

# Mapoon Aboriginal Shire Council

## Financial Statements

### For the year ended 30 June 2014

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**Mapoon Aboriginal Shire Council  
Statement of Profit Or Loss and Other Comprehensive Income  
For the year ended 30 June 2014**

	2014	2013	Note
<b>Income</b>			
<b>Revenue</b>			
Recurrent revenue	29,002	32,642	3(a)
Fees and charges	437,134	308,556	3(b)
Rental income	65,471	42,991	3(c)
Interest received	2,196,697	1,918,538	3(d)
Sales revenue	35,910	101,209	3(e)
Other income	4,412,380	4,602,355	4(a)
Grants, subsidies, contributions and donations	7,176,594	7,006,291	
<b>Capital revenue</b>	751,323	108,374	4(b)
Grants, subsidies, contributions and donations	7,927,917	7,114,664	
<b>Total revenue</b>	7,927,917	7,114,664	
<b>Total income</b>	7,927,917	7,114,664	
<b>Expenses</b>			
Recurrent expenses	(2,622,953)	(2,564,941)	5
Employee benefits	(3,423,304)	(3,327,817)	6
Materials and services	(9,516)	32,225	7
Finance costs	(2,225,187)	(2,027,850)	8
Depreciation and amortisation	(8,280,960)	(7,888,382)	9
<b>Capital expenses</b>	(200,458)	(104,491)	
<b>Total expenses</b>	(8,481,418)	(7,992,873)	
<b>Net result</b>	(553,501)	(878,209)	
<b>Other comprehensive income</b>			
Items that will not be reclassified to net result	3,056,313	2,410,291	18
Increase / (decrease) in asset revaluation surplus	3,056,313	2,410,291	
<b>Total other comprehensive income for the year</b>	3,056,313	2,410,291	
<b>Total comprehensive income for the year</b>	2,502,812	1,532,082	

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

**Mapoon Aboriginal Shire Council  
Statement of Financial Position  
as at 30 June 2014**

	2014	2013	Note
<b>Current assets</b>			
Cash and cash equivalents	3,488,732	3,040,880	10
Trade and other receivables	1,372,040	801,655	11
Inventories	159,972	206,034	12
<b>Total current assets</b>	<u>5,020,744</u>	<u>4,048,568</u>	
<b>Non-current assets</b>			
Property, plant and equipment	64,461,104	63,450,482	13
Intangible assets	65,000	90,000	15
<b>Total non-current assets</b>	<u>64,526,104</u>	<u>63,540,482</u>	
<b>Total assets</b>	<u>69,546,848</u>	<u>67,589,051</u>	
<b>Current liabilities</b>			
Trade and other payables	199,205	766,813	16
Employee Benefits	190,870	149,635	17
<b>Total current liabilities</b>	<u>390,075</u>	<u>916,448</u>	
<b>Non-current liabilities</b>			
Employee Benefits	61,708	80,348	17
<b>Total non-current liabilities</b>	<u>61,708</u>	<u>80,348</u>	
<b>Total liabilities</b>	<u>451,783</u>	<u>996,796</u>	
<b>Net community assets</b>	<u>69,095,065</u>	<u>66,592,255</u>	
<b>Community equity</b>			
Asset revaluation surplus	25,824,017	22,767,704	18
Retained surplus	43,271,050	43,824,551	19
<b>Total community equity</b>	<u>69,095,068</u>	<u>66,592,255</u>	

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

**Mapoon Aboriginal Shire Council  
Statement of Changes in Equity  
For the year ended 30 June 2014**

	Asset revaluation surplus	Retained surplus	Other reserves	Total
Balance as at 1 July 2013	\$ 22,767,704	\$ 43,824,551	\$ -	\$ 66,592,255
Net result	-	(553,501)	-	(553,501)
Other comprehensive income for the year	3,056,313	-	-	3,056,313
Increase / (decrease) in asset revaluation surplus	3,056,313	(553,501)	-	2,502,813
Total comprehensive income for the year	3,056,313	(553,501)	-	2,502,813
Balance as at 30 June 2014	\$ 25,824,017	\$ 43,271,050	\$ -	\$ 69,095,068
Balance as at 1 July 2012	\$ 20,357,413	\$ 44,211,473	\$ 491,287	\$ 65,060,173
Net result	-	(878,209)	-	(878,209)
Other comprehensive income for the year	2,410,291	-	-	2,410,291
Increase / (decrease) in asset revaluation surplus	2,410,291	(878,209)	-	1,532,082
Total comprehensive income for the year	2,410,291	(878,209)	-	1,532,082
Transfers to and from reserves	-	491,287	(491,287)	-
Transfers from other reserves	-	491,287	(491,287)	-
Total transfers to and from reserves	-	491,287	(491,287)	-
Balance as at 30 June 2013	\$ 22,767,704	\$ 43,824,551	\$ -	\$ 66,592,255

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

**Mapoon Aboriginal Shire Council  
Statement of Cash Flows**

For the year ended 30 June 2014

	Note	2014	2013
<b>Cash flows from operating activities</b>			
Receipts from customers		1,691,224	1,728,811
Payments to suppliers and employees		(6,554,724)	(6,286,972)
Interest received		65,471	42,991
Rental income		437,134	308,556
Non capital grants and contributions		4,412,379	4,602,354
<b>Net cash inflow (outflow) from operating activities</b>	23	<b>51,483</b>	<b>395,740</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(354,954)	(663,926)
Grants, subsidies, contributions and donations		751,323	108,374
<b>Net cash inflow (outflow) from investing activities</b>		<b>396,369</b>	<b>(555,553)</b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>447,852</b>	<b>(159,813)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>3,040,880</b>	<b>3,200,693</b>
<b>Cash and cash equivalents at end of the financial year</b>	10	<b>3,488,732</b>	<b>3,040,880</b>

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

**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**1 Significant accounting policies**

**1.A Basis of preparation**

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

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

**1.B Statement of compliance**

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

**1.C Constitution**

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

**1.D Date of authorisation**

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

**1.E Currency**

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

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

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

1.F Adoption of new and revised Accounting Standards (contd)

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

Effective for annual report periods  
beginning on or after:

1 January 2015	AASB 9 <i>Financial Instruments</i> (December 2009)
1 January 2015	AASB 1055 <i>Budgetary Reporting</i>
1 July 2014	2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)
1 January 2015	AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)
1 January 2014	AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]
1 January 2014	AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>
1 July 2014	AASB 2012-3 <i>Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets</i>
1 January 2014	AASB 2013-9 <i>Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework - 20 Dec 2013; Part B Materiality - 1 Jan 2014; Part C Financial Instruments - 1 Jan 2014]

**AASB 9 Financial Instruments (effective from 1 January 2015)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. The implementation of AASB 9 has had no material impact on the council's financial statements.

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

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

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

Valuation and depreciation of property, plant and equipment - Note 1.M and Note 14  
Impairments - Note 1.O, Note 9 and Note 15  
Contingencies - Note 21

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are disclosed as part of Cash and Cash Equivalents, refer to note 10.

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

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

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

**Rental Income**

Rental revenue is recognised as income on a periodic straight line basis over the rental period.

**Contract Income**

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

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

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



1.1 Financial assets and financial liabilities

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

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

Financial assets
Cash and cash equivalents (Note 1.J)
Receivables - measured at amortised cost (Note 1.K)
Financial liabilities
Payables - measured at amortised cost (Note 1.Q)

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

The fair value of financial instruments is determined as follows:

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

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Mapoon Aboriginal Shire Council does not recognise any financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 25.

1.J Cash and cash equivalents

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

1.K Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that the Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

1.L Inventories

Inventories held for sale 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, where applicable, for any loss of service potential.

1.M Property, plant and equipment

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

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

Useful Lives Years	Depreciation Rates %	Property, plant and equipment
50	2	Houses
10-30	2 - 10	Other buildings
10-25	4 - 20	Major plant
5-30	3.3 - 20	Other plant and equipment
20-100	1 - 5	Road, drainage and bridge network
10-50	2 - 10	Water
10-100	2	Other infrastructure assets
		Work in progress

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees 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 means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

Houses, other buildings, major plant and all infrastructure assets (road, drainage and bridge network, water and other infrastructure assets) are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and AASB13, Fair Value Measurement. Other plant and equipment and work in progress is measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

In the intervening years, Council uses external asset consultants to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with various indices pertaining to the Gulf region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes 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.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 14.

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.

1.M Property, plant and equipment (contd)

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

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

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

**Major Plant**  
The Council has determined that plant which has an individual cost in excess of \$150,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class comprises specialised earthmoving equipment, a public transport vehicle and a fishing boat.

**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.

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at 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 Note 13.

**Investment Property**

The houses controlled by Council are not regarded as investment property as they are held for the primary purpose of providing a social service to members of the community and not primarily for rental. Accordingly, Council does not recognise any property as investment property.

**Land under roads**

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

**Deed of Grant in Trust Land**

The Council is located on land comprising an area of approximately 53,000 hectares, assigned to two separate trusts under a Deed of Grant in Trust (DOGIT) under Section 341 of the *Land Act 1994*. One trust, for which the Council is the sole trustee relates to the town area. The other trust covers the surrounding areas. As the land is held in trust and not controlled by the Council for the Council's own benefit, the Mapoon Lands are not included in the Council's general purpose financial statements.

1.N Intangible assets

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

The Fishing licence, as disclosed in Note 15, was recognised in 2010 at its deemed cost and is carried at cost less accumulated impairment losses. The licence is renewable for a nominal fee and therefore has an indefinite life and is not amortised.

1.0 Impairment of non-current assets

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

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

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

1.P Leases

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

Operating leases

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

1.Q Payables

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

1.R Liabilities - employee benefits

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 16 as a payable.

Annual leave

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

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 22.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17.

**1.5 Asset revaluation surplus**

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

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

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

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

**1.7 Retained surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**1.8 National competition policy**

The Council has reviewed its activities to identify its business activities. The Council has no business activities to which the Code of Competitive Conduct needs to be applied.

**1.9 Rounding and comparatives**

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1.10 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.

**1.11 Carbon Pricing**

In 2011 the Australian Government introduced a Clean Energy Legislation package. One aspect of this package, which impacts Council indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy.

Council operates a small landfill facility that has annual emissions of carbon dioxide equivalent that are below the individual site threshold of 25,000 tonnes. Council modelling indicates that this facility is unlikely to exceed this threshold in the foreseeable future therefore no direct liability has arisen, or is likely to arise as a result of this legislation.

**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**Analysis of results by function  
2(a) Components of council functions**

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

**Corporate governance and administration**

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements, together with the support functions of Management of the Council's finance, information technology and administration.

**Major Projects**

Major infrastructure development funding which has various funding bodies contributing to a single project, e.g. Construction of the Mapoon Rural Transaction Centre/Land and Sea Building.

**Land and Sea**

Issues relating to the surrounding land and sea are of major importance to the Mapoon community and Council has acknowledged this by applying for significant grant funding in this area.

**Community Services**

Community services and facilities including cultural, health, welfare, environmental and recreational services. This function includes a range of services benefiting the members of the community.

**Mapoon Store**

The local Mapoon Store is a Council enterprise. It is the only store in the region.

**Fleet Management**

The Council garage is used to maintain cars and machinery. It is run as an enterprise with very few external contractors.

**Works**

Includes all housing construction and maintenance in addition to any road works contracts.

**Mapoon Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

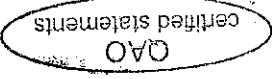
- 2 Analysis of results by function  
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2014

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses				Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Grants 2014	Other 2014	Grants 2013	Other 2013			Recurring 2014	Capital 2014	Recurring 2013	Capital 2013					
Corporate Governance and Administration	1,798,404	1,554,392	517,936	-	-	3,352,796	(3,743,364)	(200,459)	-	-	(3,943,823)	(390,588)	\$	2014	2014
Major Projects	629,778	(779,369)	(22,000)	-	-	388,345	(330,799)	-	-	-	(30,546)	(480,390)	(591,047)	61,536,893	
Land & Sea	1,346,750	(1,835)	237,554	-	-	1,322,915	(1,322,915)	-	-	-	(30,799)	22,000	37,546	1,464,631	
Community Services	637,448	(3,198)	17,833	-	-	871,804	(871,804)	-	-	-	(871,804)	(237,554)	-	12,700	
Mapoon Store	-	1,375,966	160,404	-	-	1,393,799	(1,393,799)	-	-	-	(1,393,799)	(17,833)	-	610,564	
Fleet Management	-	160,404	-	-	-	160,404	(160,404)	-	-	-	(160,404)	-	-	5,325,160	
Works	-	457,855	-	-	-	457,855	(457,855)	-	-	-	(457,855)	-	-	596,900	
Total Council	4,412,380	2,764,214	751,323	-	-	7,927,917	(8,280,960)	(200,459)	-	-	(8,481,419)	(1,104,366)	(553,501)	69,546,848	

Year ended 30 June 2013

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses				Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Grants 2013	Other 2013	Grants 2013	Other 2013			Recurring 2013	Capital 2013	Recurring 2013	Capital 2013					
Corporate Governance and Administration	2,786,599	44,971	500	-	-	2,832,070	(3,682,915)	-	-	-	(3,852,915)	(1,020,845)	(1,020,845)	60,330,598	
Major Projects	39,981	-	90,195	-	-	130,176	(35,906)	-	-	-	(35,906)	94,270	94,270	-	
Land & Sea	1,279,341	-	12,948	-	-	1,279,341	(1,317,387)	-	-	-	(38,046)	(38,046)	(38,046)	1,808,239	
Community Services	496,434	289,718	1,392,621	-	-	809,100	(779,353)	-	-	-	(78,253)	29,747	29,747	164,913	
Mapoon Store	(0)	1,387,890	4,730	-	-	1,392,621	(1,394,545)	-	-	-	(1,394,545)	(1,924)	(1,924)	460,149	
Fleet Management	155,771	-	155,771	-	-	155,771	(172,245)	-	-	-	(172,245)	(16,474)	(16,474)	4,390,641	
Works	-	515,586	-	-	-	515,586	(440,522)	-	-	-	(440,522)	75,064	75,064	434,511	
Total Council	4,602,365	2,403,936	108,374	-	-	7,114,664	(7,992,873)	-	-	-	(878,209)	(878,209)	(878,209)	67,589,051	



3 Revenue analysis	Note	2014	2013
(a) Fees and Charges		29,002	25,182
Agency commissions		-	7,460
Other fees and charges		29,002	32,642
(b) Rental income		437,134	308,556
Rental income on community housing		437,134	308,556
(c) Interest received		65,471	42,991
Interest received from term deposits and deposits at call		65,471	42,991
(d) Sales revenue			
Sale of services		894,345	514,681
Contract and recoverable works		182	333
Sale of services - Motor vehicle repairs		6,116	136
Sale of services - Other		900,643	515,150
Sale of goods		1,115,824	1,206,203
Sale of goods - Store		24,918	13,592
Sale of goods - Other		155,312	183,593
Sale of goods - Service Station		1,296,054	1,403,388
Total sales revenue		2,196,697	1,918,538
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
(e) Other income		35,910	101,209
Other income		35,910	101,209



Note	2014	2013
	\$	\$

4 Grants, subsidies, contributions and donations

(a) Recurrent	2014	2013
General purpose grants	474,594	827,958
Recurrent - State government subsidies and grants	1,867,964	1,864,004
Recurrent - Commonwealth government subsidies and grants	1,908,636	1,550,432
Recurrent - other subsidies and grants	161,186	359,961
	<u>4,412,380</u>	<u>4,602,355</u>

(b) Capital	2014	2013
Capital - State government subsidies and grants	458,390	94,925
Capital - Other subsidies and grants	237,554	12,948
Contributions	55,379	500
	<u>751,323</u>	<u>108,374</u>

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:

	2014	2013
Non-reciprocal grants for expenditure on services	903,949	1,757,389
Non-reciprocal grants for expenditure on infrastructure	947,792	164,313
	<u>1,851,741</u>	<u>1,921,702</u>

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

	2014	2013
Non-reciprocal grants for expenditure on services	1,757,389	727,202
Non-reciprocal grants for expenditure on infrastructure	164,313	475,493
	<u>1,921,702</u>	<u>1,202,695</u>

5 Employee benefits expense

	2014	2013
Total staff wages and salaries	1,966,425	1,971,984
Councillors' remuneration	281,158	245,237
Annual, sick and long service leave entitlements	22,921	(28,540)
Superannuation	263,082	263,022
Other employee related expenses	2,533,586	2,451,703
	<u>89,367</u>	<u>113,238</u>
	<u>2,622,953</u>	<u>2,564,941</u>

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

Total Council employees at the reporting date:

	2014	2013
Elected members	5	5
Administration staff	8	9
Depot and outdoors staff	32	35
Total employees	<u>45</u>	<u>49</u>

	2014	2013
<b>6 Materials and services</b>		
Advertising and marketing	4,618	1,316
Administration supplies and consumables	46,378	35,035
Audit services	59,950	10,400
Communications and IT	146,840	65,062
Construction materials and expenses	186,699	250,389
Consultants	631,150	399,222
Contractors	101,342	325,650
Donations paid	1,204	120
Power	94,230	83,580
Repairs and maintenance	42,535	138,645
Rentals - operating leases	65,349	147,059
Store cost of sales	993,680	1,073,211
Subscriptions and registrations	28,928	15,537
Travel	239,245	192,910
Insurance	249,777	271,620
Fuel	169,154	190,820
Office Supplies	12,004	(15,579)
Tools and minor equipment	16,051	30,740
Other materials and supplies	334,170	112,080
<b>Finance costs</b>	<b>3,423,304</b>	<b>3,327,817</b>
Bank charges	4,337	5,698
Other finance charges	275	875
Impairment of debts	4,904	(38,798)
	9,516	(32,225)
<b>8 Depreciation and amortisation</b>		
Depreciation of non-current assets	537,280	531,600
Depreciation - Houses	293,713	376,083
Depreciation - Other buildings	114,398	96,428
Depreciation - Other plant and equipment	47,533	32,230
Depreciation - Major plant	864,256	637,496
Depreciation - Road, drainage and bridge network	253,707	245,726
Depreciation - Water	114,300	108,288
Depreciation - Other infrastructure assets	2,225,187	2,027,850
<b>9 Capital expenses</b>		
Gain / loss on disposal of non-current assets	175,458	104,491
Carrying value of assets disposed of	175,458	104,491
Proceeds of disposal	-	-
Loss on disposal	175,458	104,491
<b>Loss on Impairment</b>		
Intangible asset	25,000	-
	25,000	-
<b>Total capital expenses</b>	<b>200,458</b>	<b>104,491</b>

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**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

	2014	2013
<b>10 Cash and cash equivalents</b>		
Cash at bank and on hand	881,055	1,597,232
Deposits at call	2,607,677	1,443,647
Balance per Statement of Cash Flows	<u>3,488,732</u>	<u>3,040,880</u>

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

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

Unspent government grants and subsidies	1,851,741	1,268,180
Total unspent restricted cash	<u>1,851,741</u>	<u>1,268,180</u>

**11 Trade and other receivables**

Current	71,889	70,537
Housing rental	1,208,612	691,954
Other debtors	(62,092)	(57,188)
Less impairment	153,631	96,351
Prepayments	<u>1,372,040</u>	<u>801,655</u>

Impairment

Balance at beginning of financial year	57,188	95,646
Additional provision for impairment for year	4,904	(38,798)
Write offs/provision written back as no longer required	(0)	340
Balance at end of financial year	<u>62,092</u>	<u>57,188</u>

**12 Inventories**

Inventories held for sale	1,080	1,080
Miscellaneous saleable items	118,659	124,618
Supermarket stock	-	4,727
Other trading stocks	<u>119,739</u>	<u>130,424</u>
Inventories held for distribution	40,233	75,610
Plant and equipment stores	40,233	75,610
Total inventories	<u>159,972</u>	<u>206,034</u>

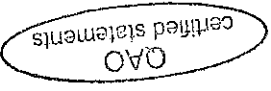
**Mapoon Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**13 Property, plant and equipment**

**Council - 30 June 2014**

Basis of measurement	Houses	Other Buildings	Major Plant	Other Plant and Equipment	Road, drainage and bridge network	Water	Other Infrastructure assets	Work in progress	Total
Asset values	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	\$
Opening gross value as at 1 July 2013	\$ 26,863,954	\$ 8,723,202	\$ 880,705	\$ 1,841,665	\$ 32,333,312	\$ 7,453,911	\$ 5,666,460	\$ 96,509	\$ 83,859,718
Additions	9,745	34,690	0	160,459	113,161	0	(0)	36,899	354,954
Disposals	-	-	(152,000)	(134,847)	-	(247,200)	-	-	(534,047)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	206,163	(640,251)	(6,000)	-	1,370,675	183,890	158,740	-	1,273,217
Closing gross value as at 30 June 2014	27,079,862	8,117,641	722,705	1,867,277	33,817,148	7,390,601	5,825,200	133,408	84,953,842

Accumulated depreciation and impairment	Houses	Other Buildings	Major Plant	Other Plant and Equipment	Road, drainage and bridge network	Water	Other Infrastructure assets	Work in progress	Total
Opening balance as at 1 July 2013	7,864,060	2,743,131	714,620	1,208,983	4,086,435	2,719,362	1,072,644	-	20,409,235
Depreciation provided in period	537,280	293,713	47,533	114,398	864,256	253,707	114,300	-	2,225,187
Depreciation on disposals	-	0	(139,840)	(133,282)	(0)	(85,467)	-	-	(358,589)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	952,860	(540,622)	(184,267)	-	(269,090)	(1,328,181)	(413,797)	-	(1,783,096)
Accumulated depreciation as at 30 June 2014	9,354,200	2,496,223	438,046	1,190,099	4,681,601	1,559,421	773,147	-	20,492,738
Consolidated book value as at 30 June 2014	17,725,662	5,621,418	284,659	677,178	29,135,547	5,831,180	5,052,053	133,408	64,461,104
Residual value	-	-	-	-	0% to 90%	-	-	-	-
Range of estimated useful life in years	50	10-30	10-25	5-30	20-100	10-50	10-100	-	-



**Mapoon Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**13 Property, plant and equipment (contd)**

**Council - 30 June 2013**

Basis of measurement	Houses		Other Buildings		Major Plant		Other Plant and Equipment		Road, drainage and bridge network		Water		Other Infrastructure assets		Work in progress		Total
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	
<b>Asset Values</b>																	
Opening gross value as at 1 July 2012	\$ 26,579,984		\$ 8,980,856		\$ 872,705		\$ 1,632,277		\$ 30,242,852		\$ 7,217,101		\$ 5,366,000		\$ 83,887		\$ 80,975,610
Additions	73,409		60,351		-		409,463		105,646		-		2,413		12,642		663,926
Disposals	-		(241,286)		-		(200,075)		-		-		-		-		(441,361)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	210,591		(76,719)		8,000		-		1,984,814		236,810		298,047		-		2,661,543
Transfers between classes	-		-		-		-		-		-		-		-		-
Closing gross value as at 30 June 2013	26,863,954		8,723,202		880,705		1,841,665		32,333,312		7,453,911		5,666,460		96,509		83,859,718

Accumulated depreciation and impairment	Houses		Other Buildings		Major Plant		Other Plant and Equipment		Road, drainage and bridge network		Water		Other Infrastructure assets		Work in progress		Total
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	
Opening balance as at 1 July 2012	7,288,200		2,677,723		662,816		1,253,142		3,438,621		2,204,581		941,922		-		18,467,006
Depreciation provided in period	531,600		376,083		32,230		96,428		637,496		245,726		108,288		-		2,027,850
Depreciation on disposals	-		(196,286)		-		(140,587)		-		-		-		-		(336,872)
Revaluation adjustment to asset revaluation surplus	44,260		(114,389)		19,573		-		10,319		269,055		22,434		-		251,252
The following represents an analysis of the age of the Council's financial assets that are either	7,864,060		2,743,131		714,620		1,208,983		4,086,435		2,719,362		1,072,644		-		20,409,236
Total written down value as at 30 June 2013	18,999,894		5,980,071		166,085		632,682		28,246,877		4,734,548		4,593,816		96,509		63,450,482
Residual value	-		-		-		-		-		-		-		-		-
Range of estimated useful life in years	50		10-30		10-25		5-30		20-100		10-50		10-100		-		-



**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**14 Fair Value Measurements**

**(i) Recognised fair value measurements**

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

Property, plant and equipment

- Houses

- Other Buildings

- Major Plant

- Road, drainage and bridge network

- Water Infrastructure

- Other infrastructure assets

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

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

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

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

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)

- Fair value based on unobservable inputs for the asset and liability (Level 3)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13.

The council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

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

At 30 June 2014	Level 2	Level 3	Total
	(Significant other observable inputs)	(Significant unobservable inputs)	
	\$	\$	\$
Recurring fair value measurements			
Houses and other buildings	-	23,559,500	23,559,500
Major Plant	-	244,000	244,000
Road, drainage and bridge network	-	33,284,083	33,284,083
Water	-	5,831,360	5,831,360
Other infrastructure assets	-	585,200	585,200
		63,504,143	63,504,143

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3. The 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 3 valuations

The council adopted AASB 13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value the council assets comprise:

### Houses and Other Buildings (level 3)

Due to the predominantly specialised nature of Local Government Assets, the buildings valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.
- Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

• A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

• In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value, if applicable, is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis (where assets have been componentised).

14 Fair Value Measurements (contd)

(iii) Valuation techniques used to derive fair values for level 3 valuations (contd)

• While the replacement cost of the assets could be supported by market supplied evidence (Level 2), other unobservable, or Level 3 inputs, such as estimates of residual value (if applicable), useful life, and asset condition were also required, meaning that under AASB13 the valuation of buildings and infrastructure is considered to fall under Level 3. The valuation's sensitivity to these inputs is summarised below.

Significant	Range of inputs	Relationship of unobservable inputs to fair value
Raw material usage quantities	Varies dependent of type and application	The higher the usage quantities, the higher the Fair Value
Condition rating (useful life)	0 - 9 As specified	The higher the condition rating, the higher the Fair Value
Remaining useful	2-45 years	The longer the remaining life, the higher the Fair Value
Residual value	\$0	The higher the residual value the higher the Fair Value

In determining the level of accumulated depreciation, remaining useful lives of assets were determined based on condition assessments according to the following table:

Rating	Description	Percentage of life remaining
0	Brand new or rehabilitated to new	100%
1	Near new with no visible deterioration	90%
2	Excellent overall condition early stages of deterioration	80%
3	Very good overall condition with obvious deterioration evident	70%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5	Fair overall condition, obvious deterioration, some serviceability loss	50%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
9	Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10	Failed asset, no longer serviceable. Should not remain in service	0%

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.



14 Fair Value Measurements (contd)  
(ii) Valuation techniques used to derive fair values for level 3 valuations (contd)

*Current Replacement Cost*  
Construction costs are based on published construction cost guides and discussions with trade contractors. Building construction costs take into consideration factors relevant to the location and include all preliminary and over head costs.

*Percentage of assets inspected*

At a minimum, for 95% of buildings an external inspection has been undertaken.

*Major Plant (Level 3)*

The fair value of major plant is measured at current market value as at 30 June 2014 as independently determined by Asset Val Pty Ltd, Registered Valuers. Fair value was derived by reference to market based evidence including observable historical second hand sales data for specialised earth-moving equipment of similar age, condition and specification. The key assumptions used in assessing the condition included site condition, type of usage, major mechanical component condition, and machine hours. The fair value takes into account transport costs to transport the plant to market, but does not include transaction costs.

*Infrastructure assets (Level 3)*

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

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

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

*1(a) Road, drainage and bridge network - calculation of depreciated replacement cost*

*Roads*

*Depreciated replacement cost*

The road network is not segmented, or if a road is segmented it is at a high level (e.g. between intersections). Unit rates are applied to the individual road components formation, pavement, seal and kerb of each road in order to determine the replacement cost.

The unit rates applied are based on greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

The last full valuation of road infrastructure was undertaken effective 30 June 2014. DRC at 30 June 2014 was determined by Asset Val, Registered Valuers.

*Accumulated depreciation*

All roads were visually inspected by the valuer. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

14 Fair Value Measurements (cont'd)

1(a) Road, drainage and bridge network - calculation of depreciated replacement cost

*Percentage of assets inspected*

100% of the road surface assets were inspected as part of the valuation. None of the sealed pavement or any formation was inspected due to the in-accessible nature of the asset component.

1(b) Roads, drainage and bridge network - sensitivity of valuation to unobservable inputs

As detailed above Council's roads, drainage and bridge network has been valued using written down depreciated replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant	Range of	Relationship of unobservable inputs to fair value
Number of labour hours	5-100 hr/m <sup>2</sup>	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependent of type and application	The higher the usage quantities, the higher the Fair Value
Condition rating (useful life)	1 - 7 As specified	The higher the condition rating, the higher the Fair Value
Remaining useful life	2-95 years	The longer the remaining life, the higher the Fair Value
Residual value	\$0 - \$2.5million	The higher the residual value the higher the Fair Value

(iii) Valuation techniques used to derive fair values for level 3 valuations (contd)

2(a) Water, sewerage and other infrastructure - calculation of written down current replacement cost

Water, sewerage and other infrastructure

*Depreciated replacement cost*

The water assets were segregated into active and passive assets; passive assets were not further componentised and consisted primarily of mains. Unit rates were applied based on similar recent project costs from other entities. Unit rate databases, indices, Rawlinson's Construction rates and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentised and valued independently, with allowances for complexity, size, function and site factors. As a check these components are generally combined into a lump sum item and compared against recent similar projects and in-house databases.

*Accumulated depreciation*

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sort from council engineering staff.

*Percentage of assets inspected*

100% of the above ground active water assets were inspected as part of the valuation, either by the valuer or a third party asset management consultant. None of the sub-surface assets were inspected.

**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**14 Fair Value Measurements (contd)**

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

**2(b) Water, sewerage and other infrastructure - sensitivity of valuation to unobservable inputs**

Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours	5-100 hrs/asset	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependent of type and application	The higher the usage quantities, the higher the Fair Value
Remaining useful life	1-45 years	The longer the remaining life, the higher the Fair Value
Residual value	\$0	The higher the residual value the higher the Fair Value

**(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 finance committee of the executive management team which comprises the Chief Executive Officer, Corporate Services Manager and Chief Financial Officer. 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 1M. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

15 Intangible assets	2014	2013
Fishing licence	\$ 90,000	\$ 90,000
Opening gross carrying value	90,000	90,000
Loss on impairment	(25,000)	-
Net carrying value at end of financial year	65,000	90,000

The licence is renewable for a nominal fee and therefore is considered to have an indefinite life and is not amortised. It is assessed annually for impairment. The licence was written down to recoverable amount in 2010/11 with reference to recent sales of similar licences.

	2014	2013
16 Trade and other payables		
Current		
Creditors and accruals	199,205	766,812
17 Employee Benefits Liability		
Current		
Annual leave	173,385	142,955
Long service leave	17,485	6,680
Non-current		
Long service leave	61,708	80,348
Details of movements in Long service leave:		
Long service leave		
Balance at beginning of financial year	87,028	113,288
Long service leave entitlement arising	7,836	22,260
Long service entitlement extinguished	(15,671)	(31,049)
Long Service entitlement paid	-	(17,472)
Balance at end of financial year	79,193	87,028
18 Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	22,767,704	20,357,413
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Houses	(746,697)	166,331
Other buildings	(99,629)	37,670
Major plant	178,267	(11,573)
Plant and Machinery	-	-
Other plant and equipment	-	-
Road, drainage and bridge network	1,639,765	1,974,495
Water	1,512,071	(32,245)
Other Infrastructure Assets	572,537	275,613
Balance at end of financial year	25,824,017	22,767,704
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises		
Houses	1,418,922	2,165,619
Other buildings	12,137,214	12,236,845
Major plant	300,585	122,318
Road, drainage and bridge network	6,990,656	5,350,890
Water	2,169,196	657,125
Other Infrastructure assets	2,807,444	2,234,907
	25,824,017	22,767,704

	2014	2013
19 Retained surplus	\$	\$
Movements in the retained surplus were as follows:		
Retained surplus at beginning of financial year	43,824,551	44,211,473
Net result attributable to Council	(553,501)	(878,209)
Unspent grants reserve	-	491,287
Retained surplus at end of financial year	<u>43,271,050</u>	<u>43,824,551</u>

20 Commitments for expenditure  
 There were no significant contractual commitments at end of financial year not recognised in the financial statements.

21 Contingent liabilities  
 There were no significant contingent liabilities at the end of the financial year.

**Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**22 Superannuation**

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The DBF is a defined benefit plan as defined in AASB119. The Council has no employees in the DBF.

	Note	2014	2013
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:		\$ 263,082	\$ 263,022

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

Net operating result		(553,501)	(878,209)
Non-cash operating items:			
Depreciation and amortisation	8	2,225,187	2,027,850
Revaluation adjustments	9	25,000	-
Investing and development activities:			
Net (profit)/loss on disposal of non-current Capital grants and contributions		(751,323)	(108,374)
		(575,865)	(3,883)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(570,385)	(323,578)
(Increase)/decrease in inventory		46,062	(25,576)
Increase/(decrease) in payables		(567,608)	(374,604)
Increase/(decrease) in employee benefits		22,595	(26,260)
		(1,069,338)	(750,017)
Net cash inflow from operating activities		51,483	395,740

There were no material adjusting events after the balance date.

**24 Events after the reporting period**

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

This note provides information, both qualitative and quantitative, to assist statement users evaluate the significance of financial instruments on the council's financial position and performance, including the nature and extent of risks and how the council manages these exposures.

**Financial Risk Management**

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

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

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Mapoon Aboriginal Shire Council measures risk exposure using a variety of methods as follows:

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

**Credit risk exposure**

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

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

The Council is exposed to credit risk through its deposits held with banks, the likelihood of a credit failure is remote. Exposure to credit risk is managed through regular review of the deposits the council holds.

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

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

Council's maximum exposure to credit risk is as follows:

Financial assets	Note	2014	2013
Cash and cash equivalents	10	3,488,732	3,040,880
Trade and other Receivables	11	1,372,040	801,655
		4,860,772	3,842,534

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





Interest rate risk

As the Council has no loans at balance date, interest rate risk is negligible, applying only to the interest rate yields derived from terms deposits the council holds.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit or loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount		Profit		Equity	
	2014	2013	2014	2013	2014	2013
Deposits at call	\$ 2,607,677	\$ 1,443,647	\$ 26,077	\$ 14,436	\$ 26,077	\$ 14,436
Net total	\$ 2,607,677	\$ 1,443,647	\$ 26,077	\$ 14,436	\$ 26,077	\$ 14,436

Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014

26 Tied grants by project

The following has been based on a cash/ accrual basis:

Organisation	Balance 1/07/2013	Revenue	Expense	Transfers	Balance 30/06/2014
<b>Commonwealth government grants</b>					
114 Municipal	156,274	144,085	144,652	(567)	119,176
116 Town Plan	-	-	37,098	-	119,176
Total	156,274	144,085	181,750	(567)	119,176
126 WOC	(11,513)	748,760	748,068	(10,821)	-
C-DEWHA	(11,513)	748,760	748,068	(10,821)	-
Total	(11,513)	748,760	748,068	(10,821)	-
315 NDRRA	(337,752)	266,519	-	(71,232)	-
C-NDRRA	(337,752)	266,519	-	(71,232)	-
317 NDRRA09/10	(205,399)	261,504	(15,127)	71,232	-
C-NDRRA	(205,399)	261,504	(15,127)	71,232	-
Total	(543,150)	528,023	(15,127)	-	-
127 EDG	-	147,651	149,656	(2,006)	-
C-FAHCISA	-	147,651	149,656	(2,006)	-
133 Strong Woman	(1,737)	-	-	(1,737)	-
C-FAHCISA	(1,737)	-	-	(1,737)	-
Total	(1,737)	147,651	149,656	(3,742)	-
128 R2R	-	59,849	59,849	(0)	-
C-DOTARS	-	59,849	59,849	(0)	-
Total	-	59,849	59,849	(0)	-
129 Aged Care	112,689	-	-	103,672	9,017
C-DOH&A	112,689	-	-	103,672	9,017
130 Kitchen	25,212	-	-	-	25,212
C-DOH&A	25,212	-	-	-	25,212
134 Fire Management	17,108	-	-	-	-
C-CAGS	17,108	-	-	-	-
137 Cultural Heritage	568	-	-	507	51
C-DSEWP&C	568	-	-	507	51
138 - Community Heritage	3,015	(1,117)	3,015	(1,117)	-
C-NLA	3,015	(1,117)	3,015	(1,117)	-
139-Carbon Farming Scheme	28,755	14,355	18,629	-	24,481
C-DSEWP&C	28,755	14,355	18,629	-	24,481
140Car&County	-	131,038	108,149	-	22,889
C-D SEWP&C	-	131,038	108,149	-	22,889
141 HACCSystem	-	-	-	(40,000)	40,000
C-DOH&A	-	-	-	(40,000)	40,000
142 HACC>50	-	144,724	140,486	(0)	4,238
Dept of Social Services	-	144,724	140,486	(0)	4,238
Total	167,337	289,000	287,895	62,555	125,887
C-DOH&A	167,337	289,000	287,895	62,555	125,887
<b>Total - Commonwealth government</b>	<b>(212,790)</b>	<b>1,917,368</b>	<b>1,412,090</b>	<b>47,425</b>	<b>245,063</b>

Mapoon Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014

26 Tied grants by project

The following has been based on a cash/ accrual basis:

Organisation	Balance 1/07/2013	Revenue	Expense	Transfers	Balance 30/06/2014
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26 Tied grants by project (cont'd)

State government grants	3,600	-	-	-	-
251 Graffiti Stop	3,600	-	-	-	-
252 TIDS	16,531	300,000	51,437	-	265,095
254 - Traineeship	15,000	-	8,421	-	6,579
256urtleDugong	-	92,350	85,325	(0)	7,025
258GetReadyQld	-	4,050	405	-	3,645
259GraffitiStop	-	4,000	800	-	3,200
260AlchoiMIRP	-	36,177	35,824	0	352
261CmtySafetyP	-	10,000	1,000	(10,000)	19,000
262DanceTour	-	4,545	1,988	-	2,547
264 COAG	-	47,500	1,011	-	46,489
303 Cth Financial Assistance	501,903	510,609	1,012,512	-	-
304 Identified Roads	33,605	11,054	1,879	-	42,780
310 EHW Prog	-	151,251	153,262	(2,011)	-
311 State Financial Assistance	-	474,771	474,771	-	-
312 RTC Subsidy	49,270	-	-	-	49,270
314 Indigenous Economic Development	-	80,000	116,277	(36,277)	-
316 Flexible Funding	24,546	-	28,811	-	(4,265)
318 Store Refurbishment	1,712	17,833	99,151	-	(79,606)
319 NDRA 2013	-	30,852	148,558	-	(117,706)
320 SGFA BIS	-	45,000	23,533	-	21,467
321Service Del	-	75,560	91,309	-	(15,748)
Fund	646,167	1,895,552	2,339,884	(48,289)	250,124
L-DIP	22,446	(22,446)	-	-	-
C-DRARDLG	22,446	(22,446)	-	-	-
Total	22,446	(22,446)	-	-	-
135 Upgrade Mens Centre	5,214	-	6,740	(1,526)	-
S-Arts Qld	5,214	-	6,740	(1,526)	-
Total	5,214	-	6,740	(1,526)	-
226 WFRangers	(9,478)	306,814	299,246	(1,911)	-
S-DERM	(9,478)	306,814	299,246	(1,911)	-
246 World Heritage	(28,116)	37,436	12,993	-	(3,072)
S-DERM	(28,116)	37,436	12,993	-	(3,072)
Total	(37,594)	344,250	311,639	(1,911)	(3,072)
S-DERM	(37,594)	344,250	311,639	(1,911)	(3,072)
203 CUG	-	-	109	(109)	-
S-DJAG	-	-	109	(109)	-
249 Turtle Fence	(778)	(29,963)	-	(30,741)	-
S-DJAG	(778)	(29,963)	-	(30,741)	-
Total	(778)	(29,963)	109	(30,850)	-
S-DJAG	(778)	(29,963)	109	(30,850)	-
204 Mens Support	12,761	-	9,888	-	3,173
S-DCC	12,761	-	9,888	-	3,173
206 L & S Centre	18,422	-	102	-	18,320
S-DCC	18,422	-	102	-	18,320
233 Project Manager	38,370	180,390	23,437	-	195,323
S-DCC	38,370	180,390	23,437	-	195,323
235 SchHols	-	-	-	-	-
S-DCC	-	-	-	-	-
Total	69,553	180,390	33,127	-	216,816
S-DCC	69,553	180,390	33,127	-	216,816
243 HACC Bus	(26,067)	-	-	(26,067)	-
S-DSQ	(26,067)	-	-	(26,067)	-
Total	(26,067)	-	-	(26,067)	-
S-DSQ	(26,067)	-	-	(26,067)	-
242 Healthy Lifestyle	822	(3,540)	(2,718)	-	-
S-OLGR	822	(3,540)	(2,718)	-	-
Total	822	(3,540)	(2,718)	-	-
S-OLGR	822	(3,540)	(2,718)	-	-
615 - Housing	156,717	179,510	107,187	-	229,041
S-Housing & Public Works	156,717	179,510	107,187	-	229,041
Total	156,717	179,510	107,187	-	229,041
S-Public Works	156,717	179,510	107,187	-	229,041
211 HACC	(32,682)	56,151	100,658	(77,189)	-
S-QH	(32,682)	56,151	100,658	(77,189)	-
268 Early Learning Centre	20,440	-	2,289	(2,289)	20,440
S-QH	20,440	-	2,289	(2,289)	20,440
224 Dongas	-	-	-	-	-
S-QH	-	-	-	-	-
237 Animal Mgt	-	-	-	-	-
S-QH	-	-	-	-	-
Total	(12,242)	79,668	102,947	(79,478)	43,957
S-QH	(12,242)	79,668	102,947	(79,478)	43,957
241 Cultural Her	1,602	-	3,410	-	(1,808)
S-Envron & Res	1,602	-	3,410	-	(1,808)
Total	1,602	-	3,410	-	(1,808)
S-Envron & Res	1,602	-	3,410	-	(1,808)
239 NDRM Study	3,029	-	-	-	3,029
S-EMC	3,029	-	-	-	3,029
Total - State government	628,871	2,623,421	2,902,325	(188,120)	738,087



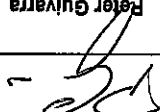
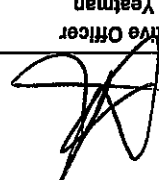
Mapoon Aboriginal Shire Council  
Financial statements  
For the year ended 30 June 2014

Management Certificate  
For the year ended 30 June 2014

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 40, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

 _____ Mayor Name Peter Guivarra Date 30.10.14	 _____ Chief Executive Officer Name Leon Yeatman Date 30.10.14
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