704,074	-	5,553,088	74,220,530

Basis of measurement

**Asset Values**

Opening gross value

Additions at cost

Disposals

Revaluation adjustment to the ARR

Revaluation adjustment to Income

Assets classified as held for sale

Assets transferred to Investment Property

Internal transfers

Closing gross value

**Accumulated Depreciation and Impairment**

Opening balance

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to the ARR

Impairment adjustment to the ARR

Impairment adjustment to Income

Assets transferred to Investment Property

Internal transfers

Accumulated depreciation at period end

Book value at period end

Residual value

Range of estimated useful life in years

2,707,493	15,483	576,791	844,466	-	-	-	2,710,191	6,854,424
1,258,271	1,272	236,555	178,624	-	-	-	164,024	1,838,746
(5,273)	-	-	-	-	-	-	-	(5,273)
8,101,494	-	-	-	2,835,659	3,483,420	-	(1,979,763)	12,540,810
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,061,985	16,756	813,346	1,023,090	2,935,659	3,483,420	-	894,452	21,228,707
22,201,320	12,026	694,498	304,715	17,899,995	7,220,654	-	4,658,636	52,991,843
-	-	-	-	16,130,986	5,000,214	-	2,468,515	-
20	20	5	5	7-50	10-50	-	2-50	-



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

2009

Note

\$

**13 (b) Property, plant and equipment valuations were determined by reference to the following:**

## **Buildings**

Buildings have been included at their written down current replacement cost as valued by T. J. Stewart, Registered Valuer, as at 1 January 2009.

## **Motor Vehicles**

Motor vehicles were revalued as at 1 January 2009 by T. J. Stewart, Registered Valuer.

## **Infrastructure**

Infrastructure assets were valued by the Council, based on an opinion of construction cost at 30 June 2009 provided by AECOM Engineers

## **Other Property, Plant and Equipment**

All other property, plant and equipment is measured at original cost less accumulated depreciation

## **14 Trade and other payables**

### **Current**

Creditors and accruals	292,454
GST payable to ATO	(2,001)
Annual leave	137,612
	<u>428,064</u>



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
Note	\$
<b>15 Provisions</b>	
<b>Current</b>	
Long service leave	88,213
	<u>88,213</u>
<b>Non-Current</b>	
Long service leave	19,428
	<u>19,428</u>

Long service leave is calculated at current pay levels as adjusted for inflation and likely future changes in salary level. The estimates are then 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. 50% of the non current liability is funded

**Details of movements in provisions:**

<b>Long Service Leave</b>	
Opening balance	-
Long service leave entitlement arising	107,641
Long Service entitlement extinguished	-
Long Service Entitlement paid	-
Adjustment to current portion	(88,213)
Balance at the end of period	<u>19,428</u>



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
Note	\$
<b>16 Shire Capital</b>	
<u>Calculation of retained surplus</u>	
Cash and cash Equivalents	1,501,358
Less:	
Reserves (other than Asset Revaluation Reserve)	(1,593,393)
Unearned income	-
Funded depreciation carried forward	-
Funded employee entitlements (non-current)	(9,714)
Unspent proceeds of sale (earmarked for capital expenditure)	-
Working cash requirement (proportion of rates to first collection date)	-
Retained surplus/(Deficit)	(101,749)
Total capital and surplus	14,173,362
Capital Account	<u>14,275,111</u>
Capital account opening balance	-
Adjustment to opening balance	18
Adjusted opening balance	-
Transfer to/(from) capital	<u>14,275,111</u>
Closing Balance	<u>14,275,111</u>



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009
	\$
<b>17 Asset revaluation reserve</b>	
<b>(i) Movements in the asset revaluation reserve were as follows:</b>	
Balance at beginning of period	2,686,701
Net adjustment to non-current assets at end of period to reflect a change in current fair value:	-
Buildings	8,454,047
Motor vehicles	417,377
Road, Drainage and Bridge Network	17,899,995
Water	7,220,654
Other Infrastructure Assets	<u>2,510,554</u>
Balance at end of period	<u>39,189,327</u>
<b>(ii) Asset revaluation reserve analysis</b>	
The closing balance of the asset revaluation reserve is comprised of the following asset categories:	
Buildings	11,140,747
Motor Vehicles	417,377
Road, Drainage and Bridge Network	17,899,995
Water	7,220,654
Other Infrastructure Assets	<u>2,510,554</u>
	<u>39,189,327</u>
<b>18 Adjustments to opening equity</b>	
Adjustment arising from correction of errors (incorrect opening balances)	21 (1,344,581)
Net adjustment to retained surplus	<u>(1,344,581)</u>



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
Note	\$
<b>19 Retained surplus</b>	
Movements in the retained surplus were as follows:	
Retained surplus/(deficit) at the beginning of financial year	14,073,974
Adjustment of incorrect opening balances	<u>(1,344,581)</u>
Adjusted balance	12,729,393
Net result attributable to Council	1,692,783
Assets recognised on change of accounting policy 25	
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended 20	
Constrained contributions reserve	(248,812)
Constrained works reserve	
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:	
Transfers (to)/from Shire Capital	<u>(14,275,111)</u>
Retained surplus (deficit) at the end of the financial year	<u><u>(101,747)</u></u>

## 20 Capital and other reserves

### (a) Summary of reserves held for funding future recurrent expenditure:

Constrained contributions reserve	<u>1,593,393</u>
	<u>1,593,393</u>
Total reserves	<u><u>1,593,393</u></u>



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

2009

Note

\$

(b) **Movements in capital reserves are analysed as follows:**

**Constrained contributions reserve**

Balance at the beginning of period	1,344,581
Transfer from retained earnings for future expenditure	248,812
Transfer to the retained earnings/capital funds expended in the period	-
Balance at the end of period	<u>1,593,393</u>

## 21 Correction of error

In the course of preparation of these statements it was discovered that many balances brought forward from previous years were incorrect.

This error has been corrected, as required by the Australian Accounting Standards, by adjusting the opening balances at 1 July 2008.

The adjustments included are as follows

Amount of balances changed  
Net value

At  
1 July 2008

(1,344,581)

(1,344,581)

## 22 Contingent liabilities

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

### Local Government Mutual

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



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

---

2009

Note

\$

As at 30 June 2008 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

## Local Government Workcare

The mapoon Aboriginal Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities.

Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$120,000.

## **23 Events after balance date**

There were no material adjusting events after the balance date.

## **24 Superannuation**

Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits. The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. 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.

The Council is not able to account for the 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.



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

---

2009

Note

\$

Under amendments to the Local Government Act 1993 passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits. Clause 56(e) of the scheme's Trust Deed indicates that any increase in the contributions is limited to 6% of the relevant employee's salary.

In its letter to Council dated 5 June 2009 the trustee advised that "at this stage, there is no requirement for Councils to contribute any additional contributions." The letter further stated that "any additional contributions above 12% (standard rate of contribution) that may be required would be on a temporary basis only, and would be requested based on independent actuarial advice. When possible, the contribution rate would reduce at a later date to offset additional costs - for example, councils may be asked to pay 18% contributions instead of 12% for a period, then contributions may reduce to 6% for a compensatory period before returning to the regular 12% contribution rate."

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the 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.

The audited general purpose financial report of the scheme as at 30 June 2008 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2009

---

2009

Note

\$

The general purpose financial report discloses that the most recent actuarial assessment of the scheme was undertaken as at 1 July 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue. The next actuarial investigation will be made as at 1 July 2009.

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

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

192,964



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2009

2009

Note

\$

## 25 Changes in Accounting Policies

### Adoption of Australian Accounting Standards for the first time

Adoption of a number of Australian Accounting Standards for the first time this year has resulted in a number of accounting policy changes that are described below:

Some Infrastructure assets have been recognised for the first time increasing the net assets by \$27,631,203 and Asset revaluation reserve by \$27,631,203. Council did not comply with AASB 116 paragraph 15 as it was considered impracticable to estimate the original acquisition dates, original cost or fair value at acquisition of the assets. Instead council has recognised the infrastructure at its fair value on 30 June 2009 as a revaluation of the original amount for infrastructure. As a result of this no assessment for impairment has been made in the year ended 30 June 2009. The effect of this change in accounting policy is:

Increase Road, Drainage & Bridge Network	17,899,995
Increase Water assets	2,510,554
Increase other Infrastructure assets	<u>7,220,654</u>
Increase Asset Revaluation Reserve	<u>27,631,203</u>

## 26 Trust funds

There were no monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.

The Mapoon Aboriginal Shire 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.

Funds held in trust on behalf of Council by outside parties

M Neal

171,478

171,478



# MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

	2009
	\$
<b>27 Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities</b>	
Result from ordinary activities	<u>1,692,783</u>
Non-cash operating items:	
Depreciation	1,838,746
	<u>1,838,746</u>
Investing and development activities :	
Net (profit) loss on disposal of non current assets	21,091
Capital grants and contributions	<u>(182,471)</u>
	<u>(161,380)</u>
Financing Activities	
	<u>-</u>
Changes in operating assets and liabilities :	
(Increase) decrease in receivables	(229,291)
(Increase) decrease in other operating assets	(15,660)
Increase (decrease) in payables	(1,185,820)
Increase (decrease) in other provisions	19,428
Increase (decrease) in other liabilities	-
	<u>(1,411,343)</u>
<b>Net cash inflow from operating activities</b>	<u><u>1,958,807</u></u>



## MAPOON ABORIGINAL SHIRE COUNCIL

Notes to the Financial Statements  
For the Year Ended 30 June 2009

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### 28 Financial Risk Management

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

Exposure to financial risks 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.

Mapoon Aboriginal Shire 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

#### (i) Credit Risk

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 their obligations.

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 investments with the Queensland Country Credit Union. As a regulated financial institution the risk of failure is remote.

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

The maximum exposure to credit risk at balance date in relation to each class of recognized 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.

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

	2009
Financial Assets	\$
Cash and cash equivalents - Cash	13,223
Cash and cash equivalents - QCCU	901,566
Cash and cash equivalents - CBA	375,971
Cash and cash equivalents - other	171,478
Receivables - rent	125,077
Receivables - other	706,993
<b>Total</b>	<b>2,294,308</b>



**MAPOON ABORIGINAL SHIRE COUNCIL**

Notes to the Financial Statements  
For the Year Ended 30 June 2009

**Past due or impaired**

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 financial assets that are either fully performing, past due or impaired:

	Fully Performing	Past due			Impaired	Total
		30-60 days	61-90 days	Over 90 days		
	\$	\$	\$	\$	\$	\$
Receivables	161,709	143,054	4,302	523,005	106,338	938,408

**(ii) Liquidity Risk**

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to liquidity risk through its trading in the normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient liquid assets to meet anticipated obligations.

**(iii) Interest Rate Risk**

The Council is exposed to interest rate risk through investments held with financial institutions. Since the investments are short term, generally at current or floating interest rates, and are with a financial institution the risk is considered minimal.

The Council does not undertake any hedging of interest rate risk.

**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. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount	Profit	Equity
	2009	2009	2009
	\$	\$	\$
Financial Assets	0	5,191	5,191
Financial Liabilities	0	0	0
<b>Net</b>	<b>0</b>	<b>5,191</b>	<b>5,191</b>



MAPOON ABORIGINAL SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2009


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MANAGEMENT CERTIFICATE

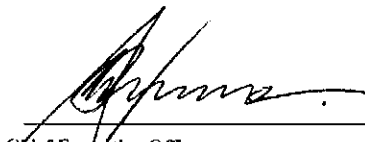
For the Year Ended 30 June 2009

This special purpose financial report has been prepared pursuant to section 37 of the Local Government (Community Government Areas) Act 2004 (the Act) and other prescribed requirements. In accordance with section 42 of the Local Government (Community Government Areas) Finance Standard 2004 we certify that, in our opinion:

- (i) the requirements under the Act and the Local Government Act 1993 for the keeping of accounts have been complied with in all material respects; and
- (ii) the statements for the financial year ended 30 June 2009, and supporting notes, present the Council's income, equity, balances and cash flows as required by the Act and the Local Government Act 1993.

  
\_\_\_\_\_  
Mayor

Date: 15 / 09 / 2009

  
\_\_\_\_\_  
Chief Executive Officer

Date: 15 / 09 / 2009



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Mapoon Aboriginal Shire Council

### Report on the Financial Report

I have audited the accompanying financial report, being a special purpose financial report, of Mapoon Aboriginal Shire Council comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement for the year ended 30 June 2009, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

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

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the form prescribed by the Director-General of the Department of Infrastructure and Planning. The Council has determined that the accounting policies described in Note 1, which forms part of the financial report, are appropriate to meet the needs of particular users. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the particular users. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of 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 risks of material misstatement in 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 and fair presentation of the financial report 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 application of accounting policies and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial report in accordance with the format prescribed by the Director-General of the Department of Infrastructure and Planning.

Due to the matters discussed in the Basis for Disclaimer of Auditor's Opinion paragraphs, I have not been able to obtain sufficient and appropriate audit evidence in order to form an opinion on the financial report.

## *Independence*

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

## *Basis for Disclaimer of Auditor's Opinion*

I was unable to obtain all the information and explanations I required in order to form an opinion on the 2008-09 financial report of Mapoon Aboriginal Shire Council. The more significant factors that resulted in a limitation on the scope of the audit were:

- There was insufficient evidence to support the opening equity balances and transfers during the period. As a consequence, the balances as at 30 June 2009 for shire capital of \$14,275,111, retained surplus of (\$101,747) and capital and other reserves of \$1,593,393, as disclosed in the statement of changes in equity and related notes 16, 18, 19, 20 and 21, could not be verified.
- The cash at end of reporting period of \$965,835, disclosed in the cash flow statement, did not agree with the cash and cash equivalents balance of \$1,501,358, as disclosed in Note 10. In addition, the net cash inflow from operating activities of \$1,958,807, reported in Note 27 did not agree with the net cash inflow from operating activities of \$2,390,870, disclosed in the cash flow statement.
- The Council's valuation of infrastructure assets was based on an opinion of construction cost as at 30 June 2009 which did not constitute an appropriate valuation of the Council's infrastructure assets. As a result, the Council was unable to demonstrate that the written down values disclosed in the financial report for infrastructure assets at 1 July 2008 (\$1,478,098) and 30 June 2009 (\$29,779,285), reported in Note 13, did not differ materially from the respective fair values at those dates as required by Australian Accounting Standard *AASB 116 Property, Plant and Equipment*. In addition, the associated depreciation expense of \$164,024, as per Note 9, the associated asset revaluation reserve balance of \$27,631,203, as per Note 17, and the related revaluation disclosures included in Notes 1.1 and 25 were also unable to be verified.
- The Council was unable to demonstrate that the reported written down values for buildings at 1 July 2008 (\$13,517,844), disclosed in Note 13, did not differ materially from fair value at that date as required by Australian Accounting Standard *AASB 116*. In addition, there was no documentary evidence to support assets reported at \$1,508,790 which were transferred from capital work in progress to buildings during the year. As a consequence, the depreciation expense for buildings of \$1,258,271, as disclosed in Note 9, was also unable to be verified.
- The cash and cash equivalents balance of \$1,501,358, reported in Note 10, is insufficient to cover the amounts disclosed in the constrained contributions reserve totalling \$1,593,393, reported in Note 20. Note 1.X identifies that these reserves are cash backed reserves and represent funds within the Council to meet anticipated future needs. This indicates that Council has utilised funds set aside in reserves to meet other operational needs rather than for the purpose for which the reserve was established.
- The Council was unable to provide sufficient evidence to support the grants, subsidies, contributions and donations revenue of \$4,572,786 as disclosed in Note 4.

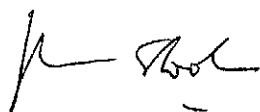
- The Council reported a provision for doubtful debts of \$106,338 and a net receivables balance of \$832,067, as per Note 11. However, in addition to those doubtful debts provided for, more than \$500,000 of other receivables had been outstanding for more than 12 months and had still not been collected at least two months after the end of the reporting period.
- Due to the lack of supporting tenancy agreements, rental income of \$295,051 disclosed in Note 3(b) and housing rental receivables of \$125,077 disclosed in Note 11 could not be verified.
- The creditors and accruals balance of \$292,454 disclosed in Note 14 included a debit balance of \$303,876 titled unexpended grant liabilities which the Council was unable to substantiate.
- The Council did not have any proper processes or procedures in place to allow it to analyse its operating results by function, which are disclosed in Note 2. As a result, the reported analysis by function does not agree to the income statement.
- My report for 2007-08 was disclaimed on a similar basis to the above and I am still unable to and do not express an opinion on the opening balances disclosed in this financial report.

The financial impact of these matters on the 2008-09 financial report cannot be practicably quantified due to the absence of reliable evidentiary source documents.

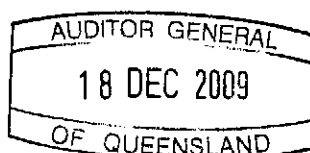
*Disclaimer of Auditor's Opinion*

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

- (a) I have not received all the information and explanations which I have required; and
- (b) in my opinion, because of the existence of limitations on the scope of my work as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had these limitations not existed, I am unable to and do not express an opinion as to whether -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report has been drawn up so as to present fairly, in all material respects, the Council's operating results and cash flows for the financial year 1 July 2008 to 30 June 2009 and the financial position as at the end of that year, in accordance with the approved form and accounting policies described in Note 1.



G G POOLE FCPA  
Auditor-General of Queensland



Queensland Audit Office  
Brisbane