

# HOPE VALE

## **Hope Vale Aboriginal Shire Council Annual Financial Statements**

**for the year ended 30 June 2022**

NGURRAARN

WAANDAARN

# ABORIGINAL SHIRE COUNCIL

**Hope Vale Aboriginal Shire Council**  
**Financial Statements**  
for the year ended 30 June 2022

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**Hope Vale Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
for the year ended 30 June 2022

	<b>2022</b>	<b>2021</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>		
<b>Revenue</b>		
<b>Recurrent revenue</b>		
Fees and charges	375,215	368,780
Sales revenue	7,812,300	4,434,376
Grants, subsidies, contributions and donations	6,641,862	6,552,678
<b>Total recurrent revenue</b>	<b>14,829,377</b>	<b>11,355,834</b>
<b>Capital revenue</b>		
Grants, subsidies, contributions and donations	4,955,911	5,240,457
Capital income	80,000	82,954
<b>Total capital revenue</b>	<b>5,035,911</b>	<b>5,323,411</b>
Rental income	519,915	582,079
Interest received	123,350	139,141
Sundry revenue	679,468	702,074
Other income	-	2,056,702
<b>Total income</b>	<b>21,188,021</b>	<b>20,159,241</b>
<b>Expenses</b>		
<b>Recurrent expenses</b>		
Employee benefits	(5,202,786)	(4,769,717)
Materials and services	(6,602,097)	(5,575,747)
Finance costs	(50,203)	(44,400)
Depreciation		
Property, plant and equipment	(4,052,874)	(3,748,117)
Right of use assets	(32,239)	(19,255)
Other expenses	(69,433)	-
	<b>(16,009,632)</b>	<b>(14,157,236)</b>
<b>Capital expenses</b>	(1,290,793)	(204,157)
<b>Total expenses</b>	<b>(17,300,425)</b>	<b>(14,361,393)</b>
<b>Net result</b>	<b>3,887,596</b>	<b>5,797,848</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to net result</b>		
Increase/(decrease) in asset revaluation surplus	7,796,343	6,621,508
<b>Total other comprehensive income for the year</b>	<b>7,796,343</b>	<b>6,621,508</b>
<b>Total comprehensive income for the year</b>	<b>11,683,939</b>	<b>12,419,356</b>

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

**Hope Vale Aboriginal Shire Council**  
**Statement of Financial Position**  
as at 30 June 2022

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	7	31,184,056	25,979,237
Trade and other receivables	8	594,333	1,305,240
Other assets	9	68,967	467,398
Inventories		669	669
Contract assets	12	688,576	678,941
Lease receivable	13	725,323	684,224
<b>Total current assets</b>		<b><u>33,261,924</u></b>	<b><u>29,115,709</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	10	89,026,165	81,149,533
Lease receivable	13	21,033,165	21,827,918
Right of use assets	13	77,370	109,788
<b>Total non-current assets</b>		<b><u>110,136,700</u></b>	<b><u>103,087,239</u></b>
<b>Total assets</b>		<b><u>143,398,624</u></b>	<b><u>132,202,948</u></b>
<b>Current liabilities</b>			
Trade and other payables	14	1,011,143	935,258
Contract liabilities	12	412,299	922,472
Lease liabilities	13	33,539	32,562
Provisions	15	337,122	343,309
<b>Total current liabilities</b>		<b><u>1,794,103</u></b>	<b><u>2,233,601</u></b>
<b>Non-current liabilities</b>			
Trade and other payables		3,000	3,000
Lease liabilities	13	40,154	72,471
Provisions	15	195,802	212,250
<b>Total non-current liabilities</b>		<b><u>238,956</u></b>	<b><u>287,721</u></b>
<b>Total liabilities</b>		<b><u>2,033,059</u></b>	<b><u>2,521,322</u></b>
<b>Net community assets</b>		<b><u>141,365,565</u></b>	<b><u>129,681,626</u></b>
<b>Community equity</b>			
Asset revaluation surplus	16	62,129,838	54,333,495
Retained surplus		79,235,727	75,348,131
<b>Total community equity</b>		<b><u>141,365,565</u></b>	<b><u>129,681,626</u></b>

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

**Hope Vale Aboriginal Shire Council**  
**Statement of Changes in Equity**  
for the year ended 30 June 2022

	Asset revaluation surplus	Retained surplus	Total
Note	16		
	\$	\$	\$
<b>Balance as at 1 July 2021</b>	54,333,495	75,348,131	129,681,626
Net result	-	3,887,596	3,887,596
Increase in asset revaluation surplus	7,796,343	-	7,796,343
<b>Total comprehensive income for the year</b>	<u>7,796,343</u>	<u>3,887,596</u>	<u>11,683,939</u>
<b>Balance as at 30 June 2022</b>	<b><u>62,129,838</u></b>	<b><u>79,235,727</u></b>	<b><u>141,365,565</u></b>
<b>Balance as at 1 July 2020</b>	47,711,986	69,550,283	117,262,270
Net result	-	5,797,848	5,797,848
Increase in asset revaluation surplus	6,621,508	-	6,621,508
<b>Total comprehensive income for the year</b>	<u>6,621,508</u>	<u>5,797,848</u>	<u>12,419,356</u>
<b>Balance as at 30 June 2021</b>	<b><u>54,333,495</u></b>	<b><u>75,348,131</u></b>	<b><u>129,681,626</u></b>

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

**Hope Vale Aboriginal Shire Council**  
**Statement of Cash Flows**  
for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		17,488,169	12,309,635
Payments to suppliers and employees		(12,827,462)	(12,035,680)
		<u>4,660,707</u>	<u>273,955</u>
Interest received		123,350	139,141
Rental income		519,915	582,079
<b>Net cash inflow from operating activities</b>	20	<u>5,303,972</u>	<u>995,175</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,425,755)	(6,537,054)
Proceeds from sale of property plant and equipment		82,164	194,409
Finance lease receipts	13	684,222	672,646
Grants, subsidies, contributions and donations	3(d)(ii)	4,560,217	4,041,791
<b>Net cash outflow from investing activities</b>		<u>(99,152)</u>	<u>(1,628,208)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<u>5,204,819</u>	<u>(633,033)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		25,979,237	26,612,270
<b>Cash and cash equivalents at end of the financial year</b>	7	<u>31,184,056</u>	<u>25,979,237</u>

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

**Hope Vale Aboriginal Shire Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2022

**1 Information about these financial statements**

**1.A Basis of preparation**

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

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and these financial statements complies with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

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.

**Recurrent/capital classification**

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually buildings or infrastructure assets.

Capital Expenses includes the impairment of property, plant and equipment.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets

All other revenue and expenses have been classified as "recurrent".

**1.B New and revised Accounting Standards adopted during the year**

Hope Vale Aboriginal Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

**1.C Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at 30 June 2022 at the time of preparing these financial statements that could be applicable to Council.

	<b>Effective for NFP annual report periods beginning on or after:</b>
AASB 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards</i> (amended by AASB 2020-6)	1 January 2023
AASB 2020-3 <i>Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments</i>	1 January 2022
AASB 2021-2 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (amended by AASB 2021-6)	1 January 2023

**Hope Vale Aboriginal Shire Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2022

**1.D Estimates and judgements**

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Valuation and depreciation of property, plant and equipment - Note 10 and Note 11  
Provisions - Note 15  
Valuation of finance leases - Note 13  
Contract assets and liabilities - Note 12  
Contingent liabilities - Note 18  
Revenue recognition - Note 3

**1.E Rounding and comparatives**

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard. Comparative information is prepared on the same basis as prior year.

**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.

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

Financial assets

Cash and cash equivalents - measured at amortised cost (Note 7)  
Receivables - measured at amortised cost (Note 8)  
Lease receivables (finance leases) - measured at fair value (Note 13)

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. Council is subject to 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.I COVID-19**

Council's operations for the year ended 30 June 2022 have been impacted by the COVID-19 pandemic. Refer to Note 22 for more details.



**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**2. Analysis of results by function**

**2 (a) Components of Council functions**

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

**Corporate governance**

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

**Finance and information**

Finance and information provides professional finance and information services across all of council. This function includes internal audit, budget support, financial accounting, the taxation unit, marketing and communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

**Community services**

The goal of community services is to ensure Hope Vale is a healthy, vibrant, contemporary and connected community. Community services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

Indigenous Learning Centre  
Environmental Health  
Animal Management Program  
Childcare Centre  
Aged Care  
Disability Services  
Radio Station

**HACC Program**

The objectives of the HACC Program are to provide a comprehensive, coordinated and integrated range of basic maintenance, support and care service for elderly residents of the Hope Vale Community.

**Enterprises**

This component of Council relates to the provision of the following business services:

Leases over council owned buildings to generate own source revenue.

**Infrastructure water and sewerage**

Providing water supply and sewerage services.

The goal of this program is to support a healthy, safe community through sustainable water services and to protect and support the health of our community by sustainably managing sewerage infrastructure. This function includes all activities relating to water including flood and waterways management.

**Housing**

This component of Council relates to the provision of public housing within the DOGIT area.

**Infrastructure roads**

This component of Council relates to providing and maintaining roads and drainage.

The objective of the transport infrastructure program is to ensure the community is serviced by a quality and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network.

**Land**

This component of Council relates to the administration and management of freehold land for the potential of home ownership for community residents and agricultural leases.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**2 Analysis of results by function**

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

**Year ended 30 June 2022**

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							
	2022	2022	2022	2022		2022	2022				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate governance	515,000	-	-	-	515,000	492,927	-	492,927	22,073	22,073	91,543
Finance and information	3,119,415	552,908	-	80,000	3,752,323	6,567,203	-	6,567,203	(2,894,880)	(2,814,880)	31,847,356
Community services	2,361,137	591,214	2,381,866	-	5,334,217	3,653,613	20,429	3,674,042	(701,262)	1,660,175	37,461,851
HACC Program	646,310	-	-	-	646,310	646,512	-	646,512	(202)	(202)	671,976
Enterprises	-	543,343	-	-	543,343	129,517	-	129,517	413,826	413,826	2,719,181
Infrastructure water and sewerage	-	-	176,065	-	176,065	441,875	-	441,875	(441,875)	(265,810)	19,003,665
Housing	-	7,340,832	-	-	7,340,832	3,500,671	-	3,500,671	3,840,161	3,840,161	24,355,341
Infrastructure roads	-	481,950	2,397,981	-	2,879,931	577,315	1,270,364	1,847,679	(95,365)	1,032,252	23,617,711
Land	-	-	-	-	-	-	-	-	-	-	3,630,000
<b>Total</b>	<b>6,641,862</b>	<b>9,510,248</b>	<b>4,955,911</b>	<b>80,000</b>	<b>21,188,021</b>	<b>16,009,632</b>	<b>1,290,793</b>	<b>17,300,426</b>	<b>142,476</b>	<b>3,887,595</b>	<b>143,398,624</b>

**Year ended 30 June 2021**

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							
	2021	2021	2021	2021		2021	2021				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate governance	533,002	-	-	-	533,002	512,020	-	512,020	20,982	20,982	95,045
Finance and information	3,560,449	2,572,653	-	82,954	6,216,056	6,102,330	-	6,102,330	30,773	113,727	27,751,876
Community services	1,927,735	663,515	2,432,614	-	5,023,864	3,574,942	8,032	3,582,974	(983,693)	1,440,889	32,803,039
HACC Program	531,493	-	-	-	531,493	545,262	-	545,262	(13,769)	(13,769)	626,296
Enterprises	-	592,903	-	-	592,903	117,905	-	117,905	474,998	474,998	2,646,996
Infrastructure water and sewerage	-	-	391,100	-	391,100	438,316	-	438,316	(438,316)	(47,217)	17,112,875
Housing	-	4,333,592	-	-	4,333,592	2,811,096	-	2,811,096	1,522,496	1,522,496	24,681,492
Infrastructure roads	-	120,488	2,416,743	-	2,537,231	49,539	201,951	251,490	70,948	2,285,740	22,855,329
Land	-	-	-	-	-	-	-	-	-	-	3,630,000
<b>Total</b>	<b>6,552,678</b>	<b>8,283,151</b>	<b>5,240,457</b>	<b>82,954</b>	<b>20,159,241</b>	<b>14,151,410</b>	<b>209,983</b>	<b>14,361,393</b>	<b>684,419</b>	<b>5,797,848</b>	<b>132,202,948</b>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
<b>3 Revenue</b>			
<b>(a) Fees and charges</b>			
Utility charges		270,107	260,142
Childcare		76,604	85,789
Other fees and charges		28,504	22,849
		<u>375,215</u>	<u>368,780</u>

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

**(b) Sales revenue**

**Rendering of services**

Contract and recoverable works		7,812,300	4,434,376
Total sales revenue		<u>7,812,300</u>	<u>4,434,376</u>

Revenue from services is recognised when the service is rendered. The amount recognised as revenue for contract and recoverable works during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

**(c) Sundry revenue**

Cape Flattery Mine contribution		25,000	50,000
Aged persons hostel		476,110	527,726
Other		178,358	124,348
		<u>679,468</u>	<u>702,074</u>

Sundry revenue consists mainly of income relating to the Aged Persons' Hostel and contributions from Cape Flattery Mines. Sundry revenue is recognised with reference to the period to which the income relates.

**(d) Grants, subsidies, contributions and donations**

**(i) Operating**

State government subsidies and grants		5,787,826	5,683,768
Commonwealth government subsidies and grants		854,036	868,910
		<u>6,641,862</u>	<u>6,552,678</u>

**(ii) Capital**

State government subsidies and grants		4,438,833	2,701,903
Commonwealth government subsidies and grants		517,078	2,538,554
		<u>4,955,911</u>	<u>5,240,457</u>

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**3 Revenue (Continued)**

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations vary in each agreement but include events, disability support services, etc. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

**(iii) Timing of revenue recognition for grants, subsidies, contributions and donations**

	Note	2022		2021	
		Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
		\$	\$	\$	\$
Grants and subsidies	3(d)	5,758,781	5,838,992	5,843,565	5,949,570
		<u>5,758,781</u>	<u>5,838,992</u>	<u>5,843,565</u>	<u>5,949,570</u>

**4 Employee benefits**

	Note	2022	2021
		\$	\$
Total staff wages and salaries		4,906,154	4,507,392
Councillors' remuneration		360,860	362,064
Termination benefits		64,315	-
Superannuation	19	535,426	504,099
		<u>5,866,755</u>	<u>5,373,555</u>
Less: Capitalised employee expenses		(663,969)	(603,838)
		<u>5,202,786</u>	<u>4,769,717</u>

Employee benefit expenses are recorded when the service has been provided by the employee. Councillor remuneration represents salary, superannuation and other allowances paid in respect of carrying out their duties.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**4 Employee benefits (Continued)**

Total Council employees at the reporting date:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Elected members	5	5
Administration staff	12	11
Depot and outdoors staff	63	64
Total full time equivalent employees	<u>80</u>	<u>80</u>

**5 Materials and services**

<b>Note</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Administration supplies and consumables	71,909	83,115
Audit of annual financial statements by the Auditor-General of Queensland*	67,900	65,000
Accounting services and internal audit	70,850	89,312
Consultancy	231,576	193,686
Contractors	307,077	304,423
Communications and IT expenses	216,568	264,933
Electricity	174,166	156,975
Insurance	530,080	466,072
Housing construction cost of sales	457,483	366,485
Freight	60,595	75,535
Motor vehicle expenses	266,509	155,504
NDRRA/Roads	298,170	42,800
Other materials and services	98,388	343,109
Repairs and maintenance - plant and equipment	355,162	307,229
Repairs and maintenance - housing	2,892,143	2,249,080
Repairs and maintenance - buildings	276,872	203,047
Subscriptions and registration fees	106,407	97,221
Travel expenses	120,242	112,221
	<u>6,602,097</u>	<u>5,575,747</u>

Expenses are recorded on an accruals basis as Council receives the goods or services.

\*Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$67,900 (2021: \$65,000).

**6 Capital expenses**

**Loss on disposal and write off of non-current assets**

Plant and equipment	20,429	2,206
Infrastructure roads	1,270,364	201,951
Total capital expenses	<u>1,290,793</u>	<u>204,157</u>

**Loss on disposals of assets**

Proceeds from sale of property, plant and equipment	1,800	11,455
Less: Carrying value of disposed property, plant and equipment	(22,229)	(13,661)
	<u>(20,429)</u>	<u>(2,206)</u>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

	<u>Note</u>	<u>2022</u> \$	<u>2021</u> \$
<b>7 Cash and cash equivalents</b>			
Cash at bank and on hand		10,849,783	6,738,157
Deposits at call		20,334,273	19,241,080
Balance per Statement of Financial Position / Cash Flows		<u>31,184,056</u>	<u>25,979,237</u>

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

Cash and deposits at call are held in the ANZ and Westpac Banks in normal cash deposits and business cheque accounts. Deposits are held with the Queensland Treasury Corporation in normal deposit at call accounts.

The Council may be exposed to credit risk through its investments in the QTC Cash Fund or other financial institutions in Australia. 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.

Cash and cash equivalents		31,184,056	25,979,237
Less: Externally imposed restrictions on cash	(i)	<u>(740,126)</u>	<u>(819,664)</u>
Unrestricted cash		<u>30,443,930</u>	<u>25,159,573</u>

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

**(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:**

Unspent government grants and subsidies		740,126	819,664
		<u>740,126</u>	<u>819,664</u>

**8 Trade and other receivables**

Receivables and advances are amounts owed to Council at year end. They are recognised at the amounts due at the time of sale or service delivery or advance. Settlement of these amounts is required within 30 days from invoice date.

Trade debtors	702,992	1,359,350
Other debtors	49,334	65,661
Less impairment	(157,993)	(120,107)
Tax receivable	-	336
	<u>594,333</u>	<u>1,305,240</u>

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue. The Council reviews all individual debtor balances on a case by case basis to assess the expected losses over the lifetime of the balance.

The loss is recognised in finance costs. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

No interest is charged on trade and other receivables.

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 respect of receivables in the Council's area.

The Council does not require collateral in respect of trade and other receivables.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
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**8 Trade and other receivables (Continued)**

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Not credit-</b>	<b>Credit-</b>	<b>Not credit-</b>	<b>Credit-</b>
	<b>impaired</b>	<b>impaired</b>	<b>impaired</b>	<b>impaired</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Not past due	369,343	-	996,297	-
Past due 31-60 days	-	-	22,854	-
Past due 61-90 days	(12,419)	-	19,404	-
More than 90 days	237,409	157,993	266,349	120,107
Total gross carrying amount	<u>594,333</u>	<u>157,993</u>	<u>1,304,904</u>	<u>120,107</u>
Loss allowance	-	(157,993)	-	(120,107)
	<u>594,333</u>	<u>-</u>	<u>1,304,904</u>	<u>-</u>

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

Opening balance at 1 July	120,107	81,620
Movement on provision for impairment	37,886	38,487
Closing balance at 30 June	<u>157,993</u>	<u>120,107</u>

Refer to Note 24 for further information about credit risk.

***Expected credit loss assessment***

The Council uses an allowance matrix to measure the expected credit losses of trade and other receivables from individual customers, which comprise a very large number of small balances. Council believes the impact to be not material due to the current impairments of the trade and other debtors balance.

Loss rates are calculated using a specific percentage method based on the probability of a receivable progressing through successive stages of delinquency to write off.

**9 Other assets**

Prepayments	68,967	467,398
	<u>68,967</u>	<u>467,398</u>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**10 Property, plant and equipment**

**30 June 2022**

Note	Land and improvements	Buildings - Other	Buildings - Residential	Fixtures & Fittings	Infrastructure Roads	Infrastructure Water & Sewerage	Infrastructure Other	Motor Vehicles / Heavy Machinery	Plant & Equipment	Work in progress	Total
	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
	Level 2	Level 3	Level 3		Level 3	Level 3	Level 3				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	3,630,000	42,600,304	3,714,434	190,854	34,704,253	28,620,884	6,076,407	2,779,287	1,764,257	3,735,625	127,816,303
	Additions										
	-	-	-	-	-	-	-	-	-	3,387,015	3,387,015
	-	-	-	40,833	-	-	-	206,106	71,671	1,720,130	2,038,740
6	-	(131,035)	-	-	-	-	-	-	-	-	(131,035)
16	-	5,095,231	547,053	-	2,300,363	2,649,026	396,289	-	-	-	10,987,962
6	-	-	-	-	(1,270,364)	-	-	-	-	-	(1,270,364)
	-	1,162,351	85,774	-	3,236,672	440,158	1,408,225	-	-	(6,333,179)	-
	<b>3,630,000</b>	<b>48,726,850</b>	<b>4,347,261</b>	<b>231,687</b>	<b>38,970,924</b>	<b>31,710,068</b>	<b>7,880,921</b>	<b>2,985,393</b>	<b>1,835,928</b>	<b>2,509,591</b>	<b>142,828,621</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2021	-	13,121,958	1,545,979	95,810	13,990,420	11,866,567	2,351,551	2,391,130	1,303,354	-	46,666,768
Depreciation expense	-	1,426,485	156,483	22,365	1,154,233	767,193	234,848	168,575	122,692	-	4,052,874
Depreciation on disposals	-	(108,806)	-	-	-	-	-	-	-	-	(108,806)
Revaluation adjustment to asset revaluation surplus	16	-	1,729,343	238,452	-	985,394	72,642	165,788	-	-	3,191,619
<b>Accumulated depreciation as at 30 June 2022</b>		<b>-</b>	<b>16,168,980</b>	<b>1,940,914</b>	<b>118,175</b>	<b>16,130,047</b>	<b>12,706,402</b>	<b>2,752,187</b>	<b>2,559,705</b>	<b>1,426,046</b>	<b>53,802,456</b>

**Book value as at 30 June 2022**

Residual value	3,630,000	32,557,870	2,406,347	113,512	22,840,877	19,003,666	5,128,734	425,688	409,882	2,509,591	89,026,165
Range of estimated useful life in years	Land: Not depreciated.	10 - 60	10 - 40	4	20 - 50	10 - 80	20 - 50	3 - 10	2 - 25	Work in progress: Not depreciated.	



**Hope Vale Aboriginal Shire Council**  
**Notes to the Financial Statements**  
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**10 Property, plant and equipment (continued)**

**30 June 2021**

Note	Land and improvements	Buildings - Other	Buildings - Residential	Fixtures & Fittings	Infrastructure Roads	Infrastructure Water & Sewerage	Infrastructure Other	Motor Vehicles / Heavy Machinery	Plant & Equipment	Work in progress	Total
Basis of measurement	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
Fair value category	Level 2	Level 3	Level 3		Level 3	Level 3	Level 3				
<b>Asset values</b>	\$	\$	\$	\$	\$			\$	\$	\$	\$
Opening gross value as at 1 July 2020	3,730,000	37,654,959	3,552,788	115,852	32,655,214	27,696,645	4,225,165	2,715,678	1,729,957	1,970,081	116,046,338
Additions											
- Renewals	-	-	-	-	-	-	-	-	-	3,586,850	3,586,850
- Other additions	-	18,203	46,000	75,002	186,100	-	112,894	63,609	67,364	2,381,032	2,950,204
Disposals	(100,000)	-	-	-	-	-	-	-	(33,064)	-	(133,064)
Revaluation adjustment to asset revaluation surplus	6	-	4,128,027	115,646	-	668,211	561,194	94,848	-	-	5,567,926
Write-off of assets	6	-	-	-	-	(201,951)	-	-	-	-	(201,951)
Assets transferred from work in progress	-	799,115	-	-	1,396,679	363,044	1,643,500	-	-	(4,202,338)	-
<b>Closing gross value as at 30 June 2021</b>	<b>3,630,000</b>	<b>42,600,304</b>	<b>3,714,434</b>	<b>190,854</b>	<b>34,704,253</b>	<b>28,620,884</b>	<b>6,076,407</b>	<b>2,779,287</b>	<b>1,764,257</b>	<b>3,735,625</b>	<b>127,816,303</b>
<b>Accumulated depreciation and impairment</b>											
Opening balance as at 1 July 2020	-	13,213,778	1,616,892	83,266	12,635,111	10,889,733	2,120,516	2,235,327	1,197,014	-	43,991,636
Depreciation expense	-	1,309,762	133,966	12,544	1,080,994	744,156	185,149	155,803	125,743	-	3,748,117
Depreciation on disposals	-	-	-	-	-	-	-	-	(19,403)	-	(19,403)
Revaluation adjustment to asset revaluation surplus	16	-	(1,401,582)	(204,879)	-	274,315	232,678	45,886	-	-	(1,053,582)
<b>Accumulated depreciation as at 30 June 2021</b>	<b>-</b>	<b>13,121,958</b>	<b>1,545,979</b>	<b>95,810</b>	<b>13,990,420</b>	<b>11,866,567</b>	<b>2,351,551</b>	<b>2,391,130</b>	<b>1,303,354</b>	<b>-</b>	<b>46,666,768</b>
<b>Book value as at 30 June 2021</b>	<b>3,630,000</b>	<b>29,478,347</b>	<b>2,168,456</b>	<b>95,044</b>	<b>20,713,833</b>	<b>16,754,317</b>	<b>3,724,856</b>	<b>388,157</b>	<b>460,903</b>	<b>3,735,625</b>	<b>81,149,533</b>
Residual value	3,630,000	-	-	-	-	-	-	-	-	-	3,630,000
Range of estimated useful life in years	Land: Not depreciated.	10 - 60	10 - 40	4	20 - 50	5 - 80	20 - 50	3 - 10	2 - 25	Work in progress: Not depreciated.	

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**10 Property, plant and equipment (Continued)**

**(a) Recognition**

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network.

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 controlled by Queensland State Government and not recognised in the Council financial statements.

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. Hope Vale Aboriginal Shire Council currently does not have any such land holdings.

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 341 of the *Land Act 1994*. It comprises an area of approximately 63.24 hectares.

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

**(b) Measurement**

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

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value are recognised as assets and revenue at fair value.

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.

**(c) Depreciation**

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Land, work in progress and road formations are not depreciated as these assets have unlimited useful lives.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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.

Depreciation methods and estimated useful lives 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.

**Key judgements and estimates:**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

**(d) Impairment**

Property, plant and equipment held at cost 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.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**10 Property, plant and equipment (Continued)**

**(e) Valuation**

**Key judgements and estimates:**

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, 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.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

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.

Details of valuers and methods of valuations are disclosed in Note 11.

**Hope Vale Aboriginal Shire Council**  
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**11 Fair value measurements**

**11.A Recognised fair value measurements**

Fair values are classified into three levels as follows:

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

There were no transfers between levels of the hierarchy during the year.

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

**11.B Valuation techniques used to derive fair values for level 2 and level 3 valuations**

Specific valuation techniques used to value Council assets comprise:

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Land and improvements (level 2)	Market value	30 June 2018	Asset Advance Valuers	<p>Land assets comprise separate individual saleable titles which do not have restrictions which would inhibit their sale in the open property market. To comply with AASB 13 such assets have been considered firstly by way of their market value for the whole of the property as the primary valuation concept and secondly by way of the market value for the saleable land component.</p> <p>Level 2 valuation inputs were used to value land. Sales prices of comparable land are adjusted for differences in key attributes such as property size, location, topography, and other inherent attributes.</p>	<p>There was no evidence to indicate that the level of values have changed so the fair values of the land remained at the same level as presently entered into the asset register.</p>
Buildings (level 3)	Current replacement cost (CRC)	30 June 2021	Asset Advance Valuers	<p>As the Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to cost data for recent projects and researched costing guides. The net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.</p> <p>In determining the level of accumulated depreciation, the major building assets have been apportioned into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component at the time the asset is considered to be no longer available for use and the condition of the asset. For building assets it is considered that no residual value will apply.</p>	<p>For this asset category and based on Actual Data now available and Trend Chart Projections prepared by Asset Advance Valuers based on sourced research data and an increase of <b>+12.00%</b> in total for each asset is recommended for the 2012/22 financial year and being effective as at 30 June 2022. This recommended indexation should be the same across all items within this asset class, except for Asset ID's 803 and 850, which are and would most likely be replaced with conventional on-site constructed houses. The recommended indexation rate for these two assets is +23% for each asset which is relative to the projected rate</p>
Roads, Drainage and Bridge Network (level 3)	Current replacement cost	30 June 2018	Asset Advance Valuers	<p>All road segments are componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate, and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.</p> <p>CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations.</p> <p>Roads were apportioned into significant components which exhibited different useful lives and based on that applicable and observed for road assets in the wet tropical area of Queensland.</p>	<p>For this asset category and based on Actual Data now available and Trend Chart Projections prepared by Asset Advance Valuers based on sourced research data and an increase of <b>+6.5%</b> in total for each asset is recommended for the 2012/22 financial year and being effective as at 30 June 2022.</p>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
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11 Fair value measurements (Continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Sewerage and Water Infrastructure (level 3)	Current replacement cost	30 June 2022	Asset Advance Valuers	<p>Valuers' cost models were derived from the various sources such as Asset Advance Valuers database, schedule rates for construction of asset or similar assets, Building Price Index tables, recent contract and tender data and Rawlinson's rates for building and construction.</p> <p>Development factors and soil factors were taken into account in determining replacement costs.</p> <p>Valuation unit rates (replacement costs) were increased to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.</p> <p>Assets were generally subject to an inspection or an assessment to determine remaining useful life.</p>	N/A
Infrastructure Other (level 3)	Current replacement cost	30 June 2018	Asset Advance Valuers	<p>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 such 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.</p> <p>Assets were generally subject to an inspection or an assessment to determine remaining useful life.</p>	For this asset category and based on Actual Data now available and Trend Chart Projections prepared by Asset Advance Valuers based on sourced research data and, after considerations outlined in this report, an increase of <b>+6.5%</b> in total for each asset is recommended for the 2012/22 financial year and being effective as at 30 June 2022.

**11.C Changes in fair value measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring and non recurring fair value measurements are detailed in Note 13 (finance leases) and note 11 (property, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

**11.D Valuation processes**

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and Director of Finance. 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 11. Non-recurring fair value measurements are made at the point of reclassification based on advice from a registered valuer.

**Hope Vale Aboriginal Shire Council**  
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**12 Contract balances**

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	2022	2021
		\$
<b>(a) Contract assets</b>	<u>688,576</u>	<u>678,941</u>
<b>(b) Contract liabilities</b>		
Funds received upfront to construct Council controlled assets	411,216	797,274
Non-capital performance obligations not yet satisfied	<u>1,083</u>	<u>125,198</u>
	<u>412,299</u>	<u>922,472</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	704,043	1,597,857
Non-capital performance obligations	<u>125,198</u>	<u>45,000</u>
	<u>829,241</u>	<u>1,642,857</u>
<b>(c) Significant changes in contract balances</b>		

Significant movements in contract assets and contract liabilities that have occurred were due to the change in the timing of the work and significant monies received in advance.

**13 Leases**

**Council as a lessee**

Council has a lease in place over its office space. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however, where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Where the lease liability is re-measured, the right of use asset is adjusted to reflect the re-measurement.

**Exception to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Terms and conditions of leases**

Council has a lease contract in place with Natren Pty Ltd for the lease on the Hope Vale Cairns office space. The annual rental fee amounts to \$33,539 (2021: \$32,562) (GST exclusive) which is subject to annual CPI increase. The lease expires on 23 November 2024. It contains an option to renew for another four years subject to certain conditions.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**13 Leases (Continued)**

**Right of use assets - Building - Office Space**

	2022	2021
	\$	\$
Balance at 1 July	109,788	-
Additions to right-of-use assets	-	129,043
Re-measurement during the year	(179)	-
Depreciation charge	(32,239)	(19,255)
Balance at 30 June	<u>77,370</u>	<u>109,788</u>

**Lease liabilities**

The table below shows the maturity analysis of the lease liability based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	<1 years	1-5 years	Total	Total per statement of financial position
	\$	\$	\$	\$
<b>2022</b>	<u>33,539</u>	<u>40,154</u>	<u>73,693</u>	<u>73,693</u>
2021	<u>32,562</u>	<u>73,265</u>	<u>105,827</u>	<u>105,033</u>

**Amounts included in the statement of comprehensive income related to leases**

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee:

	2022	2021
	\$	\$
Interest on lease liabilities	2,134	706
Depreciation of right-of-use assets	32,239	19,255
Expenses relating to short-term leases	-	8,141
	<u>34,373</u>	<u>28,102</u>
Total cash outflows for leases	<u>33,539</u>	<u>32,562</u>

**Liabilities not recognised - extension options**

For the office space lease, Council excludes the extension option as it is not yet certain whether it will exercise the option at this stage. At each reporting date Council assesses whether it is reasonably certain that the extension options will be exercised based on current operations and Council strategy.

**Leases at significantly below market value - Concessionary / peppercorn leases**

Council is the lessee of a number of Deed of Grant in Trust leases. These leases are generally 30 years and require payments of \$1 per annum. The use of the right-to-use asset is restricted by the lessors to various community services which Council must provide. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council has elected to not apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

**Council as a lessor**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**13 Leases (Continued)**

*Finance Lease:*

Leases of property under which the Council as lessor transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases.

Council has leased 209 (2021: 209) dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year ranged between \$3,121 and \$3,624 (2021: \$2,944 and \$3,415). 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).

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
Current other financial assets			
Finance leases		725,323	684,224
		<u>725,323</u>	<u>684,224</u>
Non-current other financial assets			
Finance leases		21,033,165	21,827,918
		<u>21,033,165</u>	<u>21,827,918</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		725,323	684,223
Later than one year but not later than five years		2,901,290	2,736,892
Later than five years		18,232,156	17,883,273
		<u>21,858,769</u>	<u>21,304,388</u>
Add: Estimated contingent rent		13,513,566	10,405,517
Less: Present value adjustment		(13,613,847)	(9,197,763)
Fair value of lease payments		<u>21,758,488</u>	<u>22,512,142</u>

The fair value of lease payments is receivable as follows:

Not later than one year	725,323	684,223
Between one and two years	725,094	686,702
Between two and three years	724,865	689,190
Between three and four years	724,637	691,686
Between four and five years	724,409	694,192
Later than five years	18,134,160	19,066,149
	<u>21,758,488</u>	<u>22,512,142</u>

Movements in finance leases were as follows:

Opening balance	22,512,142	21,128,086
Less: Lease receipts	(684,222)	(672,646)
(Loss)/Gain on revaluation	(69,433)	2,056,702
Closing balance	<u>21,758,488</u>	<u>22,512,142</u>

The calculation of fair value has included an estimate of average annual CPI increases of 3.1% (2021: 2.5%) and a discount rate of 3.13% (2021: 2.13%).

Finance leases are to the State of Queensland, represented by the Department of Housing and Public Works. The likelihood of this counterparty not having capacity to meet its financial commitments is considered low.

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

*Operating leases:*

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to the lease of Council's properties.

The assets are included in the statement of financial position as property, plant and equipment, where the rental is incidental or the asset is held to meet Council's service delivery objectives (refer to Note 17).



**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**13 Leases (Continued)**

<u>Note</u>	<u>2022</u> <u>\$</u>	<u>2021</u> <u>\$</u>
Rent from Council's building assets is recognised as income on a periodic straight line basis over the lease term.		
	\$	\$
Rental income (excluding variable lease payments not dependent on an index or rate)	327,588	286,582
Rental income relating to variable lease payments not dependent on an index or rate	192,327	295,497
	<u>519,915</u>	<u>582,079</u>

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

As mentioned above, Council has leased the food store and workshop to operators. Lease agreements are also in place in respect of two residential properties, units within the Hope Vale Business Precinct and various other properties within the community. The minimum lease receipts in relation to the properties are as follows:

Not later than one year	240,018	206,791
One to five years	1,317,081	1,371,399
	<u>1,557,099</u>	<u>1,578,190</u>

The future lease income in respect of the food store and workshop is based on a five year agreement which entitles Council to six percent of the store turnover generated per year.

**14 Trade and other payables**

Creditors and accruals	444,621	558,790
Tax payable	151,058	-
Annual leave	415,464	376,468
	<u>1,011,143</u>	<u>935,258</u>

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.

A liability for annual leave is recognised. Short-term benefits which are expected to be wholly settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be wholly 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.

**15 Provisions**

**Current**

Long service leave	337,122	343,309
	<u>337,122</u>	<u>343,309</u>

**Non-current**

Landfill restoration	130,767	150,848
Long service leave	65,035	61,402
	<u>195,802</u>	<u>212,250</u>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**15 Provisions (Continued)**

Long service leave

The provision for long service leave represents 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 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 provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

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

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 estimated site closure date is December 2030 and total projected cost of \$150,848 is expected to be incurred between 2025 and 2054. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used.

**16 Asset revaluation surplus**

**Movements in the asset revaluation surplus were as follows:**

Balance at beginning of financial year	54,333,495	47,711,987
Net adjustment to non-current assets at end of period to reflect a change in		
Buildings	3,674,489	5,850,134
Infrastructure - roads	1,314,969	393,896
Infrastructure - water and sewerage	2,576,384	328,516
Infrastructure - other	230,501	48,962
Balance at end of financial year	<u>62,129,838</u>	<u>54,333,495</u>

**Asset revaluation surplus analysis**

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

Land	3,765,229	3,765,229
Buildings	35,162,433	31,487,944
Infrastructure - roads	8,438,495	7,123,526
Infrastructure - water and sewerage	11,949,562	9,373,178
Infrastructure - other	2,814,119	2,583,618
	<u>62,129,838</u>	<u>54,333,495</u>

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**17 Commitments for expenditure**

**Operating leases**

The operating lease payments relate to the Cairns office space. Please refer to Note 13 for further details of the lease arrangement.

**Contractual commitments**

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

IT management services\*

Within one year	16,589	8,294
One to five years	16,589	41,472
	<u>33,178</u>	<u>49,766</u>

\* There is currently no agreement in place with the IT providers and the service is provided on a rolling monthly basis.

**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 2022 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**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.

Council may 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 LGIA super 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 2021. The actuary indicated that "At the valuation date of 1 July 2021, 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 measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. 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.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**19 Superannuation (Continued)**

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.

The next actuarial investigation is recommended to be conducted prior to 1 July 2024.

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.

	<b>Note</b>	<b>2022</b> \$	<b>2021</b> \$
Superannuation contributions made to the Regional Defined Benefits Fund	4	535,426	504,099
Total superannuation contributions paid by Council for employees		<u>535,426</u>	<u>504,099</u>

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

	<b>Note</b>	<b>2022</b> \$	<b>2021</b> \$
<b>Net result</b>		3,887,596	5,797,848
<b>Non-cash items:</b>			
Depreciation - Property, plant and equipment		4,052,874	3,748,117
Depreciation - Right of use assets		32,239	19,255
(Gain)/loss on revaluation of finance leases		69,433	(2,056,702)
		<u>4,154,546</u>	<u>1,710,670</u>
Investing and development activities (non-cash):			
Net (profit)/loss on disposal of non-current assets		(59,935)	(80,748)
Capital grants and contributions		(4,955,911)	(5,240,457)
Loss on asset write off		1,270,364	201,951
		<u>(3,745,482)</u>	<u>(5,119,254)</u>
Changes in operating assets and liabilities:			
Change in receivables		710,907	(874,237)
Change in other assets		398,431	(33,915)
Change in right of use assets		179	(129,043)
Change in payables		75,884	(490,078)
Change in lease liabilities		(31,340)	105,033
Change in contract liabilities		(124,114)	(10,255)
Change in provisions		(22,635)	38,406
		<u>1,007,310</u>	<u>(1,394,089)</u>
Net cash inflow from operating activities		<u><u>5,303,972</u></u>	<u><u>995,175</u></u>

**21 Events after the reporting period**

As at the date of signing these financial statements, given the ongoing changing circumstances around COVID -19, the ongoing impact on Council cannot be reliably estimated for future financial periods. This is considered a non-adjusting event for financial reporting and disclosure purposes and, as such, has no impact on the amounts reported in these financial statements.

To the best of Council's knowledge at the date of this financial report, there are no other post balance date events that are likely to have a material impact on the financial statements.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
for the year ended 30 June 2022

**22 Impact of COVID-19 on the financial statements as at 30 June 2022**

As a result of the pandemic, Council has been vulnerable to staff shortages through high levels of sick leave. It is not possible to accurately quantify the impact however, it would not be material to the balances in the financial statements.

There have not been any other significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and it is confirmed that any known impacts have been reflected in the financial statements.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2022

**23 Transactions with related parties**

**(a) Transactions with key management personnel (KMP)**

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2021/22 comprises:

	2022	2021
	\$	\$
Short-term employee benefits	1,034,758	1,090,515
Post-employment benefits	108,495	103,847
Long-term benefits	21,433	1,134
Termination benefits	64,315	-
<b>Total</b>	<b>1,229,001</b>	<b>1,195,496</b>

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	2022	2021
		\$	\$
Fees and charges charged to entities controlled by key management personnel	24(b)(i)	22,500	13,771
Rental income charged to related parties	24(b)(i)	34,569	32,038
Sales revenue /miscellaneous income charged to related parties	24(b)(i)	23,233	90,590
Employee expenses for close family members of key management personnel	24(b)(ii)	79,223	80,126
Purchase of materials and services from entities controlled by key management personnel and close family members of key management personnel	24(b)(iii)	48,820	81,248

(i) Income generated from fees and charges, rent and workshop income on services provided to key management personnel, close family members of KMP and jointly controlled entities of KMP were on an arm's length basis in accordance with Council's schedule of fees and charges.

(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.

The Council employs 80 (2021 : 80) staff of whom only 2 (2021: 2) are close family members of key management personnel.

(iii) The Council purchased material and services from close family members and entities controlled by key management personnel. All purchases were at arm's length and were in the normal course of council operations.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2022

**23 Transactions with related parties (continued)**

**(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 2022**

Receivables	Amounts owed to KMP	Amounts owed by close family member of KMP	Amounts owed to related entities
Past due 31-60 days	-	-	-
Past due 61-90 days	400	-	2,461
More than 90 days overdue	1,692	6,341	55,657
<b>Total Owning</b>	<b>2,092</b>	<b>6,341</b>	<b>58,118</b>

**Year ended 30 June 2021**

Receivables	Amounts owed to KMP	Amounts owed by close family member of KMP	Amounts owed to related entities
Past due 31-60 days	-	-	-
Past due 61-90 days	-	-	-
More than 90 days overdue	-	-	73,245
<b>Total Owning</b>	<b>-</b>	<b>-</b>	<b>73,245</b>

**(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 commitment to/from 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 Hope Vale Aboriginal Shire community. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges and childcare fees 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.

**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2022

**24 Financial instruments and financial risk management**

**(a) Financial assets and financial liabilities**

Hope Vale Aboriginal Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

**Risk management framework**

Hope Vale Aboriginal Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk managements framework in relation to the risks faced by the Council. The Council's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Hope Vale Aboriginal Shire Council does not enter into derivatives.

**Credit risk**

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state / commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Hope Vale Aboriginal Shire Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

*Exposure to liquidity risk*

Council is exposed to liquidity risk through its normal course of business.

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



**Hope Vale Aboriginal Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2022

**24 Financial instruments and financial risk management (Continued)**

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	444,621	-	-	444,621	444,621
	444,621	-	-	444,621	444,621
<b>2021</b>					
Trade and other payables	558,790	-	-	558,790	558,790
	558,790	-	-	558,790	558,790

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

**Market risk**

Market risk is the risk that changes in market indices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

*Interest rate risk*

Hope Vale Aboriginal Shire Council is exposed to interest rate risk through investments with QTC.

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

*Sensitivity*

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount	Effect on Net Result		Effect on Equity	
	\$	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2022</b>					
Deposits at call	20,334,273	203,343	(203,343)	203,343	(203,343)
<b>Total</b>	(20,334,273)	(203,343)	203,343	(203,343)	203,343
<b>2021</b>					
Deposits at call	19,241,080	192,411	(192,411)	192,411	(192,411)
<b>Total</b>	(19,241,080)	(192,411)	192,411	(192,411)	192,411

**(b) Fair value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

**Management Certificate  
for the year ended 30 June 2022**

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 3 to 33, 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.



Jason Woibo  
Mayor

Date: 27/7/22



Steve Linnane  
Chief Executive Officer

Date: 27/7/2022

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Hope Vale Aboriginal Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Hope Vale 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 2022, 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 2022, 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 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Hope Vale Aboriginal Shire Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the financial report**

The councillors are 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 councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Sri Narasimhan  
as delegate of the Auditor-General

29 July 2022

Queensland Audit Office  
Brisbane

**Hope Vale Aboriginal Shire Council  
Current-year Financial Sustainability  
for the year ended 30 June 2022**

<b>Measures of Financial Sustainability</b>	<b>How the measure is calculated</b>	<b>Actual</b>	<b>Target</b>
Council's performance at 30 June 2022 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	1%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	91%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-193%	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 2022.

**Hope Vale Aboriginal Shire Council  
Current-year Financial Sustainability Statement  
for the year ended 30 June 2022**

**Certificate of Accuracy  
for the year ended 30 June 2022**

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.



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**Mayor  
Jason Woibo**

Date: 27, 7, 22



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**Chief Executive Officer  
Steve Linnane**

Date: 27, 7, 2022

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Hope Vale Aboriginal Shire Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Hope Vale Aboriginal Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Hope Vale Aboriginal Shire Council for the year ended 30 June 2022 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Hope Vale Aboriginal Shire Council's annual report for the year ended 30 June 2022 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.



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 councillors for the current-year financial sustainability statement**

The councillors are responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine 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

29 July 2022

Queensland Audit Office  
Brisbane

**Hope Vale Aboriginal Shire Council**  
**Long-Term Financial Sustainability Statement (Unaudited)**  
**Prepared as at 30 June 2022**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
<b>Council</b>													
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	1%	2%	1%	1%	2%	1%	2%	2%	2%	2%	2%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	91%	96%	92%	93%	93%	91%	91%	92%	92%	92%	94%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-193%	201%	215%	229%	243%	258%	272%	287%	302%	317%	332%

**Hope Vale Aboriginal Shire Council's Financial Management Strategy**


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

**Hope Vale Aboriginal Shire Council  
Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2022**

**Certificate of Accuracy  
For the long-term financial sustainability statement prepared as at 30 June 2022**

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.

  
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**Mayor  
Jason Wolbo**  
Date: 27, 7, 2022

  
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**Chief Executive Officer  
Steve Linnane**  
Date: 27, 7, 2022