

HOPE VALE

Hope Vale Aboriginal Shire Council Annual Financial Statements

for the year ended 30 June 2023

NGURRAAR

WAANDAAR

ABORIGINAL SHIRE COUNCIL

Hope Vale Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2023

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Hope Vale Aboriginal Shire Council
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Revenue			
Recurrent revenue			
Fees and charges	3(a)	482,616	375,215
Sales revenue	3(b)	6,950,230	7,812,300
Grants, subsidies, contributions and donations	3(d)(i)	9,171,255	6,641,862
Total recurrent revenue		<u>16,604,101</u>	<u>14,829,377</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(d)(ii)	4,229,648	4,955,911
Capital income		<u>4,727</u>	<u>80,000</u>
Total capital revenue		<u>4,234,375</u>	<u>5,035,911</u>
Rental income		1,068,428	519,915
Interest received		850,912	123,350
Sundry revenue	3(c)	1,411,232	679,468
Other income	13	651,683	-
Total income		<u>24,820,732</u>	<u>21,188,021</u>
Expenses			
Recurrent expenses			
Employee benefits	4	(4,945,194)	(5,202,786)
Materials and services	5	(8,111,198)	(6,602,097)
Finance costs		(82,893)	(50,203)
Depreciation			
Property, plant and equipment	10	(4,405,750)	(4,052,874)
Right of use assets	13	(32,164)	(32,239)
Other expenses	13	-	(69,433)
		<u>(17,577,199)</u>	<u>(16,009,632)</u>
Capital expenses	6	(751,699)	(1,290,793)
Total expenses		<u>(18,328,898)</u>	<u>(17,300,425)</u>
Net result		<u>6,491,834</u>	<u>3,887,596</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	16	11,396,664	7,796,343
Total other comprehensive income for the year		<u>11,396,664</u>	<u>7,796,343</u>
Total comprehensive income for the year		<u>17,888,498</u>	<u>11,683,939</u>

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 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	7	37,906,313	31,184,056
Trade and other receivables	8	677,199	594,333
Other assets	9	150,705	68,967
Inventories		669	669
Contract assets	12	672,831	688,576
Lease receivable	13	862,860	725,323
Total current assets		40,270,577	33,261,924
Non-current assets			
Property, plant and equipment	10	101,256,958	89,026,165
Lease receivable	13	20,821,988	21,033,165
Right of use assets	13	45,206	77,370
Total non-current assets		122,124,152	110,136,700
Total assets		162,394,729	143,398,624
Current liabilities			
Trade and other payables	14	1,561,380	1,011,143
Contract liabilities	12	909,947	412,299
Lease liabilities	13	33,242	33,539
Provisions	15	424,608	337,122
Total current liabilities		2,929,178	1,794,103
Non-current liabilities			
Trade and other payables		3,000	3,000
Lease liabilities	13	8,385	40,154
Provisions	15	200,104	195,802
Total non-current liabilities		211,489	238,956
Total liabilities		3,140,667	2,033,059
Net community assets		159,254,062	141,365,565
Community equity			
Asset revaluation surplus	16	73,526,502	62,129,838
Retained surplus		85,727,561	79,235,727
Total community equity		159,254,063	141,365,565

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 2023

	Asset revaluation surplus	Retained surplus	Total
Note	16		
	\$	\$	\$
Balance as at 1 July 2022	62,129,839	79,235,727	141,365,565
Net result	-	6,491,834	6,491,834
Increase in asset revaluation surplus	11,396,664	-	11,396,664
Total comprehensive income for the year	11,396,664	6,491,834	17,888,498
Balance as at 30 June 2023	73,526,503	85,727,561	159,254,062
Balance as at 1 July 2021	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
Total comprehensive income for the year	7,796,343	3,887,596	11,683,939
Balance as at 30 June 2022	62,129,839	79,235,727	141,365,565

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 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		19,557,253	17,488,169
Payments to suppliers and employees		(14,175,717)	(12,827,462)
		<u>5,381,537</u>	<u>4,660,707</u>
Interest received		850,912	123,350
Rental income		<u>1,068,428</u>	<u>519,915</u>
Net cash inflow from operating activities	20	<u>7,300,877</u>	<u>5,303,972</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(5,991,577)	(5,425,755)
Proceeds from sale of property plant and equipment		-	82,164
Finance lease receipts	13	725,323	684,222
Grants, subsidies, contributions and donations	3(d)(ii)	<u>4,719,699</u>	<u>4,560,217</u>
Net cash outflow from investing activities		<u>(546,555)</u>	<u>(99,152)</u>
Cash flows from investing activities			
Repayment of borrowings		<u>(32,066)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(32,066)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		<u>6,722,256</u>	<u>5,204,820</u>
Cash and cash equivalents at the beginning of the financial year		31,184,057	25,979,237
Cash and cash equivalents at end of the financial year	7	<u>37,906,313</u>	<u>31,184,057</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 2023

1 Information about these financial statements

1.A Basis of preparation

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 2022 to 30 June 2023. 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 comply 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 basis:

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 2022, none of the standards had a material impact on the 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 2023, 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 2023 at the time of preparing these financial statements that could be applicable to Council.

	Effective for NFP annual report periods beginning on of after:
AASB 2021-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards</i> (amended by AASB 2021-6 and AASB 2022-6)	1 January 2023
AASB 2022-2 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (amended by AASB 2022-6)	1 January 2023
AASB 2022-10 <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	1 January 2024

Hope Vale Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2023

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.

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

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
- Residential Aged Care
- Disability Services
- Radio Station
- Commonwealth Home Support Program (CHSP)
- Kindergarten
- Deadly Active Sport and Recreation Program

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 2023

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 2023

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							
	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Corporate governance	515,000	-	-	-	515,000	503,136		503,136	11,865	11,865	104,176
Finance and information	5,980,291	1,968,213	-	4,727	7,953,231	6,491,912		6,491,912	1,456,592	1,461,319	39,734,218
Community services	2,675,964	1,389,817	727,306	-	4,793,087	4,344,505		4,344,505	(278,724)	448,582	41,691,777
Enterprises	-	1,106,841	-	-	1,106,841	125,854		125,854	980,987	980,987	3,266,773
Infrastructure water and sewerage	-	-	283,746	-	283,746	543,095		543,095	(543,095)	(259,349)	19,861,004
Housing	-	6,950,231			6,950,231	5,444,221		5,444,221	1,506,009	1,506,009	24,167,889
Infrastructure roads	-	-	3,218,596	-	3,218,596	124,476	751,699	876,175	(124,476)	2,342,421	29,793,692
Land	-	-	-	-	-	-	-	-	-	-	3,775,200
Total	9,171,255	11,415,101	4,229,648	4,727	24,820,732	17,577,199	751,699	18,328,898	3,009,158	6,491,834	162,394,729

Year ended 30 June 2022

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	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	3,007,447	591,214	2,381,866	-	5,980,527	4,300,125	20,429	4,320,554	(701,464)	1,659,973	38,133,827
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
Total	6,641,862	9,510,247	4,955,912	80,000	21,188,021	16,009,632	1,290,793	17,300,426	142,476	3,887,595	143,398,624

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

	Note	2023 \$	2022 \$
3 Revenue			
(a) Fees and charges			
Utility charges		352,207	270,107
Childcare		74,513	76,604
Other fees and charges		<u>55,896</u>	<u>28,504</u>
		<u><u>482,616</u></u>	<u><u>375,215</u></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		<u>6,950,230</u>	<u>7,812,300</u>
Total sales revenue		<u><u>6,950,230</u></u>	<u><u>7,812,300</u></u>

Revenue from services is recognised over time when performance obligations are met. 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	25,000
Aged persons hostel		1,272,490	476,110
Other		<u>113,742</u>	<u>178,358</u>
		<u><u>1,411,232</u></u>	<u><u>679,468</u></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		7,233,502	5,787,826
Commonwealth government subsidies and grants		<u>1,937,753</u>	<u>854,036</u>
		<u><u>9,171,255</u></u>	<u><u>6,641,862</u></u>
(ii) Capital			
State government subsidies and grants		1,564,095	4,438,833
Commonwealth government subsidies and grants		<u>2,665,553</u>	<u>517,078</u>
		<u><u>4,229,648</u></u>	<u><u>4,955,911</u></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 2023

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	2023		2022	
		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)	8,539,605	4,861,298	5,758,781	5,838,992
		<u>8,539,605</u>	<u>4,861,298</u>	<u>5,758,781</u>	<u>5,838,992</u>
			Note	2023	2022
				\$	\$
4 Employee benefits					
Total staff wages and salaries				4,659,310	4,906,154
Councillors' remuneration				366,168	360,860
Termination benefits				-	64,315
Superannuation			19	534,105	535,426
				<u>5,559,583</u>	<u>5,866,755</u>
Less: Capitalised employee expenses				<u>(614,390)</u>	<u>(663,969)</u>
				<u>4,945,194</u>	<u>5,202,786</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 2023

4 Employee benefits (Continued)

Total Council employees at the reporting date:

	2023 Number	2022 Number
Elected members	5	5
Administration staff	13	12
Depot and outdoors staff	55	63
Total full time equivalent employees	<u>73</u>	<u>80</u>

5 Materials and services

Note	2023 \$	2022 \$
Administration supplies and consumables	77,150	71,909
Audit of annual financial statements by the Auditor-General of Queensland*	67,900	67,900
Accounting services and internal audit	83,246	70,850
Consultancy	212,763	231,576
Contractors	313,581	307,077
Communications and IT expenses	218,400	216,568
Electricity	210,963	174,166
Insurance	516,995	530,080
Housing construction cost of sales	380,363	457,483
Freight	110,305	60,595
Motor vehicle expenses	249,148	266,509
NDRRA/roads maintenance	124,476	298,170
Other materials and services	71,715	98,388
Repairs and maintenance - plant and equipment	225,294	355,162
Repairs and maintenance - housing	4,708,412	2,892,143
Repairs and maintenance - buildings	254,090	276,872
Subscriptions and registration fees	132,308	106,407
Travel expenses	154,089	120,242
	<u>8,111,198</u>	<u>6,602,097</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 2022-23 financial statements are \$67,900 (2022: \$67,900).

6 Capital expenses

Loss on write off of non-current assets

Plant and equipment	-	20,429
Infrastructure roads	751,699	1,270,364
Total capital expenses	<u>751,699</u>	<u>1,290,793</u>

Loss on disposals of assets

Proceeds from sale of property, plant and equipment	-	1,800
Less: Carrying value of disposed property, plant and equipment	-	(22,229)
	<u>-</u>	<u>(20,429)</u>

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

	<u>Note</u>	<u>2023</u> <u>\$</u>	<u>2022</u> <u>\$</u>
7 Cash and cash equivalents			
Cash at bank and on hand		11,758,921	10,849,783
Deposits at call		26,147,392	20,334,273
Balance per Statement of Financial Position / Cash Flows		<u>37,906,313</u>	<u>31,184,056</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		37,906,313	31,184,056
Less: Externally imposed restrictions on cash	(i)	<u>(1,085,814)</u>	<u>(740,126)</u>
Unrestricted cash		<u>36,820,499</u>	<u>30,443,930</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	1,085,814	740,126
	<u>1,085,814</u>	<u>740,126</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, service delivery or advance. Settlement of these amounts is required within 30 days from invoice date.

Trade debtors	713,209	702,992
Other debtors	49,946	49,334
Less impairment	(122,167)	(157,993)
Tax receivable	36,211	-
	<u>677,199</u>	<u>594,333</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 impairment 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
for the year ended 30 June 2023

8 Trade and other receivables (Continued)

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

	2023	2023	2022	2022
	Not credit-	Credit-	Not credit-	Credit-
	impaired	impaired	impaired	impaired
	\$	\$	\$	\$
Not past due	125,490	-	369,343	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	223,014	-	(12,419)	-
More than 90 days	328,695	122,167	237,409	157,993
Total gross carrying amount	<u>677,199</u>	<u>122,167</u>	<u>594,333</u>	<u>157,993</u>
Loss allowance	-	(122,167)	-	(157,993)
	<u>677,199</u>	<u>-</u>	<u>594,333</u>	<u>-</u>

	2023	2022
	\$	\$
Movement in accumulated impairment losses (other debtors) is as follows:		
Opening balance at 1 July	157,993	120,107
Movement on provision for impairment	<u>(35,826)</u>	<u>37,886</u>
Closing balance at 30 June	<u>122,167</u>	<u>157,993</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	<u>150,705</u>	<u>68,967</u>
	<u>150,705</u>	<u>68,967</u>

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

10 Property, plant and equipment

30 June 2023

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	48,726,850	4,347,261	231,687	38,970,924	31,710,068	7,880,921	2,985,393	1,835,928	2,509,591	142,828,623
											-
	-	-	-	-	-	-	-	-	-	4,290,179	4,290,179
	-	-	-	12,151	-	-	-	184,635	53,274	1,451,339	1,701,399
6	-	-	-	-	-	-	-	(40,000)	-	-	(40,000)
16	145,200	4,871,784	491,822	-	2,115,263	3,012,456	750,621	-	-	-	11,387,146
6	-	-	-	-	(751,699)	-	-	-	-	-	(751,699)
	-	312,904	-	-	1,868,124	-	418,622	-	-	(2,599,650)	-
	3,775,200	53,911,538	4,839,083	243,838	42,202,612	34,722,524	9,050,163	3,130,028	1,889,203	5,651,459	159,415,647

Accumulated depreciation and impairment

Opening balance as at 1 July 2022

Depreciation expense

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2023

	-	16,168,980	1,940,914	118,175	16,130,047	12,706,402	2,752,187	2,559,705	1,426,046	-	53,802,456
	-	1,588,753	181,710	21,486	1,260,050	865,762	243,063	154,622	90,305	-	4,405,750
	-	-	-	-	-	-	-	(40,000)	-	-	(40,000)
16	-	1,774,655	234,087	-	(3,590,516)	1,289,355	282,900	-	-	-	(9,518)
	-	19,532,388	2,356,711	139,661	13,799,581	14,861,519	3,278,149	2,674,327	1,516,351	-	58,158,689

Book value as at 30 June 2023

Residual value

Range of estimated useful life in years

	3,775,200	34,379,150	2,482,372	104,177	28,403,032	19,861,005	5,772,013	455,701	372,852	5,651,459	101,256,958
	-	-	-	-	-	-	-	-	-	-	-
	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
for the year ended 30 June 2023

10 Property, plant and equipment (continued)

30 June 2022

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2021

Additions

- Renewals

- Other additions

Disposals

Revaluation adjustment to asset revaluation surplus

Write-off of assets

Assets transferred from work in progress

Closing gross value as at 30 June 2022

Accumulated depreciation and impairment

Opening balance as at 1 July 2021

Depreciation expense

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2022

Book value as at 30 June 2022

Residual value

Range of estimated useful life in years

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	127,816,305
	-	-	-	-	-	-	-	-	-	3,387,015	3,387,015
	-	-	-	40,833	-	-	-	206,106	71,671	1,720,130	2,038,740
6	-	(131,035)	-	-	-	-	-	-	-	-	(131,035)
18	-	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)	-
	3,630,000	48,726,850	4,347,261	231,687	38,970,924	31,710,068	7,880,921	2,985,393	1,835,928	2,509,591	142,828,623
	-	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
	-	1,426,485	156,483	22,365	1,154,233	767,193	234,848	168,575	122,692	-	4,052,874
	-	(108,806)	-	-	-	-	-	-	-	-	(108,806)
16	-	1,729,343	238,452	-	985,394	72,642	165,788	-	-	-	3,191,619
	-	16,168,980	1,940,914	118,175	16,130,047	12,706,402	2,752,187	2,559,705	1,426,046	-	53,802,456
	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	89,026,167
	-	-	-	-	-	-	-	-	-	-	-
	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
for the year ended 30 June 2023

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 acquired by it under a Deed of Grant in Trust (DOGIT) under Section 34I 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 or physical obsolescence that may change the utility of infrastructure assets.

(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 2023

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
Notes to the financial statements
for the year ended 30 June 2023

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>	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 +4.0% in total for each asset is recommended for the 2022/23 financial year and being effective as at 30 June 2023.
Buildings (level 3)	Current replacement cost	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>	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 +10.0% in total for each asset is recommended for the 2022/23 financial year and being effective as at 30 June 2023. 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 +15.0% for each asset which is relative to the projected rate
Roads, Drainage and Bridge Network (level 3)	Current replacement cost	30 June 2023	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>	N/A

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

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>	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 +9.5% in total for each asset is recommended for the 2022/23 financial year and being effective as at 30 June 2023.
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 an increase of +9.5% in total for each asset is recommended for the 2022/23 financial year and being effective as at 30 June 2023.

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 10 (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 and Corporate Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 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
Notes to the financial statements
for the year ended 30 June 2023

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.

	2023	2022
	\$	\$
(a) Contract assets	<u>672,831</u>	<u>688,576</u>
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	885,523	411,216
Non-capital performance obligations not yet satisfied	<u>24,424</u>	<u>1,083</u>
	<u>909,947</u>	<u>412,299</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	401,742	704,043
Non-capital performance obligations (including deposits received in advance)	<u>1,083</u>	<u>125,198</u>
	<u>402,825</u>	<u>829,241</u>

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next year.

(c) Significant changes in contract balances

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.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

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 \$33,242 (2022: \$33,539) (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 2023

13 Leases (Continued)

Right of use assets - Building - Office Space

	2023 \$	2022 \$
Balance at 1 July	77,370	109,788
Additions to right-of-use assets	-	-
Re-measurement during the year	-	(179)
Depreciation charge	(32,164)	(32,239)
Balance at 30 June	<u>45,206</u>	<u>77,370</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
	\$	\$	\$	\$
2023	35,585	8,896	44,481	41,627
2022	35,074	44,481	79,555	73,693

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:

	2023 \$	2022 \$
Interest on lease liabilities	1,473	2,134
Depreciation of right-of-use assets	32,164	32,239
Expenses relating to short-term leases	-	-
	<u>33,637</u>	<u>34,373</u>
Total cash outflows for leases	<u>33,539</u>	<u>33,539</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 2023

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 (2022: 209) dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$3,929 (2022: \$3,121 and \$3,624). 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).

	Note	2023 \$	2022 \$
Current other financial assets			
Finance leases		862,860	725,323
		<u>862,860</u>	<u>725,323</u>
Non-current other financial assets			
Finance leases		20,821,988	21,033,165
		<u>20,821,988</u>	<u>21,033,165</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		862,860	725,323
Later than one year but not later than five years		3,285,422	2,901,290
Later than five years		19,857,308	18,232,156
		<u>24,005,589</u>	<u>21,858,769</u>
Add: Estimated contingent rent		14,347,246	13,513,566
Less: Present value adjustment		(16,667,987)	(13,613,847)
Fair value of lease payments		<u>21,684,848</u>	<u>21,758,488</u>

The fair value of lease payments is receivable as follows:

Not later than one year	862,860	725,323
Between one and two years	815,347	725,094
Between two and three years	809,382	724,865
Between three and four years	803,460	724,637
Between four and five years	797,582	724,409
Later than five years	17,596,217	18,134,160
	<u>21,684,848</u>	<u>21,758,488</u>

Movements in finance leases were as follows:

Opening balance	21,758,487	22,512,142
Less: Lease receipts	(725,323)	(684,222)
(Loss)/Gain on revaluation	651,683	(69,433)
Closing balance	<u>21,684,848</u>	<u>21,758,487</u>

The calculation of fair value has included an estimate of average annual CPI increases of 3.1% (2022: 3.1%) and a discount rate of 3.89% (2022: 3.13%).

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 2023

13 Leases (Continued)

	Note	2023 \$	2022 \$
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)		850,217	327,588
Rental income relating to variable lease payments not dependent on an index or rate		218,212	192,327
		<u>1,068,428</u>	<u>519,915</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	222,336	240,018
One to five years	<u>1,433,197</u>	<u>1,317,081</u>
	<u>1,655,532</u>	<u>1,557,099</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	1,142,233	444,621
Tax payable	-	151,058
Annual leave	<u>419,147</u>	<u>415,464</u>
	<u>1,561,380</u>	<u>1,011,143</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	<u>424,608</u>	<u>337,122</u>
	<u>424,608</u>	<u>337,122</u>

Non-current

Landfill restoration	141,494	130,767
Long service leave	<u>58,610</u>	<u>65,035</u>
	<u>200,104</u>	<u>195,802</u>

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

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 \$141,494 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.

	Note	2023 \$	2022 \$
Movements in landfill provision			
Balance at beginning of financial year		130,767	150,848
Increase due to unwinding of discount			
Additional provisions		-	-
Amounts used		-	-
Increase/(decrease) due to change in discount rate		10,727	(20,081)
Balance at end of financial year		<u>141,494</u>	<u>130,767</u>

16 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	62,129,838	54,333,495
Net adjustment to non-current assets at end of period to reflect a change in		
Land	145,200	-
Buildings	3,354,863	3,674,489
Infrastructure - roads	5,705,779	1,314,969
Infrastructure - water and sewerage	1,723,101	2,576,384
Infrastructure - other	467,721	230,501
Balance at end of financial year	<u>73,526,502</u>	<u>62,129,838</u>

Asset revaluation surplus analysis

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

Land	3,910,429	3,765,229
Buildings	38,517,296	35,162,433
Infrastructure - roads	14,144,274	8,438,495
Infrastructure - water and sewerage	13,672,663	11,949,562
Infrastructure - other	<u>3,281,840</u>	<u>2,814,119</u>
	<u>73,526,502</u>	<u>62,129,838</u>

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

17 Commitments for expenditure

	Note	2023 \$	2022 \$
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	16,589
One to five years		8,294	16,589
		<u>24,883</u>	<u>33,178</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 2023 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 managed by the LGIASuper trustee for LGIASuper trading as Brighter Super.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the council.

Hopevale Aboriginal Shire 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 LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 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.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 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.

Superannuation contributions made to the Regional Defined Benefits Fund	4	534,105	535,426
Other superannuation contributions for employees		-	-
Total superannuation contributions paid by Council for employees		<u>534,105</u>	<u>535,426</u>

Hope Vale Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2023

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

Net result	<u>6,491,834</u>	<u>3,887,596</u>
Non-cash items:		
Depreciation - Property, plant and equipment	4,405,750	4,052,874
Depreciation - Right of use assets	32,164	32,239
(Gain)/loss on revaluation of finance leases	<u>(651,683)</u>	<u>69,433</u>
	<u>3,786,231</u>	<u>4,154,546</u>
Investing and development activities (non-cash):		
Net (profit)/loss on disposal of non-current assets	-	(59,935)
Capital grants and contributions	<u>(4,229,648)</u>	<u>(4,955,911)</u>
Loss on asset write off	751,699	1,270,364
	<u>(3,477,949)</u>	<u>(3,745,482)</u>
Changes in operating assets and liabilities:		
Change in receivables	(82,866)	710,907
Change in other assets	(81,738)	398,431
Change in right of use assets		179
Change in payables	550,238	75,884
Change in lease liabilities		(31,340)
Change in contract liabilities	23,340	(124,114)
Change in provisions	<u>91,788</u>	<u>(22,635)</u>
	<u>500,761</u>	<u>1,007,312</u>
Net cash inflow from operating activities	<u><u>7,300,877</u></u>	<u><u>5,303,974</u></u>

21 Events after the reporting period

To the best of Council's knowledge at the date of this financial report, there are no 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 2023

22 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 2022/23 comprises:

	2023	2022
	\$	\$
Short-term employee benefits	1,204,347	1,034,758
Post-employment benefits	118,211	108,495
Long-term benefits	31,422	21,433
Termination benefits	-	64,315
Total	1,353,979	1,229,001

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	2023	2022
		\$	\$
Fees and charges charged to entities controlled by key management personnel	24(b)(i)	23,829	22,500
Rental income charged to related parties	24(b)(i)	29,167	34,569
Sales revenue /miscellaneous income charged to related parties	24(b)(i)	-	23,233
Employee expenses for close family members of key management personnel	24(b)(ii)	69,619	79,223
Purchase of materials and services from entities controlled by key management personnel and close family members of key management personnel	24(b)(iii)	108,787	48,820

(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 73 (2022: 80) staff of whom only 2 (2022: 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 2023

22 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 2023

Receivables	Amounts owed to KMP	Amounts owed by close family member of KMP	Amounts owed from related entities
Past due 31-60 days			
Past due 61-90 days	- 450		3,314
More than 90 days overdue	- 674	12,274	104,547
Total Owing	- 1,124	12,274	107,861

Year ended 30 June 2022

Receivables	Amounts owed to KMP	Amounts owed by close family member of KMP	Amounts owed from 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
Total Owing	2,092	6,341	58,118

(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 2023

23 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 management 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 2023

23 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
	\$	\$	\$	\$	\$
2023					
Trade and other payables	1,142,233	-	-	1,142,233	1,142,233
	1,142,233	-	-	1,142,233	1,142,233
2022					
Trade and other payables	444,621	-	-	444,621	444,621
	444,621	-	-	444,621	444,621

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
	\$	\$	\$	\$	\$
2023					
Deposits at call	26,147,392	261,474	(261,474)	261,474	(261,474)
Total	(26,147,392)	(261,474)	261,474	(261,474)	261,474
2022					
Deposits at call	20,334,273	203,343	(203,343)	203,343	(203,343)
Total	(20,334,273)	(203,343)	203,343	(203,343)	203,343

(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.

Hope Vale Aboriginal Shire Council
Financial statements
For the year ended 30 June 2023

Management Certificate
for the year ended 30 June 2023

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 32, 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



Steve Linnane
Chief Executive Officer

Date: 28 / 7 / 2023

Date: 28 / 7 / 2023

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 2023, 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 2023, 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 2023 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 2023:

- 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

28 July 2023

Queensland Audit Office
Brisbane

Hope Vale Aboriginal Shire Council
Current-year Financial Sustainability
for the year ended 30 June 2023

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2023 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	15%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	104%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-180%	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 2023.

Hope Vale Aboriginal Shire Council
Current-year Financial Sustainability Statement
for the year ended 30 June 2023

Certificate of Accuracy
for the year ended 30 June 2023

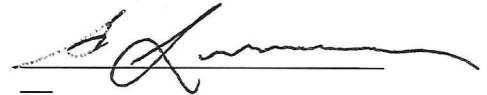
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Jason Woibo

Date: 28 / 7 / 2023



Chief Executive Officer
Steve Linnane

Date: 28 / 7 / 2023

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 2023, 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 2023 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 2023 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

28 July 2023

Queensland Audit Office
Brisbane

Hope Vale Aboriginal Shire Council
 Long-Term Financial Sustainability Statement (Unaudited)
 Prepared as at 30 June 2023

Measures of Financial Sustainability	Measure	Target	Actuals at 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	30 June 2033
Council													
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	15%	2%	2%	1%	2%	2%	2%	2%	2%	1%	1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	104%	100%	92%	92%	93%	91%	91%	92%	92%	97%	93%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-180%	-203%	-212%	-221%	-234%	-241%	-247%	-254%	-255%	-259%	-262%

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 2023

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2023

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

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



Mayor
Jason Woibo

Date: 28 / 7 / 2023



Chief Executive Officer
Steve Linnane

Date: 28 / 7 / 2023