

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2019



Pormpuraaw Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2019

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

- 1 Significant accounting policies
- 2 Analysis of Results by Function
- 3 Revenue analysis
- 4 Grants, subsidies, contributions and donations
- 5 Employee benefits
- 6 Materials and services
- 7 Capital expenses
- 8 Cash and cash equivalents
- 9 Receivables
- 10 Inventories
- 11 Other financial assets
- 12 Property, plant and equipment
- 13 Fair Value Measurements
- 14 Payables
- 15 Provisions
- 16 Asset revaluation surplus
- 17 Commitments for expenditure
- 18 Contingent liabilities
- 19 Superannuation
- 20 Operating lease income
- 21 Trust Funds
- 22 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
- 23 Events after the reporting period
- 24 Transactions with related parties
- 25 Tied Grants by Project

Management Certificate

Independent Auditor's Report

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

	Note	2019	2018
		\$	\$
Income			
Revenue			
Recurrent revenue			
Levies and charges		384,349	280,200
Fees and charges	3(a)	437,491	374,410
Rental income	3(b)	1,153,602	1,201,344
Interest received		657,868	486,094
Sales revenue	3(c)	5,445,485	3,389,060
Other income	3(d)	2,416,662	13,723
Grants, subsidies, contributions and donations	4(a)	7,506,057	9,022,445
		<u>18,001,514</u>	<u>14,767,276</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	3,583,356	8,784,828
Total revenue		<u>21,584,870</u>	<u>23,552,104</u>
Total income		<u>21,584,870</u>	<u>23,552,104</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(3,603,671)	(3,486,457)
Materials and services	6	(6,501,273)	(3,648,610)
Finance costs		(55,804)	(35,347)
Depreciation	12	(4,795,575)	(4,632,869)
Other expenses	11 & 15	(50,690)	(554,523)
		<u>(15,007,013)</u>	<u>(12,357,806)</u>
Capital expenses			
	7	(583,771)	(1,429,033)
Total expenses		<u>(15,590,784)</u>	<u>(13,786,839)</u>
Net result		<u>5,994,087</u>	<u>9,765,265</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	16	7,089,491	5,098,878
Total other comprehensive income for the year		<u>7,089,491</u>	<u>5,098,878</u>
Total comprehensive income for the year		<u>13,083,578</u>	<u>14,864,143</u>

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

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

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	8	26,552,602	22,747,589
Receivables	9	1,490,529	933,476
Inventories	10	436,146	354,518
Other financial assets	11	392,960	384,314
Total current assets		<u>28,872,237</u>	<u>24,419,897</u>
Non-current assets			
Property, plant and equipment	12	117,213,890	109,451,254
Other financial assets	11	12,147,804	10,471,293
Total non-current assets		<u>129,361,694</u>	<u>119,922,547</u>
Total assets		<u>158,233,931</u>	<u>144,342,444</u>
Current liabilities			
Payables	14	1,784,692	1,055,072
Provisions	15	222,486	188,483
Total current liabilities		<u>2,007,178</u>	<u>1,243,555</u>
Non-current liabilities			
Provisions	15	225,137	180,851
Total non-current liabilities		<u>225,137</u>	<u>180,851</u>
Total liabilities		<u>2,232,315</u>	<u>1,424,406</u>
Net community assets		<u>156,001,616</u>	<u>142,918,038</u>
Community equity			
Asset revaluation surplus	16	98,170,908	91,081,417
Retained surplus		57,830,708	51,836,621
Total community equity		<u>156,001,616</u>	<u>142,918,038</u>

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

Pormpuraaw Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2019

Note	Asset revaluation surplus	Retained Surplus	Total
	\$	\$	\$
Balance as at 1 July 2018	91,081,417	51,836,621	142,918,038
Net result	-	5,994,087	5,994,087
Other comprehensive income for the year			
Increase in asset revaluation surplus	7,089,491	-	7,089,491
Total comprehensive income for the year	<u>7,089,491</u>	<u>5,994,087</u>	<u>13,083,578</u>
Balance as at 30 June 2019	<u>98,170,908</u>	<u>57,830,708</u>	<u>156,001,616</u>
Balance as at 1 July 2017	85,982,539	42,071,356	128,053,895
Net result	-	9,765,265	9,765,265
Other comprehensive income for the year			
Increase in asset revaluation surplus	5,098,878	-	5,098,878
Total comprehensive income for the year	<u>5,098,878</u>	<u>9,765,265</u>	<u>14,864,143</u>
Balance as at 30 June 2018	<u>91,081,417</u>	<u>51,836,621</u>	<u>142,918,038</u>

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

Pormpuraaw Aboriginal Shire Council
Statement of Cash Flows

For the year ended 30 June 2019

	2019	2018
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	5,464,401	4,603,797
Payments to suppliers and employees	<u>(10,431,463)</u>	<u>(9,483,835)</u>
	(4,967,062)	(4,880,038)
Interest received	657,868	486,094
Rental income	1,153,602	1,201,344
Non capital grants and contributions	<u>7,506,057</u>	<u>9,022,445</u>
Net cash inflow/(outflow) from operating activities	22 <u>4,350,465</u>	5,829,845
Cash flows from investing activities		
Payments for property, plant and equipment	(4,514,986)	(6,899,831)
Proceeds from sale of property plant and equipment	-	-
Finance lease receipts	386,178	372,222
Grants, subsidies, contributions and donations	<u>3,583,356</u>	<u>5,227,013</u>
Net cash inflow (outflow) from investing activities	<u>(545,452)</u>	<u>(1,300,596)</u>
Net increase (decrease) in cash and cash equivalent held	<u>3,805,013</u>	<u>4,529,249</u>
Cash and cash equivalents at the beginning of the financial year	22,747,589	18,218,341
Cash and cash equivalents at end of the financial year	8 <u>26,552,602</u>	<u>22,747,589</u>

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

Porpuraaw Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2019

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board. 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.

These financial statements have been prepared under the historical cost convention except for certain current and non-current assets which are measured at fair value.

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

1.B Constitution

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

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

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

Council has not restated comparative figures as the impact as at 30 June 2018 would not be material.

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

Financial asset	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Fair value

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

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

1 Significant accounting policies

1.D Adoption of new and revised Accounting Standards (Continued)

Standard and impact

Date Council will apply the standard

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

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

1-Jul-19

Identifiable impacts at the date of this report are:

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

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

Council has identified that certain grants received during the 2018/19 financial year would require recognition in accordance with AASB 15. Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

	\$
Capital grants for deferral	(760,000)
Capital grants receivable	664,610

- Revenue decrease of \$760,000 due to deferral of grant funding and an increase of \$664,610 due to revenue receivable resulting in a net decrease of \$95,390 (based on the facts available to Council at the date of assessment).

- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities and statutory receivables.

- Net result would be lower on initial application as a result of decreased revenue.

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

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

AASB 16 Leases

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

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

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

1 Significant accounting policies

Leases in which the Council is a lessee

No significant impact is expected for the Council's finance leases.

Leases in which Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn Leases

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

Transition method

Council has assessed that, as a result of the application of AASB 16, there will be no material impact on 1 July 2019. Therefore there will be no adjustment on initial application.

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

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

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

Valuation and depreciation of property, plant and equipment - Note 12

Impairment of property, plant and equipment - Note 12

Valuation of finance leases - Note 11

Provisions - Note 15

Contingent liabilities - Note 18

1.F Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents (Note 8)

Receivables - measured at amortised cost (Note 9)

Other financial assets (finance leases) - measured at fair value (Note 11)

Financial liabilities

Payables - measured at amortised cost (Note 14)

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

1.G Taxation

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

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

2 Analysis of Results by Function

2 (a) Components of Council functions

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

Community – The Way We Want To Live Together

The key objective is to promote outcomes which encourage a healthy, supportive, contributing and proactive community where appropriate services and facilities are available and accessible by all. This function advocates and supports: participation of men in community programs; sport, art & culture; aged community members are provided with quality of life; and community access to justice through an active Justice Group.

The community function includes:

- Work and support programs of education, training and rehabilitation;
- Increase community awareness and engagement in public activities and special events;
- Encouraging leadership and stewardship through regular community discussions; and
- Providing quality aged care facilities by highly trained staff.

Built Environment – Shaping Our Surroundings

The key objective is to plan for the future development of the community in ways which actively value the heritage and the character of our community with access for all.

This function manages and provides, to a standard that ensures a minimum legislative compliance and equitable standard:

- Development and maintenance of urban and rural roads;
- Maintain and extend the program for roads, drainage and pathways;
- Advocate and supports the development of housing & the refurbishment of existing housing.

Natural Environment – It Begins With Each Of Us

The key objective is to ensure the natural environment is protected in a way that is not compromised for future generations and is managed so as to minimise our impact on non renewable resources.

This function manages and provides:

- The Land & Sea Ranger programs;
- Supports and develops feral animal and plant pest control;
- Public Health programs:
- The development and monitoring of the West Coast Turtle Threat Abatement Program; and
- Water, waste and sewerage services.

Economy – Creating Our Future

The key objective is to facilitate a vibrant local economy which enjoys sustainable business investments and the benefits of a skilled and diverse workforce.

The goal of this function is to advocate and develop:

- Tourism infrastructure, a local tourism economy and employment opportunities;
- Diverse sustainable business opportunities;
- New businesses are established and/or developed in Pormpuraaw which generate a substantial flow of funds into the community; and
- the increase of training and employment opportunities for residents.

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements

For the year ended 30 June 2019

2 Analysis of Results by Function

2 (a) Components of Council functions (continued)

Organisation – Developing Our Capacity

The key objective is to strengthen the capacity of the council organisation and its people to serve our community and to pursue positive outcomes in partnership with community business and government bodies.

This function manages and provides:

- The longevity and sustainability of local government and its benefits to the community;
- Councillors that are actively engaged in the affairs of the community;
- Value the benefits of good financial management and accountability; and
- Community benefits which result from good governance.

The organisation function achieves its objectives by: transparency and accountability in business dealings, probity in purchasing; adhering to reporting timeframes and active communication to our stakeholders.

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

2 Analysis of results by function

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

Year ended 30 June 2019

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$							
Community Services	1,372,646	102,932	40,000	1,028,950	2,544,528	(1,549,701)	(34,936)	(1,584,637)	(74,123)	959,891	3,502,092
Built Environment	1,275,594	5,005,085	1,882,481	453,625	8,616,784	(9,428,915)	(231,731)	(9,660,646)	(3,148,237)	(1,043,862)	88,707,300
Natural Environment	934,156	647,619	-	-	1,581,775	(1,802,673)	(284,853)	(2,087,526)	(220,898)	(505,751)	19,331,102
Economy	-	1,591,580	-	178,300	1,769,880	(1,461,393)	(32,251)	(1,493,644)	130,187	276,235	17,513,929
Organisation	3,923,662	3,148,240	-	-	7,071,902	(764,334)	-	(764,334)	6,307,569	6,307,569	29,179,506
Total	7,506,057	10,495,456	1,922,481	1,660,875	21,584,869	(15,007,016)	(583,771)	(15,590,787)	2,994,497	5,994,087	158,233,931

Year ended 30 June 2018

Functions	Gross Program Income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$							
Community Services	1,523,825	102,809	-	-	1,626,634	(1,061,068)	-	(1,061,068)	565,566	565,566	3,203,513
Built Environment	2,750,155	3,094,279	4,451,951	-	10,296,386	(7,690,397)	(1,429,033)	(9,119,431)	(1,845,963)	1,176,955	87,286,363
Natural Environment	962,690	260,347	675,062	3,557,815	5,455,914	(1,124,644)	-	(1,124,644)	98,394	4,331,271	21,093,150
Economy	-	1,710,362	100,000	-	1,810,362	(1,394,582)	-	(1,394,582)	315,780	415,780	8,563,653
Organisation	3,785,775	577,033	-	-	4,362,808	(1,087,116)	-	(1,087,116)	3,275,693	3,275,693	24,195,766
Total	9,022,445	5,744,831	5,227,013	3,557,815	23,552,104	(12,357,806)	(1,429,033)	(13,786,839)	2,409,469	9,765,265	144,342,444

Pormpuraaw Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
3 Revenue analysis			
<p>Fees, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.</p>			
(a) Fees and charges			
Fees and charges		215,158	101,259
Commissions		90,188	174,796
Other revenue		132,145	98,355
		<u>437,491</u>	<u>374,410</u>
<p>Revenue from the provision of services is recognised as the service is rendered.</p>			
(b) Rental income			
Property rental		598,667	637,942
Accommodation revenue		554,935	563,402
		<u>1,153,602</u>	<u>1,201,344</u>
<p>Rental revenue from other property is recognised as income on a periodic straight line basis over the lease term.</p>			
(c) Sales revenue			
Sale of services			
Housing maintenance		4,007,331	1,908,076
Workshop		4,133	8,243
Powercard sales		34,527	92,877
Aged care		81,924	83,525
Other		176,908	362,213
		<u>4,304,823</u>	<u>2,454,934</u>
Sale of goods			
Fuel		488,652	632,615
Other		652,010	301,511
		<u>1,140,662</u>	<u>934,126</u>
Total sales revenue		<u>5,445,485</u>	<u>3,389,060</u>
<p>The Council generates revenues from a number of services including housing maintenance, fuel sales and powercard sales. Revenue from housing maintenance generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. 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.</p>			
<p>Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in the goods.</p>			
(d) Other income			
Gain on revaluation of finance leases		1,967,661	-
Insurance claim		449,001	13,723
		<u>2,416,662</u>	<u>13,723</u>

Pormpuraaw Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2019

Note	2019	2018
	\$	\$
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
General purpose grants (State)	1,876,905	1,745,585
State government subsidies and grants	4,388,990	5,819,435
Other operating grants	48,165	84,045
Commonwealth government subsidies and grants	1,145,995	1,306,610
Contributions	46,002	66,770
	<u>7,506,057</u>	<u>9,022,445</u>
(b) Capital		
Commonwealth subsidies and grants	183,306	455,582
State Government grants	1,739,175	4,771,431
Donated Assets & Non Cash Grants	1,660,875	3,557,815
	<u>3,583,356</u>	<u>8,784,828</u>

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

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.

Conditions over contributions

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

Non-reciprocal grants for recurrent expenditure	1,089,676	3,232,757
Non-reciprocal grants for capital expenditure	755,356	165,065
	<u>1,845,033</u>	<u>3,397,821</u>

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Non-reciprocal grants for expenditure on services and infrastructure	3,397,821	2,552,324
	<u>3,397,821</u>	<u>2,552,324</u>

Non-cash contributions

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

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

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

	Note	2019	2018
		\$	\$
5 Employee benefits			
Total staff wages, salaries and entitlements		3,008,415	3,039,482
Councillors' remuneration		354,690	329,501
Superannuation	19	<u>334,928</u>	<u>336,879</u>
		3,698,033	3,705,862
Other employee related expenses		<u>118,328</u>	<u>133,143</u>
		3,816,361	3,839,005
Less: Capitalised employee expenses		<u>(212,690)</u>	<u>(352,548)</u>
		<u><u>3,603,671</u></u>	<u><u>3,486,457</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
Administration staff	18	14
Depot and outdoors staff	48	48
Total full time equivalent employees	<u>71</u>	<u>67</u>

6 Materials and services

Cost of enterprise sales	531,022	658,511
Administration supplies and consumables	795,633	647,197
Audit of annual financial statements by the Auditor-General of Queensland*	57,500	62,500
Communications and IT	32,843	32,527
Consultants	140,708	162,520
Contractors	185,084	278,234
Grant monies repaid	311,630	-
Plant hire	34,462	63,309
Power	227,979	188,263
Repairs and maintenance	3,139,580	1,065,838
Vehicle operating costs	62,508	68,509
Insurance	373,314	29,532
Travel	19,415	28,833
Other materials and services	<u>589,595</u>	<u>362,837</u>
	<u><u>6,501,273</u></u>	<u><u>3,648,610</u></u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$57,500 (2017-18 actual: \$68,750).

7 Capital expenses

Gain/(loss) on disposal of non-current assets

Proceeds from Sale Property, plant & equipment	-	-
Less: Book Value of property, plant & equipment disposed of	<u>-</u>	<u>(49,271)</u>
	<u>-</u>	<u>(49,271)</u>
Capital write off	(583,771)	(1,379,762)
	<u>(583,771)</u>	<u>(1,429,033)</u>

Pormpuraaw Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
8 Cash and cash equivalents			
Cash at bank and on hand		1,237,153	1,196,843
Deposits at call		<u>25,315,449</u>	<u>21,550,746</u>
Balance per Statement of Cash Flows		<u><u>26,552,602</u></u>	<u><u>22,747,589</u></u>

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, term deposits and deposits held at call with financial institutions.

Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. Externally imposed expenditure restrictions at the reporting date are disclosed in Note 4.

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Other bank accounts are held with financial institutions, which are rated AA- based on rating agency Fitch Ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote. All investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

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

9 Receivables

Receivables	1,376,187	813,690
Less impairment	(2,997)	(1,881)
Accrued income	91,876	79,942
Bond	4,333	4,333
Prepayments	<u>21,130</u>	<u>37,392</u>
	<u><u>1,490,529</u></u>	<u><u>933,476</u></u>

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.

All known bad debts were written-off at 30 June. Council reviews receivable balances on an individual basis to assess the expected credit losses of trade receivables from individual customers. If an amount is recovered in a subsequent period it is recognised as revenue.

The effect of initially applying AASB 9 on Council's financial instruments is described in Note 1.D. An adjustment to the comparative information has not been necessary as the impact is not material.

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

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	1,881	5,942
Impairment Debts written off during the year	(10,070)	(7,291)
Additional impairments recognised	<u>11,186</u>	<u>3,230</u>
Closing Balance at 30 June	<u><u>2,997</u></u>	<u><u>1,881</u></u>

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

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

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

9 Receivables (Continued)	Note	2019	2018
		\$	\$
A summary of the Council's exposure to credit risk for trade receivables is as follows:			
		2019	2019
		Not credit -	Credit -
		impaired	impaired
Not past due		1,328,098	-
Past due 31-60 days		28,958	-
Past due 61-90 days		9,698	-
More than 90 days		102,644	2,997
Total gross carrying amount		<u>1,469,398</u>	<u>2,997</u>
Loss allowance			<u>(2,997)</u>
		<u>1,469,398</u>	<u>-</u>

10 Inventories

Inventories held for sale

Fuel	250,409	187,606
Other trading stocks	<u>20,743</u>	<u>17,420</u>
	<u>271,152</u>	<u>205,026</u>

Inventories held for distribution

Plant and equipment stores	164,994	149,492
	<u>164,994</u>	<u>149,492</u>
	<u>436,146</u>	<u>354,518</u>

Stores, fuel and other inventory 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.

11 Other financial assets

Current

Finance leases	392,960	384,314
	<u>392,960</u>	<u>384,314</u>

Non-current

Finance leases	12,147,804	10,471,293
	<u>12,147,804</u>	<u>10,471,293</u>

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

Gross minimum lease payments receivable:

Not later than one year	392,960	384,325
Later than one year but not later than five years	1,571,840	1,537,284
Later than five years	<u>11,439,759</u>	<u>11,558,028</u>
	13,404,559	13,479,637

Add: Estimated contingent rent

	7,380,643	7,705,169
--	-----------	-----------

Less: Present value adjustment	<u>(8,244,438)</u>	<u>(10,329,199)</u>
--------------------------------	--------------------	---------------------

Fair value of lease payments	<u>12,540,764</u>	<u>10,855,607</u>
------------------------------	-------------------	-------------------

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

	2019	2018
Note	\$	\$
11 Other financial assets (Continued)		
The fair value of lease payments are receivable as follows:		
Not later than one year	392,960	384,314
Later than one year but not later than five years	1,556,246	1,487,599
Later than five years	<u>10,591,558</u>	<u>8,983,694</u>
	<u><u>12,540,764</u></u>	<u><u>10,855,607</u></u>
Movements in finance leases were as follows:		
Opening balance	10,855,607	11,444,259
Add: Initial recognition of new leases	103,674	187,748
Less: Lease receipts	(386,178)	(372,222)
Add: Gain on revaluation	3 1,967,661	-
Less: Loss on revaluation	-	(404,179)
Closing balance	<u><u>12,540,764</u></u>	<u><u>10,855,607</u></u>

Council has leased 124 dwellings and 1 lot as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year ranged between \$2,800 and \$3,085 (\$2,900 and \$3,033 for 2017-18) and \$6,000 for the Pormpuraaw Womens Centre. 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 (current 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).

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

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

Movements on revaluation of finance lease assets are recognised as other income/expenses.

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

12 Property, plant and equipment

30 June 2019

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in Progress	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	663,287	68,051,447	5,956,139	12,428,938	11,561,953	72,197,263	-	231,172	171,090,199
		2,740,360	663,056		233,560	1,870,403	374,179	190,627	6,072,186
7	(247,171)	(176,171)	(181,976)	(2,397,901)	(5,214)	(243,606)	-	-	(3,252,040)
		(1,631,686)	-	(1,474,383)	455,314	1,279,178	-	-	(1,371,577)
	-	-	-	-	-	195,654	-	(195,654)	-
	-	-	-	-	-	-	-	(19,696)	(19,696)
	416,116	68,983,950	6,437,219	8,556,653	12,245,613	75,298,891	374,179	206,449	172,519,071

Accumulated depreciation and impairment

Opening balance as at 1 July 2018	591,469	37,509,898	3,378,541	4,162,712	2,145,326	13,851,000	-	-	61,638,946
Depreciation provided in period	15,155	3,100,607	482,714	178,392	229,281	789,426	-	-	4,795,575
Depreciation on disposals	(214,920)	(141,235)	(123,206)	(2,113,049)	(5,214)	(70,646)	-	-	(2,668,270)
Revaluation adjustment to asset revaluation surplus	-	(3,907,687)		(358,807)	(405,792)	(3,788,781)	-	-	(8,461,069)
Accumulated depreciation as at 30 June 2019	391,704	36,561,583	3,738,050	1,869,248	1,963,601	10,780,999	-	-	55,305,181

Total written down value as at 30 June 2019

	24,412	32,422,367	2,699,169	6,687,405	10,282,012	64,517,892	374,179	206,449	117,213,890
--	--------	------------	-----------	-----------	------------	------------	---------	---------	-------------

Range of estimated useful life in years

	3 - 5	15 - 40	5 - 15	5 - 80	10 - 120	10 - 100		-	
--	-------	---------	--------	--------	----------	----------	--	---	--

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure Renewals	-	813,160	-	-	233,560	1,567,169	-	67,491	2,681,380
Other additions	-	1,927,200	663,056	-	-	303,234	374,179	123,136	3,390,805
Total additions	-	2,740,360	663,056	-	233,560	1,870,403	374,179	190,627	6,072,186

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

12 Property, plant and equipment
30 June 2018

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in progress	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	676,500	63,784,893	5,611,440	8,548,225	11,123,819	67,781,233	-	498,059	158,024,169
	-	2,418,947	344,699	3,533,285	48,800	3,692,995	-	231,172	10,269,898
7	(13,213)	(121,905)	-	-	-	-	-	-	(135,118)
	-	1,674,462	-	299,188	389,334	2,033,437	-	-	4,396,421
7	-	-	-	-	-	(1,379,762)	-	(85,409)	(1,465,171)
	-	295,050	-	48,240	-	69,360	-	(412,650)	-
	663,287	68,051,447	5,956,139	12,428,938	11,561,953	72,197,263	-	231,172	171,090,199

Basis of measurement

Asset values

Opening gross value as at 1 July 2017

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Capital write off

Transfers from work in progress

Closing gross value as at 30 June 2018

Accumulated depreciation and impairment

Opening balance as at 1 July 2017

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Impairment adjustment to asset revaluation surplus

Reversal of accumulated depreciation

Accumulated depreciation as at 30 June 2018

	573,671	33,577,984	2,937,154	3,857,608	1,865,909	15,209,399	-	-	58,021,725
	31,011	3,034,279	441,387	165,163	206,870	754,159	-	-	4,632,869
7	(13,213)	(72,634)	-	-	-	-	-	-	(85,847)
	-	970,269	-	139,941	72,547	363,579	-	-	1,546,336
	-	-	-	-	-	(2,248,793)	-	-	(2,248,793)
	-	-	-	-	-	(227,345)	-	-	(227,345)
	591,469	37,509,898	3,378,541	4,162,712	2,145,326	13,851,000	-	-	61,638,945

Total written down value as at 30 June 2018

Range of estimated useful life in years

	71,818	30,541,549	2,577,598	8,266,226	9,416,627	58,346,263		231,172	109,451,254
	3 - 5	20 - 60	5 - 15	15 - 70	20 - 70	15 - 100		-	

Additions comprise:

Infrastructure Renewals

Other additions

Total additions

	\$	\$	\$	\$	\$	\$	\$	\$
	-	2,012,182	19,948	-	-	3,115,539	-	5,147,669
	-	406,765	324,751	3,533,285	48,800	577,456	231,172	5,122,229
	-	2,418,947	344,699	3,533,285	48,800	3,692,995	231,172	10,269,898

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

12 Property, plant and equipment (Continued)

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

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.

Capital and operating expenditure

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

Valuation

Buildings, Water, Sewerage and other infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant & Equipment, Furniture & Fittings 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 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.

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

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

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

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.

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.

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.

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

12 Property, plant and equipment (Continued)

Depreciation

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

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

Where assets have separately identifiable significant 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.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in the table in Note 12.

Deed of Grant in Trust Land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the Land Act 1994. It comprises an area of approximately 466,000 hectares.

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

Impairment of non-current assets

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

Asset revaluation surplus

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

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

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

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus. Refer to Note 16 for further details.

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

13 Fair Value Measurements

(i) Recognised fair value measurements

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)

There were no transfers between categories during the year (2018: none).

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

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

Specific valuation techniques used to value Council assets comprise:

Buildings (level 3)

The fair value of buildings was derived from a comprehensive valuation exercise performed independently by Australis Asset Advisory Group, registered valuers as at 30 June 2019.

There is no market for Council's buildings as these assets are of a specialist nature and there is no active market as they are held to provide essential services to the community. For the purpose of assessing the fair value for financial reporting purposes value has been determined primarily by using the depreciated replacement cost methodology. This involved determining a replacement cost for the asset and making an assessment on the condition, age and remaining life of the asset. The approach determines the cost to acquire or construct a substitute asset of comparable utility or service potential, adjusted for obsolescence.

Considerations in the calculations have been the type and the size of the structure, construction materials used, level of finish, fixtures installed within, and the location of the asset. As the subject structures are located in a regional area, somewhat removed from the nearest provincial city of Cairns, and far removed from Queensland's capital city of Brisbane, a cost increase over and above that applicable to the nearest provincial city or in relation to Brisbane Cost Index is necessary to account for the increase in replacement cost due to transportation of labour and materials from the nearest supply centre and also the cost of housing specialised labour and contractors necessary for the construction work.

To accurately assess the value of the properties, the valuer carried out an inspection of the assets, where possible. The general condition and total life expectancy for the buildings have been established as a result of the inspections carried out. In order to determine the remaining service potential of an asset, the Valuer undertook a Remaining service potential score (RSP score) taking into account physical deterioration, functional obsolescence and economic obsolescence.

The RSP Score methodology adopted by Australis is detailed below:

Condition codes

Condition Scale	Description of asset condition	Percentage of life remaining
1	New Asset	91 - 100%
2	New or refurbished asset.	81 - 90%
3	Excellent condition, minimal deterioration noted.	71 - 80%
4	Very good condition with early stages of deterioration.	61 - 70%
5	Good condition, some signs of deterioration.	51 - 60%
6	Good to fair condition, clear signs of deterioration evident.	41 - 50%
7	Fair to Poor condition with clear deterioration. Moderate maintenance requirements.	31 - 40%
8	Poor condition, clear deterioration, high maintenance requirements. Renewal required.	21 - 30%
9	Very poor condition with severe deterioration.	11 - 20%
10	Extremely poor or failed asset. Inhabitable.	0 - 10%

Those assets identified as major assets have been componentised, particularly where the separate components have remaining lives that are materially different from one another. Componentisation has been utilised for building assets.

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

13 Fair Value Measurements (Continued)

Infrastructure Assets (Level 3)

Council infrastructure assets have been recognised at fair valued using depreciated replacement cost. This valuation comprises the asset's current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. This involved determining a replacement cost for the asset and making an assessment on the condition, age and remaining life of the asset. The approach determines the cost to acquire or construct a substitute asset of comparable utility or service potential, adjusted for obsolescence.

The fair value of infrastructure was derived from a comprehensive valuation exercise performed independently by Australis Asset Advisory Group, registered valuers as at 30 June 2019.

There is no market for Council's water and sewerage assets and other infrastructure assets (including roads) as these are held to provide essential services to the community. For the purpose of assessing the fair value for financial reporting purposes value has been determined primarily by using the depreciated replacement cost methodology. Considerations in the calculations have been the type and the size of the individual infrastructure assets, construction materials used, level of finish, fixtures installed within, and the location of the assets. As the subject assets are located in a regional area, somewhat removed from the nearest provincial city of Cairns, and far removed from Queensland's capital city of Brisbane, a cost increase over and above that applicable to the nearest provincial city or in relation to a Brisbane Cost Index is necessary to account for the increase in replacement cost due to transportation of labour and materials from the nearest supply centre, and also the cost of specialised labour and contractors necessary for the construction work.

In determining the most appropriate replacement cost of an asset, the nature of the asset, the nature of available comparative cost data and the purpose of the valuation has been taken into consideration along with the application of Greenfield unit rates and project cost assumptions.

Replacement cost has been calculated with reference to unit rates by the valuers in consultation with Council. Unit rates assume an incremental Greenfields approach and exclude Brownfield cost components. The rates have been developed from a combination of sources, cost guides, contractor rates, future works and regional information.

The major steps for using the depreciated replacement cost approach for other infrastructure assets include:

Characteristics of assets

- Assets types
- Asset hierarchy
- Componentisation; and
- Additional global factors

Input

- Useful life (UL) assessment
- Remaining service potential assessment (RSP)
- Optimised replacement cost analysis (ORC) analysis
- Output fair value measurement

The infrastructure assets to be valued were reviewed for completeness of data and verified with site inspections. As part of the valuation exercise, Australis applied componentisation, asset type and system based hierarchy, the adopted systems includes, roads, stormwater, airport and other structures.

The economic useful life was assessed based on asset hierarchy, road type segregation and componentisation. The lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates and supplied data.

The remaining service potential has been measured primarily on recent physical condition data for visible assets and chronic alogical construction dates for underground or inaccessible assets. The supplied condition data was verified through a comprehensive road condition survey that consisted of a physical inspection of over 90% of roads . The physical condition score was then combined with any relevant obsolescence factors to arrive at an adopted remaining useful life.

When considering the estimated remaining life of each of the assets, consideration has been given to the construction, present age, condition, serviceability, climate conditions, and present and potential utilisation. Investigations have been made into the lifespan of the infrastructure assets to better understand the factors influencing sustainable physical, functional and economic asset life-expectancy.

Reference asset replacement costs for the water and sewerage and other infrastructure assets have been compiled by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North Queensland Region, and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed.

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

13 Fair Value Measurements (Continued)

Current replacement cost for water and sewerage was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

The major steps for using the depreciated replacement cost approach for water and sewerage infrastructure assets include:

Characteristics of assets

- Assets types
- Identification of systems and sub-systems
- Componentisation; and
- Additional global factors

Input

- Useful life (UL) assessment
- Remaining service potential assessment (RSP)
- Optimised replacement cost analysis (ORC) analysis
- Output fair value measurement

Consistent with roads, it is assumed that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

Finance lease assets (Level 3)

These assets relate to the housing leases in place to the Queensland Government for 40 years. Whilst the lease payment amounts are documented in the lease agreements (level 2), the calculation of the fair value of these assets is at the net present value incorporating an average annual CPI increase and discount rate which are both unobservable inputs (level 3). It is considered that these other inputs are significant to the valuation therefore overall valuation has been classified as level 3.

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). Council's current policy for the valuation of finance leases is set out in note 11.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

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. 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 12. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Porpuraaw Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2019

	2019	2018
	\$	\$
14 Payables		
Current		
Creditors and accruals	1,583,778	675,043
Annual leave	200,914	249,583
Others	-	130,446
	<u>1,784,692</u>	<u>1,055,072</u>

The following table sets out the liquidity risk in relation to financial liabilities held by the Council.

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2019					
Payables	1,583,778	-	-	1,583,778	1,583,778
	<u>1,583,778</u>	<u>-</u>	<u>-</u>	<u>1,583,778</u>	<u>1,583,778</u>
2018					
Payables	675,043	-	-	675,043	675,043
	<u>675,043</u>	<u>-</u>	<u>-</u>	<u>675,043</u>	<u>675,043</u>

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

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.

Liabilities are recognised for employee benefits detailed below.

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 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values, if considered material. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability. This liability represents an accrued expense and is reported as a payable.

Porpuraaw Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2019

	2019 \$	2018 \$
15 Provisions		
Current		
Long service leave	222,486	188,483
	<u>222,486</u>	<u>188,483</u>
Non-current		
Landfill restoration	201,034	150,344
Long service leave	24,103	30,507
	<u>225,137</u>	<u>180,851</u>
Long service leave		
Balance at beginning of financial year	218,990	281,460
Long service entitlement paid	(26,817)	-
Long service leave entitlement extinguished	(2,266)	(45,375)
Long service leave entitlement arising	56,682	(17,095)
Balance at end of financial year	<u>246,589</u>	<u>218,990</u>
Landfill restoration		
Balance at end of financial year	150,344	-
Initial recognition during the year	-	150,344
Increase/(decrease) in provision due to change in discount rate	50,690	-
Balance at end of financial year	<u>201,034</u>	<u>150,344</u>

Landfill restoration provision

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities.

The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

The total projected cost of \$201,034 is expected to be incurred between 2037 and 2067. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used.

Long service leave

A provision 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.

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

Pormpuraaw Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2019

	2019	2018
	\$	\$
16 Asset revaluation surplus		
The closing balance of the asset revaluation surplus comprises the		
Furniture & Fittings	434,944	434,944
Buildings	35,464,354	33,188,353
Infrastructure assets - Other	57,120,611	52,052,652
Infrastructure assets - Water	249,274	1,364,850
Infrastructure assets - Sewerage	2,678,819	1,817,713
Plant & equipment	2,222,905	2,222,905
	<u>98,170,908</u>	<u>91,081,417</u>

17 Commitments for expenditure

Operating leases

Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	-	16,119
One to five years	-	-
	<u>-</u>	<u>16,119</u>

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term.

There were no contractual commitments at balance date not recognised in the financial statements.

18 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2019 the financial results reported an accumulated surplus and it is not anticipated any liability will arise.

Porpuraaw Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2019

19 Superannuation

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Porpuraaw Aboriginal Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have 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.

Another actuarial investigation is planned for 1 July 2021.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Porpuraaw Aboriginal Shire Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

	Note	2019 \$	2018 \$
Superannuation contributions made to the Regional Defined Benefits Fund	5	334,928	336,879
		2020 \$	
Contributions Council expects to make to the Regional Defined Benefits Fund for 2019-20		494,635	

Pormpuraaw Aboriginal Shire Council

Notes to the Financial Statements

For the year ended 30 June 2019

	2019 \$	2018 \$
20 Operating lease income		
Not later than one year	-	1,200
One to five years	-	4,800
Later than five years	-	36,000
	<u>-</u>	<u>42,000</u>

The Council leases out a number of commercial buildings and offices to third parties. As at 30 June 2019 all lease agreements are currently being reviewed and renegotiated. There are no signed agreements in place at the year end.

21 Trust Funds

Trust funds held for outside parties	35,594	-
	<u>35,594</u>	<u>-</u>

Amounts held in trust relate to building retention amounts and commercial lease bonds.

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

Net result	5,994,087	9,765,265
Non-cash items:		
Depreciation	4,795,575	4,632,869
Impairment of debts	1,116	3,230
Non cash grants	(1,660,875)	(3,557,815)
(Gain)/Loss on revaluation of finance leases	(1,967,661)	404,179
Reversal of accumulated depreciation	-	(227,344)
	<u>1,168,155</u>	<u>1,255,118</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	583,771	1,429,033
Loss on WIP write off	19,696	85,409
Capital grants and contributions	(3,583,356)	(5,227,013)
	<u>(2,979,889)</u>	<u>(3,712,571)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(574,431)	(389,037)
(Increase)/decrease in prepayment	16,262	1,445
(Increase)/decrease in inventory	(81,628)	26,473
Increase/(decrease) in payables	729,620	(1,204,723)
Increase/(decrease) in other provisions	78,289	87,874
	<u>168,112</u>	<u>(1,477,968)</u>
Net cash inflow from operating activities	<u>4,350,465</u>	<u>5,829,844</u>

23 Events after the reporting period

There were no material adjusting events after the balance date.

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

24 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and executive management. The compensation paid to KMP for 2018/19 comprises:

	2019 \$	2018 \$
Short-term employee benefits	951,513	923,795
Post-employment benefits	90,363	103,180
Long-term benefits	16,045	-
Termination benefits	-	2,020
Total	1,057,921	1,028,995

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

Details of transactions between Council and other related parties are disclosed below:

Details of Transaction	Additional information	2019 \$	2018 \$
Rental income charged to entities controlled by KMP	24(b)(i)	45,760	50,023
Sale of goods & services to related parties	24(b)(i)	16,152	51,926
Employee expenses for close family members of key management personnel	24(b)(ii)	537,359	566,757
Purchase of material and services to close family members and entities controlled by KMP	24(b)(iii)	16,793	16,763
Release of monies to entity controlled by KMP	24(b)(iv)	71,015	
Cash receipt from entity controlled by KMP	24(b)(v)	60,000	-
Bank payment to entity controlled by KMP	24(b)(v)	60,000	-
Donations from entities controlled by KMP	24(b)(vi)	20,000	
ILUA payments to entity controlled by KMP	24(b)(vii)	27,448	

(i) Rental income and sales income charged to entities controlled by key management personnel and related parties were on an arm's length basis in accordance with the lease agreement or the terms of the sale.

(ii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Council employs 66 (67 for 2017-18) staff of which only 11 (10 for 2017-18) are close family members of key management personnel.

(iii) The Council purchased material and services from a related party of members of key management personnel. All purchases were at arm's length and were in the normal course of council operations.

(iv) Ngokal Weendi is a cattle company operating out of the Pormpuraaw community. It is a separate legal entity from Council. In the previous reporting period, there was no board in place and the entity had no bank account. The cattle sales were arranged by a third party with the proceeds of the sales due to Ngokal Weendi paid to Council to hold in trust, until such time that the entity had an operational board and a bank account. In August 2018, the Board of Directors was finalised and formal request for the release of trust monies was issued to Council. All trust monies were released and there have been no further transactions. A Council KMP is currently acting in the role of Secretary.

On the basis of the arrangements detailed above, Council has included the entity as a related party and full disclosure of the transactions and balances has been made.

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

24 Transactions with related parties

(v) Community Enterprise Queensland operate the retail store in Pormpuraaw. A KMP of Council is currently on the Board of CEQ. Council obtained cash from CEQ in order to stock the ATM and post office cash. This was due to a one-off cash shortage in the Community and necessary due to the remote location of Pormpuraaw. The transaction was made on the terms that the funds would be repaid via bank transfer immediately. A bank transfer was made from Council within seven days to repay the entity.

(vi) In 2017-18, donations were received for Pormpuraaw's Cultural Festival and Bullride held from the 21st to 23rd of September 2018. All donations made were on a voluntary basis.

(vii) Indigenous Land Use Agreement (ILUA) payments are to be paid as per the 'Pormpuraaw Township Community Development Land Use Agreement' that are payable to the representative body as per agreement. Under the ILUA agreement, it is the Traditional Owners Implementation Group that acts as the agent for traditional owners. One Council KMP is currently a member of the Traditional Owners Implementation Group (TOIG).

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Year ended 30 June 2019

Receivables	Amounts owed by entities jointly controlled of KMP	Amounts owed by close family member of KMP
Not past due	8,680	-
Past due 31-60 days	820	-
Past due 61-90 days	4,149	-
More than 90 days overdue	-	-
Total Owing	13,649	-

Year ended 30 June 2018

Receivables	Amounts owed by entities jointly controlled of KMP	Amounts owed by close family member of KMP
Not past due	23,182	-
Past due 31-60 days	2,681	-
Past due 61-90 days	295	-
More than 90 days overdue	-	2,488
Total Owing	26,158	2,488

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

Year ended 30 June 2019

Payables	Amounts owed to entities jointly controlled of KMP	Amounts owed to close family member of KMP
Not past due	1,896	-
Total Owing	1,896	-

Year ended 30 June 2018

Payables	Amounts owed to entities jointly controlled of KMP	Amounts owed to close family member of KMP
Not past due	71,015	-
Total Owing	71,015	-

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(e) Commitments to/from other related parties

Council does not have any commitments to/from related parties.

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

24 Transactions with related parties

(f) Transactions with related parties that have not been disclosed

The majority of the entities and people that are related parties of Council live and operate within the Pormpuraaw community. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges, fees and charges and rental charges are considered to be an ordinary citizen transaction.

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

**Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements**

For the year ended 30 June 2019

25 Tied Grants by Project

	Balance 1/07/2018 \$	Revenue \$	Council Contribution \$	Expense \$	Balance 30/06/2019 \$
Commonwealth Government Grants					
Department of Infrastructure & Regional Development					
<i>Roads to Recovery</i>	159,928	143,306	-	(303,234)	-
Total	159,928	143,306	-	(303,234)	-
Department of Social Services					
<i>Consumer Directed Care Packages</i>	69,602	296,470	1,996	(298,103)	69,965
<i>CHSP Home Support Programme (HACC)</i>	-	308,771	-	(308,771)	-
Total	69,602	605,241	1,996	(606,874)	69,965
Department of Health					
<i>National Jobs Package - Aged Care</i>	311,630	496,937	-	(792,125)	16,443
Total	311,630	496,937	-	(792,125)	16,443
Department of Human Services					
<i>Centrelink Agent</i>	-	43,817	-	(43,817)	-
Total	-	43,817	-	(43,817)	-
Department of the Prime Minister & Cabinet					
<i>RAS - Pormpuraaw Cafe & Bakery</i>	190,000	-	-	-	190,000
<i>RASP - PASC Hub Rebuild</i>	-	40,000	-	-	40,000
Total	190,000	40,000	-	-	230,000
Total - Commonwealth Govt Grants	731,160	1,329,301	1,996	(1,746,050)	316,408
State Government Grants					
Department of Environment & Heritage Protection					
<i>QIL&S Ranger Program</i>	49,266	717,280	32,920	(750,200)	49,266
Total	49,266	717,280	32,920	(750,200)	49,266
Department of Emergency Services					
<i>State Emergency Services</i>	-	13,551	-	(13,551)	-
Total	-	13,551	-	(13,551)	-
Department of Justice					
<i>Community Justice Group</i>	28,385	106,551	-	(100,108)	34,828
Total	28,385	106,551	-	(100,108)	34,828

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements

For the year ended 30 June 2019

25 Tied Grants by Project

	Balance 1/07/2018	Revenue	Council Contribution	Expense	Balance 30/06/2019
	\$	\$	\$	\$	\$
State Library of Queensland					
<i>Indigenous Libraries</i>	11,458	13,856	13,237	(33,110)	5,442
<i>First Five Forever Program</i>	-	1,851	-	-	1,851
<i>First Lego League Robotics</i>	1,000	-	-	(1,000)	-
Total	12,458	15,707	13,237	(34,110)	7,293
Department of Transport and Main Roads					
<i>TIDS - Airport Lighting Project</i>	-	-	-	(56,291)	(56,291)
<i>TIDS - Access Road Design</i>	(169,367)	169,036	331	-	-
Total	(169,367)	169,036	331	(56,291)	(56,291)
Department of Health					
<i>ATSI Public Health Program</i>	-	167,232	14,163	(181,395)	-
Total	-	167,232	14,163	(181,395)	-
Queensland Reconstruction Authority					
<i>NDRRA Grant Restoration 2018</i>	-	595,229	-	(658,356)	(63,127)
<i>NDRRA Grant Restoration 2017</i>	(302,945)	960,317	-	(908,813)	(251,441)
<i>NDRRA Grant CDO & Emergent 2018</i>	(43,265)	177,937	-	(134,671)	-
<i>NDRRA Grant REPA 2018</i>	(9,553)	-	-	9,553	-
<i>NDRRA Grant Emergent 2019</i>	-	-	-	(25,445)	(25,445)
<i>NDRRA Grant Restoration 2016</i>	-	(94,896)	94,896	-	-
<i>NDRRA Grant Restoration 2015</i>	-	(11,261)	11,261	-	-
<i>NDRP Natural Disaster Resilience Program</i>	-	20,750	-	(69,165)	(48,415)
<i>DRFA 2019 Restoration</i>	-	-	-	(11,200)	(11,200)
<i>Get Ready Qld</i>	5,137	6,102	-	(12,595)	(1,356)
Total	(350,627)	1,654,178	106,156	(1,810,692)	(400,984)
Department of State Development					
<i>Building Our Regions - L&S Ranger Office</i>	(48,948)	48,948	-	-	-
<i>Building Our Regions - Water Upgrade</i>	(68,500)	51,052	17,448	-	-
Total	(117,448)	100,000	17,448	-	-
Department of Education & Training					
<i>First Start Program</i>	-	30,000	-	(30,000)	-
Total	-	30,000	-	(30,000)	-
Department of Aboriginal & Torres Strait Islander Partnerships					
<i>Splashpark</i>	-	-	-	(14,754)	(14,754)
Total	-	-	-	(14,754)	(14,754)
Department of Communities, Child Safety & Disability Services					
<i>Community Care Services (ROPE)</i>	-	53,767	-	(53,767)	-
Total	-	53,767	-	(53,767)	-
Department of Infrastructure, Local Government & Planning					
<i>Financial Assistance Grant</i>	878,362	1,876,905	-	(2,755,267)	-
<i>State Govt Financial Assistance</i>	-	1,459,757	-	(1,459,757)	-
<i>Revenue Replacement Program</i>	-	477,000	-	(477,000)	-
<i>Indigenous Employment Development</i>	-	80,000	-	(80,000)	-
<i>Get Ready Qld</i>	-	-	-	-	-
<i>Works for Queensland</i>	-	-	-	-	-
<i>Works for Queensland 2017-2019</i>	666,547	-	-	(891,570)	(225,023)
<i>Works for Queensland 2019-2021</i>	-	720,000	-	-	720,000
<i>ILGSP Sustainability Program</i>	(114,941)	346,175	-	(231,234)	-
<i>ICCIP</i>	1,021,515	-	-	(306,159)	715,356
<i>DILGP Program</i>	-	31,482	-	(29,600)	1,882
Total	2,451,483	4,991,319	-	(6,230,587)	1,212,215
Total - State Govt Grants	1,904,150	8,018,621	184,255	(9,275,453)	831,573

**Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements**

For the year ended 30 June 2019

25 Tied Grants by Project

	Balance 1/07/2018 \$	Revenue \$	Council Contribution \$	Expense \$	Balance 30/06/2019 \$
Other Grant Providers					
Local Government Association of Queensland - LGAQ					
<i>QCoast 2100</i>	(9,115)	9,115	-	-	-
Total	(9,115)	9,115	-	-	-
Cape York Natural Resource Management					
<i>Nest to Ocean (Turtle Program) CY135 R2</i>	4,992	4,500	-	(9,492)	-
<i>Nest to Ocean (Turtle Program) CY219 R4</i>	-	21,550	-	(21,550)	-
<i>Targeted Vertebrate Pest Program CY192</i>	(11,850)	13,000	-	(1,150)	-
Total	(6,858)	39,050	-	(32,192)	-
Total Other Grant Providers	(15,973)	48,165	-	(32,192)	-
Total Grants	2,619,337	9,396,087	186,252	(11,053,695)	1,147,981
Add back negative (unclaimed) grant balances	778,484				697,052
Unspent grant revenue	3,397,821				1,845,033

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

Management Certificate
For the year ended 30 June 2019

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

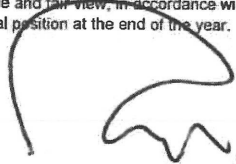
In accordance with section 212(5) of the Regulation we certify that:

- (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, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Ralph Kendall

Date: 17, 9, 19



Chief Executive Officer
Edward Natara

Date: 17, 9, 19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Pormpuraaw Aboriginal Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Pormpuraaw Aboriginal Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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



20 September 2019

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Pormpuraaw Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2019

Measures of Financial Sustainability

- 1 Current Year Financial Sustainability Statement
- 2 Current Year Certificate of Accuracy
- 3 Independent Auditors Report (Current Year Financial Sustainability Statement)
- 4 Unaudited Long Term Financial Sustainability Statement
- 5 Long Term Certificate of Accuracy

Pormpuraaw Aboriginal Shire Council
Current Year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of Financial Sustainability

Council's performance at 30 June 2019 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)	17%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	62%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-148%	not greater than 60%

Note 1 - Basis of Preparation

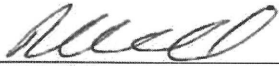
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared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

**Pompuraaw Aboriginal Shire Council
Current Year Certificate of Accuracy
For the year ended 30 June 2019**

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

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

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



Mayor
Ralph Kendall

Date: 17 / 9 / 19



Chief Executive Officer
Edward Natera

Date: 17 / 9 / 19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Pormpuraaw Aboriginal Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

20 September 2019

Queensland Audit Office
Brisbane

Porpuraaw Aboriginal Shire Council
Unaudited Long Term Financial Sustainability Statement

For the year ended 30 June 2019

Measures of Financial Sustainability	Measure	Target	Projected for the years ended									
			Actuals at 30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	17%	-8%	-7%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	62%	77%	54%	53%	53%	72%	71%	70%	69%	67%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-148%	-213%	-230%	-248%	-248%	-281%	-297%	-313%	-329%	-361%

Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.


The future operating position is continuously addressed by Council during and strategies are being considered to reduce expenditure where possible and seek alternative sources of revenue in future years.

Pompuraaw Aboriginal Shire Council
Long Term Certificate of Accuracy
For the year ended 30 June 2019

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2019

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

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



Mayor
Ralph Kendall

Date: 17 / 9 / 19



Chief Executive Officer
Edward Natera

Date: 17 / 9 / 19