



**CHARTERS TOWERS**  
REGIONAL COUNCIL

**FINANCIAL STATEMENTS**

**For the year ended**

**30 June 2014**



**CHARTERS TOWERS REGIONAL COUNCIL  
FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

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**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2014

	Note	Council 2014	Council 2013
<b>INCOME</b>			
<b>Recurrent Revenue</b>			
Rates, Levies & Charges	3 (a)	17,699,347	16,436,407
Fees & Charges	3 (b)	2,140,106	1,485,456
Interest	3 (c)	1,510,904	1,649,319
Sales - Contract and Recoverable Works	3 (d)	11,264,409	8,269,050
Other Income		199,214	134,707
Grants, Subsidies, Contributions & Donations	4 (a)	17,380,209	38,191,851
<b>Total Recurrent Revenue</b>		<b>50,194,189</b>	<b>66,166,790</b>
<b>Capital Income &amp; Revenue</b>			
Gain on Sale of Non-Current Assets	5 (a)	226,945	16,247
Grants, Subsidies, Contributions & Donations	4 (a)	5,200,522	7,232,470
<b>Total Capital Income &amp; Revenue</b>		<b>5,427,467</b>	<b>7,248,718</b>
<b>TOTAL INCOME</b>		<b>55,621,656</b>	<b>73,415,508</b>
<b>EXPENSE</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	6	(19,790,585)	(19,064,790)
Materials, Services, Maintenance & Other	7	(36,085,286)	(31,377,700)
Depreciation	8&15(a)	(6,856,044)	(6,274,252)
Finance Costs	9	(40,086)	(41,315)
<b>Total Recurrent Expenses</b>		<b>(62,772,001)</b>	<b>(56,758,057)</b>
<b>Capital Expenses</b>			
Loss on Sale of Non-Current Assets	5 (b)	(148,575)	(9,140)
Non-Current Asset Write-Offs	5 (c)	(1,355,817)	(600,741)
<b>Total Capital Expenses</b>		<b>(1,504,392)</b>	<b>(609,881)</b>
<b>TOTAL EXPENSES</b>		<b>(64,276,392)</b>	<b>(57,367,938)</b>
<b>NET OPERATING SURPLUS</b>		<b>(8,654,736)</b>	<b>16,047,570</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in Asset Revaluation Surplus	21	16,136,195	56,391,497
<b>Total Other Comprehensive Income for the Year</b>		<b>16,136,195</b>	<b>56,391,497</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7,481,459</b>	<b>72,439,067</b>

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



# CHARTERS TOWERS REGIONAL COUNCIL

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Council 2014	Council 2013
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	10	34,478,452	44,023,531
Investments	11	1,000,000	1,000,000
Trade & Other Receivables	12 (a)	7,911,880	7,485,739
Other Financial Assets	13	-	-
Inventories	14	632,088	713,995
<b>TOTAL CURRENT ASSETS</b>		<b>44,022,419</b>	<b>53,223,264</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	15 (a)	473,132,786	454,843,863
Trade & Other Receivables	12 (b)	80,490	55,422
<b>TOTAL NON-CURRENT ASSETS</b>		<b>473,213,276</b>	<b>454,899,285</b>
<b>TOTAL ASSETS</b>		<b>517,235,695</b>	<b>508,122,549</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	16 (a)	9,319,395	7,362,516
Borrowings	17 (a)	84,243	91,250
Provisions	18 (a)	1,706,968	1,947,950
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,110,606</b>	<b>9,401,716</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade & Other Payables	16 (b)	-	-
Borrowings	17 (b)	-	77,205
Provisions	18 (b)	741,236	741,236
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>741,236</b>	<b>818,441</b>
<b>TOTAL LIABILITIES</b>		<b>11,851,842</b>	<b>10,220,157</b>
<b>NET COMMUNITY ASSETS</b>		<b>505,383,853</b>	<b>497,902,393</b>
<b>COMMUNITY EQUITY</b>			
Retained Surplus	19	35,471,920	45,016,999
Council Capital	20	327,615,313	326,724,969
Asset Revaluation Surplus	21	142,296,620	126,160,425
Other Reserves	22	-	-
<b>TOTAL COMMUNITY EQUITY</b>		<b>505,383,853</b>	<b>497,902,393</b>

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2014**

Description of Movements	Retained Surplus	Council Capital	Asset Revaluation Surplus	Reserves	TOTAL
Notes:	1(u)(iv) & 19	1(u)(i) & 20	1(u)(ii) & 21	1(u)(iii) & 22	
	30/06/14	30/06/14	30/06/14	30/06/14	30/06/14
Balance as at 1 July 2013	45,016,999	326,724,969	126,160,425	0	497,902,393
<b>COMPREHENSIVE INCOME</b>					
Net Operating Surplus	(8,654,736)	-	-	-	(8,654,736)
Increase/(Decrease) in Asset Revaluation Surplus	-	-	16,136,195	-	16,136,195
<b>TOTAL Comprehensive Income for the Year</b>		-		-	<b>7,481,459</b>
Transfers to/from Council Capital	(890,344)	890,344	-	-	-
Reserve transfers for future expenditure	-	-	-	-	-
Rounding					1
<b>Balance as at 30 June 2014</b>	<b>35,471,919</b>	<b>327,615,313</b>	<b>142,296,620</b>	<b>0</b>	<b>505,383,853</b>

Description of Movements	Retained Surplus	Council Capital	Asset Revaluation Surplus	Reserves	TOTAL
Notes:	1(u)(iv) & 19	1(u)(i) & 20	1(u)(ii) & 21	1(u)(iii) & 22	
	30/06/13	30/06/13	30/06/13	30/06/13	30/06/13
Opening Balance as at 1 July 2012	-	322,873,558	69,768,928	32,820,839	425,463,325
<b>COMPREHENSIVE INCOME</b>					
Net Operating Surplus	16,047,570	-	-	-	16,047,570
Increase/(Decrease) in Asset Revaluation Surplus	-	-	56,391,497	-	56,391,497
<b>TOTAL Comprehensive Income for the Year</b>		-		-	<b>72,439,067</b>
Transfers to/from Council Capital	(3,851,411)	3,851,411	-	-	(-)
Reserve transfers for future expenditure	32,820,839	-	-	(32,820,839)	-
<b>Balance as at 30 June 2013</b>	<b>45,016,999</b>	<b>326,724,969</b>	<b>126,160,425</b>	<b>0</b>	<b>497,902,393</b>

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



# CHARTERS TOWERS REGIONAL COUNCIL

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	Council 2014	Council 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts From Customers		38,232,665	30,152,439
Payments to Suppliers & Employees		(61,206,121)	(51,551,581)
		(22,973,456)	(21,399,143)
Interest Received		1,507,374	1,643,878
Non Capital Grants & Contributions		17,380,209	38,191,851
Borrowing Costs	17 (c)	(7,021)	(11,372)
<b>Net Cash Inflow (Outflow) From Operating Activities</b>	23	<b>(4,092,894)</b>	<b>18,425,214</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments For Property, Plant & Equipment		(10,541,766)	(9,288,934)
Receivables-Community Loans		(21,537)	54,957
Proceeds From Sale of Property, Plant & Equipment	5	625,672	82,542
Capital Grants, Subsidies, Contributions & Donations		4,569,659	3,002,442
<b>Net Cash Inflow (Outflow) From Investing Activities</b>		<b>(5,367,973)</b>	<b>(6,148,993)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Loan Borrowings	17 (c)	(84,213)	(79,862)
<b>Net Cash Inflow (Outflow) From Financing Activities</b>		<b>(84,213)</b>	<b>(79,862)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(9,545,079)</b>	<b>12,196,360</b>
<b>Cash &amp; Cash Equivalents at Beginning of the Financial Year</b>	10	<b>44,023,531</b>	<b>31,827,172</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	10	<b>34,478,452</b>	<b>44,023,531</b>

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

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**CHARTERS TOWERS REGIONAL COUNCIL**  
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**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant policies adopted in the preparation of these Financial Statements are:

**(a) Basis of Preparation**

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain Non-Current Assets.

**(b) Statement of Compliance**

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

**(c) Adoption of new and revised Accounting Standards**

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

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

**Effective for Annual  
Report periods  
beginning on and  
after:**

AASB 9 <i>Financial Instruments</i> (December 2009)	1-Jan-17
AASB 10 <i>Consolidated Financial Statements</i>	1-Jan-14
AASB 11 <i>Joint Arrangements</i>	1-Jan-14
AASB 12 <i>Disclosure of interests in other entities</i>	1-Jan-14
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1-Jan-14
AASB 128 <i>Investments in Associates &amp; Joint Ventures</i> (replaces existing standard)	1-Jan-14
AASB 1055 <i>Budgetary Reporting</i>	1-Jul-14
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1-Jan-15
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1-Jan-15



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**  
**(c) Adoption of new and revised Accounting Standard cont'd**

**Effective for Annual  
Report periods  
beginning on and  
after:**

<i>AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>	1-Jan-14
<i>AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i>	1-Jan-14
<i>AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements</i>	1-Jul-14
<i>AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets</i>	1-Jan-14
<i>AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i>	1-Jan-14
<i>AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 &amp; AASB 139]</i>	1-Jan-14
<i>AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>	1-Jan-14
<i>AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]</i>	1-Jan-14
<i>AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities [AASB 10, AASB 12 &amp; AASB 1049]</i>	1-Jan-14
<i>AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework - 20 Dec 2013; Part B Materiality - 1 Jan 2014; Part C Financial Instruments - 1 Jan 2015]	Refer Title Column
Interpretation 21 Levies	1-Jan-14



## CHARTERS TOWERS REGIONAL COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

##### (c) Adoption of new and revised Accounting Standards cont'd

###### AASB 9 Financial Instruments (effective from 1 January 2017)

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2017 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. As a result, Council may be required to measure certain financial assets at fair value. Council has yet to assess the impact of changes to AASB 9.

###### Consolidation Standards

The following accounting standards apply to Council as from reporting periods beginning on or after 1 January 2014:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities

These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements. No significant changes are anticipated, however Council still need to fully reassess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangements that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. No significant changes are anticipated, however Council still needs to fully assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

AASB 12 contains the disclosure requirement for interest in other entities including unconsolidated structured entities. While Council is yet to complete a full review of disclosure, no significant changes are anticipated, based on those presently made.

##### (d) Constitution

The Charters Towers Regional Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(e) Critical accounting judgements and key sources of estimation uncertainty**

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

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

Valuation of property, plant and equipment – Note 1(p) and Note 15

Impairment of property, plant and equipment – Note 1(p) and Note 21

Provisions – Note 1(r) and Note 18

Contingent liabilities – Note 28

**(f) Currency**

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

**(g) Date of Authorisation**

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

**(h) Trust Funds Held for Outside Parties**

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (eg. wages) paid into the trust account by Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 24.

**(i) Revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

**(i) Rates and Levies**

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period. See Note 3.

**(ii) Grants and Subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Internal restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 10.

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(i) Revenue Cont'd**

**(iii) Contracts and Recoverable Works Income**

Contracts and recoverable works income is recognised upon unconditional entitlement to the funds. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

**(iv) Non-Cash Contributions**

Non-cash contributions with a value in excess of the recognition thresholds set out in Note 1(p)(i), are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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

**(v) Cash Contributions**

Council receives cash contributions from property developers to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these infrastructure charges are recognised as income when received.

**(vi) Interest Income**

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

**(vii) Fees and Charges**

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

**(j) Cash and Cash Equivalents**

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(k) Receivables**

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

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

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

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

***Credit Risk Receivables***

The maximum credit risk exposure of Receivables as at 30 June 2014 is the carrying amount of these assets as shown in Note 12 and Note 29.

**(l) Other Financial Assets**

Other financial assets are recognised at cost. No Financial Assets recognised in the current year.

**(m) Financial Assets and Financial Liabilities**

***Categorisation***

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.

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

<b>Financial Assets</b>	<b>Categorisation</b>
Cash and Cash Equivalents	Note 1(j)
Trade and Other Receivables	Loans and receivables (at amortised cost) - Note 1(k)
Other Financial Assets	At cost – Note 1(l)
<b>Financial Liabilities</b>	<b>Categorisation</b>
Trade and Other Payables	Financial liability (at amortised cost) – Note 1(s)
Borrowings	Financial liability (at amortised cost) – Note 1(t)

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

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

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(m) Financial Assets and Financial Liabilities Cont'd**

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

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

All other disclosures relating to the financial risk of financial instruments are included in Note 29.

**(n) Inventories**

Inventories are reported at the lower of cost and net realisable value. Costs are assigned to the inventory on the basis of weighted average cost.

Inventories held for distribution are:

- Goods to be supplied at no, or nominal charge, and
- Goods to be used for the provision of services at no, or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

**(o) Investments**

Term deposits in excess of three months are reported as investments, with deposits at call and term deposits with a short maturity of three months or less are treated as cash equivalents. At 30 June 2014, Council held an investment with a term greater than three months.

**(p) Property, Plant & Equipment**

**(i) Non-Current Assets Threshold**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Work in Progress is not depreciated. Items of property, plant and equipment with a value less than the thresholds listed below, that are not included as network assets, are treated as an expense in the year of acquisition. The threshold amounts are reviewed by Council from time to time and adjusted accordingly. All other items of property, plant and equipment are capitalised.

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

	<b>Council Thresholds 2014</b>	<b>Council Thresholds 2013</b>
• Land	Nil	Nil
• Buildings & Structures	\$10,000	\$10,000
• Plant	\$ 5,000	\$ 5,000
• Equipment	\$ 5,000	\$ 5,000
• City Roads & Drainage	\$ 7,500	\$ 7,500
• Rural Roads	\$ 7,500	\$ 7,500
• Water Infrastructure	\$ 7,500	\$ 7,500
• Sewerage Infrastructure	\$ 7,500	\$ 7,500





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(p) Property, Plant & Equipment cont'd**

**(ii) Capital and Operating Expenditure**

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

**(iii) Acquisition**

Acquisitions of assets are initially recorded at cost. Cost is determined as a fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Non-monetary assets, including property, plant and equipment, received in the form of grants or contributions, are recognised as assets and revenues at fair value by Council valuation, where that value exceeds the recognition thresholds for the respective asset classes.

Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

**(iv) Valuation**

Land, buildings and structures, city roads and drainage, rural roads, water and sewerage infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years. In the intervening years interim valuations are performed to reflect any material variation using the applicable index. Where comprehensive revaluations are undertaken, an independent valuer physically sights a representative sample of Council assets and making their own assessment of the conditions of the assets at the date of inspection. Details of valuers and methods of valuations are disclosed in Note 15 (b).

All other non-current assets, primarily plant, equipment and work in progress, are measured at cost.

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

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

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





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(p) Property, Plant & Equipment cont'd**

**(v) Depreciation of Property, Plant & Equipment**

To achieve a systematic and rational allocation of the value of non-current assets over their estimated useful lives, depreciation represents the consumption of the service potential of the asset. The Prabhu-Edgerton Consumption Model of depreciation is applied to City Road & Drainage Infrastructure and Building Assets, while straight line depreciation is applied to all other assets except of Land, which is not depreciated as it has an unlimited useful life.

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives, for each class of asset, are as follows:

	<u>Years</u>
• <b>Land</b> – Not Depreciated	N/A
• <b>Buildings &amp; Structures</b> (consumption-based)	10-100
• <b>Plant Fleet</b>	3-50
• <b>Equipment</b>	3-50
• <b>City Roads &amp; Drainage</b> (consumption-based)	10-100
• <b>Rural Roads</b>	15-200
• <b>Water Infrastructure</b>	5-150
• <b>Sewerage Infrastructure</b>	10-100

**(vi) Impairment of Non-Current Assets**

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(p) Property, Plant & Equipment cont'd**

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

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

**(vii) Land Under Roads**

The Charters Towers Regional Council does not control any land under roads. All land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

**(q) Capital Works 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.

**(r) Employee Benefits**

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

**(i) Salaries and Wages**

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

**(ii) Long Service Leave**

A liability for Long Service Leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment, or other associated employment, which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates applicable, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(r) Employee Benefits cont'd**

**(iii) Annual Leave**

A liability for Annual Leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employment on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 16 as payable.

**(iv) Rostered Days Off (RDO) and Time off in Lieu (TOIL)**

A liability for Rostered Days Off and Time off in Lieu is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. This liability is treated as a payable and not as a provision and is reported at Note 16. When Annual Leave and Long Service Leave are taken any accrued RDOs or TOIL is used prior to other leave balances and any remaining balances are paid out to employees on an annual basis as at 1 February in accordance with Council's Enterprise Agreement.

**(v) Superannuation**

The superannuation expense for the reporting period is the amount of the statutory contribution made by Council to the employee's superannuation plan which provides benefits to its employees. Details of arrangements are set out in Note 26.

**(s) Payables**

Trade and other payables are recognised as a liability at the time of the goods being received, or the service being performed. The amount recognised for each creditor is based on the agreed purchase or contract costs. Amounts owing are unsecured and are generally settled within 30 working days.

**(t) Borrowings and Borrowing Costs**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they are incurred. Costs that are not settled in the period in which they are incurred, are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets. Gains and losses on the early redemption of borrowings are recorded in other revenue/expense.

In accordance with the *Local Government Regulation 2012* Council adopt an annual debt policy that sets out Council's planned borrowings for the next nine years. Council aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

**(u) Components of Equity**

**(i) Council Capital**

The Capital account, combined with the Asset Revaluation Surplus represent the amount of Capital, currently required, and in use by the Council, to maintain assets and infrastructure at existing levels of operating capability. See Note 20 for further information.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(u) Components of Equity Cont'd**

**(ii) Asset Revaluation Surplus**

The Asset Revaluation Surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the Asset Revaluation Surplus. See Note 21 for further information.

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

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

**(iii) Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions by way of Reserves. The former reserves operated as follows:

• **Capital Reserves**

The **Future Capital Works Reserve** contained capital funding carried forward or set aside for additional or replacement capital works. The **Infrastructure Reserves** contained funds for all Council road, water and sewerage programs carried forward. The **Plant Reserve** contained funds for future plant replacement. The **Constrained Works Reserve** contained Developer Contributions received towards works pending. The amounts formally reported in the Infrastructure Reserves, Plant Reserve and Constrained Works Reserve at balance date are now disclosed as an internal restriction on cash in Note 10. See Note 22 for the movement of Reserve balances to Retained Surplus.

• **Recurrent Reserves**

The **Sustainability Reserve** held funds for the sustainability of Council's road crews for future years when contractual funds are insufficient. The **Long Service Leave Reserve** held cash for accrued long service leave payouts. A **Special Projects Reserve** funding identified projects to be actioned in future years. The **Information Technology (IT) Provision Reserve** held funds sufficient to meet all future IT non-capital replacements. The amounts formally reported in these Reserves at balance date are now disclosed as an internal restriction on cash in Note 10. See Note 22 for the movement of Reserve balances to Retained Surplus.

These former reserves were closed in the 2012-2013 financial year.

**(iv) Retained Surplus/(Deficiency)**

In reference to the prior year this account represents Council's net funds at the end of the year, not disclosed separately under Reserves to meet specific future needs.

**(v) National Competition Policy**

The Charters Towers Regional Council has not elected to apply the code of competitive conduct (CCC) to any of its' activities.

**(w) Rounding and Comparatives**

Amounts included in the financial statements have been rounded to the nearest \$1. Amounts shown in the financial statements may not add to the correct subtotals or totals due to rounding.

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**(x) Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefit 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.

**(y) Carbon Pricing**

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

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

Council has been indirectly impacted through increased costs arising from the carbon pricing mechanism. The most significant of these were electricity and fuel.

The pricing mechanism commenced on 1 July 2012 and set fixed price path for the first three years (\$23 per tonne of CO<sub>2</sub>-equivalent emissions adjusted in real terms by 2.5 percent per annum) before moving to a flexible price mechanism from 1 July 2015. It provided a framework for setting a cap on greenhouse gas emissions by capping the number of carbon units available once the flexible price period commenced, which could be adjusted over time to ensure that the government's reduction targets were met.

In 2013 there was a change in the Australian Government. The incoming Government made a commitment to repeal the "carbon tax" and on 17 July 2014 legislation to abolish the carbon tax was passed by the senate and received the Royal Assent. The legislation took effect from 1 July 2014.

**(z) Changes in Comparatives**

The comparatives in the Statement of Financial Position have been amended to reflect the reclassification of overpaid trade payables as other receivables. There is no change in the total Net Community Assets. This was due to a credit held by a creditor, pending refund, being incorrectly recorded as a negative receivable rather than a payable.

The changes to the 2013 comparative figures in 2014 financial year Statement of Financial Position are:

- Current trade & other receivables increase from \$7,282,295 to \$7,485,739
- Total assets increase from \$507,919,106 to \$508,122,549
- Current trade & other payables increase from \$7,159,072 to \$7,362,516
- Total liabilities increase from \$10,016,713 to \$10,220,157
- No change to Net Community Assets

The changes to the 2013 comparative figures in 2014 financial year Statement of Financial Position have also been reflected in the applicable notes.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

**2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT**

**(a) ANALYSIS OF RESULTS BY FUNCTION**

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

Year ended 30 June 2014

FUNCTIONS	Gross program income				Elimination of inter-function transactions 2014	Total income 2014	Gross program expenses		Elimination of inter-function transactions 2014	Total expenses 2014	Net result from recurring operations 2014	Net result attributable to council within the reporting period 2014	Assets 2014
	Recurring 2014		Capital 2014				Recurring 2014	Capital 2014					
	Grants	Other	Grants	Other									
Corporate & Governance Services	3,288,058	11,572,457	9,438	-	-	14,869,953	2,731,692	-	-	2,731,692	12,128,823	12,138,261	65,649,484
Planning & Sustainable Development	1,000	2,713,728	15,462	-	-	2,730,190	4,305,575	-	-	4,305,575	(1,590,847)	(1,575,385)	10,359,933
Roads Infrastructure	13,630,501	10,822,322	4,010,970	665,246	-	29,129,039	39,102,991	1,340,617	-	40,443,608	(14,650,168)	(11,314,569)	296,382,022
Fleet	144,990	5,198	-	226,945	-	377,133	831,201	155,209	-	986,410	(681,013)	(609,277)	21,225,387
Water	-	4,618,044	46,093	29,894	-	4,694,031	5,080,651	-	-	5,080,651	(462,607)	(386,620)	43,546,916
Sewerage	-	2,723,422	-	14,197	-	2,737,619	2,479,705	-	-	2,479,705	243,717	257,914	18,467,884
Community Services	261,754	412,715	396,222	13,000	-	1,083,691	8,240,185	8,566	-	8,248,751	(7,565,716)	(7,165,060)	61,604,069
Total Council	17,326,303	32,867,886	4,478,185	949,282	-	55,621,656	62,772,000	1,504,392	-	64,276,392	(12,577,811)	(8,654,736)	517,235,695

Year ended 30 June 2013

FUNCTIONS	Gross program income				Elimination of inter-function transactions 2013	Total income 2013	Gross program expenses		Elimination of inter-function transactions 2013	Total expenses 2013	Net result from recurring operations 2013	Net result attributable to council within the reporting period 2013	Assets 2013
	Recurring 2013		Capital 2013				Recurring 2013	Capital 2013					
	Grants	Other	Grants	Other									
Corporate & Governance Services	6,538,683	10,846,264	-	3,114,328	-	20,499,275	2,685,046	15,918	-	2,700,964	14,699,901	17,798,311	74,583,075
Planning & Sustainable Development	9,000	1,986,556	40,000	-	-	2,035,556	3,541,589	-	-	3,541,589	(1,546,033)	(1,506,033)	10,402,053
Roads Infrastructure	31,227,378	7,856,875	2,485,661	1,173,578	-	42,743,492	33,284,422	292,713	-	33,577,135	5,799,831	9,166,357	281,485,513
Fleet	136,401	16,059	-	16,066	-	168,526	2,400,767	9,140	-	2,409,907	(2,248,307)	(2,241,381)	21,824,125
Water	-	4,322,501	62,433	266,705	-	4,651,639	4,914,057	292,110	-	5,206,167	(591,556)	(554,528)	41,649,694
Sewerage	-	2,618,260	-	38,760	-	2,657,020	2,128,550	-	-	2,128,550	489,710	528,470	18,557,796
Community Services	225,725	383,088	35,187	16,000	-	660,000	7,803,626	-	-	7,803,626	(7,194,813)	(7,143,626)	59,620,294
Total Council	38,137,187	28,029,603	2,623,281	4,625,437	-	73,415,508	56,758,057	609,881	-	57,367,938	9,408,733	16,047,570	508,122,549



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT Cont'd**

- (b) Total assets shown in the "Analysis By Function" Report are reconciled with the amounts shown for assets in the statement of financial position as follows:

	<b>Council 2014</b>	<b>Council 2013</b>
Current Assets	44,022,419	53,223,264
Non-Current Assets	473,213,276	454,899,285
	<u><b>517,235,695</b></u>	<u><b>508,122,549</b></u>

- (c) The activities of the Council are categorised into four directorates plus the Office of the CEO. Council adopted a new organisational structure in 2013 however, due to preserving historical comparative data at a function level at this point in time, and regroup at the time of moving to a new financial platform, currently being considered, the ledger has not yet been revised to group functions under their new Directorate. As such, the functions below identify how the former groupings are shared across directorates.

**CORPORATE SERVICES DIRECTORATE & OFFICE OF THE CEO (Governance)**

**Corporate Services**

**Customer Service Operations** – Customer Service, General Administration, Website, Rating and Administration Facilities

**Records** - Records Management

**Finance** - Financial Service, Grants Commission, Business and Procedures, Investments, Asset Management, Procurement and Insurance

**Information Technology** - Computer and Technology Infrastructure Support

**Governance**

**Councillors** - Community Consultation, Official Functions and Delegations, Media Relations and Elections

**Office of the CEO** - Corporate and Business Planning, Organisation Performance and Corporate Branding and Image

**Governance** - Enterprise Risk Management, Disaster Management Coordination, Agenda and Minutes, Administrative Review, Internal Audit and State Emergency Service Coordination

**People and Culture** - Employees Relations, Organisational Learning and Development, Cultural Development, Health and Safety and Workforce Planning

**PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE**

**Environmental Services**

**Health**- Environmental Health, Environment Protection, Business Licences and Permits

**Waste Management** – Refuse Collection, Refuse Disposal and Recycling Program

**Planning and Development**

**Town Planning** – Land Use Planning and Heritage Management

**Building**

**Building and Plumbing Service** – Building Compliance

**Rural Services**

**Saleyards** – Selling Centre and Stock Routes & Reserves

**Land Management** – Pest Management and Vector and Vermin Control

**Local Laws** – Regulation

**Animal Management** – Animal Related Customer Requests

**Economic Development**

**Economic Development** – Investment Attraction

**Climate Smart Business Initiative** – Energy Efficiency





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT Cont'd**

**ROADS INFRASTRUCTURE DIRECTORATE**

**Road Construction**

**Road Contracts** – Infrastructure Construction

**RPC Contracts** – Infrastructure Construction

**Survey** – Design

**Roads to Recovery** – Infrastructure Construction

**Road Maintenance**

**Road Maintenance** – Infrastructure Maintenance

**RMPC Contracts** – Infrastructure Maintenance

**Flood Damage Repairs** – Restorations of Assets

**Private Works** – Third Party Works

**Soils Laboratory**

**Soil Testing** – Mainly in-house to ensure Quality Roadworks

**Quality Assurance**

**Engineering Documentation** – Mainly in-house Quality Documentation

**FLEET SERVICES FUNCTION** - Workshop and Fleet (Now under Corporate Services Directorate)

**UTILITIES AND FACILITIES DIRECTORATE**

**Water**

**Water Supply and Treatment** – Supply Quality Drinking Water

**Water Reticulation** – Distribution of Quality Water

**Sewerage**

**Sewerage Reticulation** – Maintain Network for Sewerage

**Sewerage Treatment** – Collection, Treating and Disposing Waste Water

**Waste Water Reuse** – Disposal of Wastewater

**COMMUNITY SERVICES FUNCTION**

Now split between Directorates - Utilities & Facilities and Planning & Sustainable Development

**Property Services** (Utilities & Facilities Directorate)

**Building Services** – Facility Maintenance

**Facilities Management** – World Theatre and Cinema Facility, Council Staff Residences, Corporate Facilities and Community Facilities

**Parks and Gardens** – Cemetery, Parks and Gardens, Street and Drainage Cleaning

**Airport** – Airport Operations

**Showgrounds** – Facility Maintenance

**Urban Safety** – CCTV Security

**Community Development** (Planning & Sustainable Development Directorate)

**Library** – Library Services

**Tourism** – Tourism Promotion, Visitor Information Centre and Tourism Facilities/Attractions

**Youth Services** – Youth Related Activities

**Sport and Recreation** – Sport and Rec Funded Activities

**Galleries** – Galleries and Exhibitions and World Theatre Gallery

**Events** – Event Management and General Event Activity

**Community Development** – Community Development Contributions, Senior Services, Regional Arts Development and Arts and Culture





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

**3. REVENUE ANALYSIS**

**(a) Rates, Levies and Charges**

	<b>Council 2014</b>	<b>Council 2013</b>
General Rates	11,055,879	10,153,801
Cleansing / Refuse	1,013,592	966,029
Water Services	4,308,839	4,182,853
Water – Excess Allocation	615,323	388,185
Sewerage	2,951,974	2,808,741
<b>Total Rates, Levies and Charges Revenue</b>	<b>19,945,607</b>	<b>18,499,609</b>
Less: Discounts	(1,992,141)	(1,825,120)
Pensioner Remissions	(254,119)	(238,082)
<b>Net Rates, Levies and Charges</b>	<b>17,699,347</b>	<b>16,436,407</b>

**(b) Fees and Charges**

	<b>Council 2014</b>	<b>Council 2013</b>
Animal Control Fees & Charges	284,963	98,275
Cemetery Fees & Charges	70,542	85,565
Landfill Fees & Charges	176,840	105,207
Reserve Rental	22,145	2,127
Saleyards Fees & Charges	1,081,293	656,051
Search Fees	38,946	46,885
Water Services	40,349	77,299
World Theatre Fees & Charges	43,915	38,425
Other Regulatory Fees & Charges	151,283	157,887
Other Rental/Hire Fee & Charges	89,320	95,344
Other Fees & Charges	140,510	122,391
<b>Total Fees &amp; Charges</b>	<b>2,140,106</b>	<b>1,485,456</b>

**(c) Interest**

	<b>Council 2014</b>	<b>Council 2013</b>
Interest received on Investments	1,443,951	1,588,365
Interest received on Community Loans	3,530	5,441
Interest received on Overdue Rates & Charges	63,423	55,513
<b>Total Interest Income</b>	<b>1,510,904</b>	<b>1,649,319</b>

**(d) Sales – Contract and Recoverable Works**

	<b>Council 2014</b>	<b>Council 2013</b>
Private Works	245,342	204,015
Main Roads Contract	6,097,292	5,398,405
Flood Event 2012 Day Labour Contract	4,712,069	2,455,340
Other	209,706	211,290
<b>Total Sales Income</b>	<b>11,264,409</b>	<b>8,269,050</b>

The amount recognised as revenue for contract sales during the period is the value of works undertaken in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**4(a). GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS**

	<b>Council 2014</b>	<b>Council 2013</b>
<b>i) Recurrent</b>		
General Purpose Grants	3,142,238	6,560,310
Government Grants & Subsidies	18,896,136	34,032,217
<sup>1</sup> Less: Flood Event 2012 Day Labour Contract	(4,712,069)	(2,455,340)
Contributions	53,904	54,632
Donations	-	32
<b>Total Recurrent Grants, Subsidies, Contributions &amp; Donations</b>	<b>17,380,209</b>	<b>38,191,851</b>
<b>ii) Capital</b>		
Government Grants & Subsidies	4,478,186	2,623,281
Contributions	722,336	4,609,189
<b>Total Capital Grants &amp; Subsidies</b>	<b>5,200,522</b>	<b>7,232,470</b>
<b>Total Grants, Subsidies, Contributions &amp; Donations</b>	<b>22,580,731</b>	<b>45,424,321</b>
<b>Reconciles to:</b>		
Grants & Subsidies Total	21,804,491	40,760,468
Contributions Total	776,240	4,663,820
Donations	-	32
	<b>22,580,731</b>	<b>45,424,321</b>

**Footnote 1**

*Council was one of the contractors undertaking the Flood Event 2012 works. While Subsidy was initially received under NDRRA subsidy, subsidy covering the Council Contract was paid out against flood damage and re-receipted in a second time as Contract Income, offsetting Contract Expense. To avoid double disclosure of both income and expense, it is being disclosed on the statements as Council Contract activity however, the initial inflow of monies as NDRRA subsidy is disclosed in the note above.*



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

**4(b). GOVERNMENT GRANTS & SUBSIDIES DETAIL**

	<b>Council 2014</b>	<b>Council 2013</b>
<b>Corporate Services and Governance</b>		
Emergency Services (SES Operations)	58,728	30,942
Natural Disaster Risk Management & Recovery	16,572	-
Climate Smart	-	7,000
Counter Disaster	-	-
Staff Training & Development	31,250	(59,569)
Infrastructure	9,438	
Organisation Performance	39,270	
Sub-total	155,258	(21,627)
<b>Planning and Sustainable Development</b>		
Land Management	1,000	9,000
Waste Management	-	40,000
Saleyards	15,462	-
Sub-total	16,462	49,000
<b>Roads Infrastructure</b>		
Roads - Flood Damage/Disaster	20,393,839	34,223,970
Less: Flood Event 2012 Day Labour Contract	(4,712,069)	(2,455,340)
Energy Grants Scheme	144,990	136,401
Roads - Transport Infrastructure Development Scheme (TIDS)	439,558	708,365
Roads - Roads to Recovery	1,520,145	1,236,044
Roads - General	-	-
Sub-total	17,786,463	33,849,440
<b>Water</b>		
Weir Boat Ramp	46,093	62,433
Sub-total	46,093	62,433
<b>Community Services - Property Services</b>		
Parks and Gardens	-	11,604
Airport	45,250	-
Facilities Management	350,972	-
Sub-total	396,222	11,604
<b>Community Services - Community Development</b>		
Cultural/Heritage	55,021	44,670
Youth Services	74,424	45,099
Health and Community Care	128,309	127,956
Community Development	4,000	8,000
Urban Safety	-	23,583
Sub-total	261,754	249,308
<b>General Purpose Grants</b>	3,142,238	6,560,310
<b>Total Grant &amp; Subsidy Revenue</b>	<b>21,804,491</b>	<b>40,760,468</b>

Grants and contributions which were recognised as revenues during the reporting period which were obtained on the condition that they be expended on defined activities but had yet to be applied in that manner as at the reporting date were:

Roads to Recovery	-	383,869
Regional Airport Development Scheme	45,250	-
	<b>45,250</b>	<b>383,869</b>

Grants received and recognised as liabilities in the previous reporting period yet were recognised as revenue during the current reporting period upon fulfilment of the conditions for which they were obtained are:

NIL



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**For the year ended 30 June 2014**

**4.(c) CONTRIBUTIONS DETAIL**

	<b>Council 2014</b>	<b>Council 2013</b>
<b>Roads Infrastructure</b>		
Road Infrastructure Cash Contributions	46,382	222,054
Road Infrastructure Non Cash Contributions	630,863	952,206
Sub-total	677,245	1,174,260
<b>Water</b>		
Water Infrastructure Non Cash Contributions	-	164,358
Water Headworks	29,894	102,347
Sub-total	29,894	266,705
<b>Sewerage</b>		
Sewerage Headworks	14,197	38,760
Sub-total	14,197	38,760
<b>Community Services - Property Services</b>		
Showgrounds	7,545	-
Airport	818	-
Parks and Gardens	16,000	16,000
Sub-total	24,363	16,000
<b>Community Services - Community Development</b>		
Tourism/Sport and Recreation	30,541	53,950
Community Structures	-	3,114,146
Sub-total	30,541	3,168,096
<b>Total Contributions</b>	<b>776,240</b>	<b>4,663,821</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**5. CAPITAL INCOME AND EXPENDITURE**

**(a) GAIN ON SALE OF NON-CURRENT ASSETS**

	<b>Council 2014</b>	<b>Council 2013</b>
Proceeds from Sale of Assets	395,603	43,644
Less: Written Down Value of Sold Assets	(168,658)	(27,397)
<b>TOTAL GAIN ON SALE</b>	<b>226,945</b>	<b>16,247</b>

**(b) LOSS ON SALE OF NON-CURRENT ASSETS**

	<b>Council 2014</b>	<b>Council 2013</b>
Proceeds from Sale of Assets	230,068	38,898
Less: Written Down Value of Sold Assets	(378,643)	(48,038)
<b>TOTAL LOSS ON SALE</b>	<b>(148,575)</b>	<b>(9,140)</b>

**(c) NON-CURRENT ASSETS WRITE-OFFS**

	<b>Council 2014</b>	<b>Council 2013</b>
Gross Value of Write-offs	(3,288,742)	(1,708,608)
Add: Accumulated Depreciation of Write-offs	1,932,925	1,107,867
<b>TOTAL LOSS ON WRITE-OFFS</b>	<b>(1,355,817)</b>	<b>(600,741)</b>

**6. EMPLOYEE BENEFITS**

	<b>Council 2014</b>	<b>Council 2013</b>
Total Staff Salaries & Wages	16,248,318	15,741,626
Councillors' Remuneration	372,533	367,609
Annual, Sick & Long Service Leave Entitlements	1,554,668	1,528,514
Superannuation	1,880,602	1,791,880
<b>Total Direct Employee Costs</b>	<b>20,056,121</b>	<b>19,429,629</b>
Other Employee Costs	662,564	370,449
	<b>20,718,685</b>	<b>19,800,078</b>
<b>Less: Capitalised Employee Expenses</b>	<b>(928,100)</b>	<b>(735,288)</b>
<b>TOTAL EMPLOYEE COSTS</b>	<b>19,790,585</b>	<b>19,064,790</b>

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

	<b>Council 2014</b>	<b>Council 2013</b>
Employee Numbers - Full-time Equivalents	245	243
as at 30 June 2014 - Casual	16	19
- Councillors (incl. Mayor)	7	7



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. MATERIALS, SERVICES, MAINTENANCE & OTHER**

	<b>Council 2014</b>	<b>Council 2013</b>
Advertising & Marketing	55,962	24,651
Administration Supplies & Consumables	157,600	165,075
Audit of Annual Financial Statements by the Auditor-General of Queensland	43,675	87,300
Audit Fees – Internal	12,820	80,732
Communications & IT	1,009,624	635,644
Consultants	208,075	198,014
Contractors	238,472	251,290
Donations Paid	337,464	334,521
Flood Events Materials & Services	19,913,002	19,100,516
RPC Materials & Services	2,882,731	1,419,482
Flood Event 2012 Contract Materials & Services	3,810,013	2,398,803
Repairs & Maintenance & Other Materials	2,821,830	2,227,319
Sewerage Repairs & Maintenance	1,373,742	1,250,311
Subscriptions & Registrations	102,599	117,048
Water Repairs & Maintenance	3,117,677	3,086,994
<b>TOTAL MATERIALS, SERVICES, MAINTENANCE &amp; OTHER</b>	<b>36,085,286</b>	<b>31,377,700</b>

**Significant Revenue and Expenses**

The Queensland Government (in particular Queensland Reconstruction Authority [QRA]) provides financial assistance to disaster affected communities in Queensland through the Natural Disaster Relief and Recovery Arrangements (NDRRA), jointly funded by the Australian Government. The funding is available subject to strict guidelines and only for declared disaster events.

Following are the details of recent declared disaster events which have impacted on the Charters Towers Regional Council area during the last four years:

Event

- Tropical Cyclone Yasi – 2 February 2011
- Heavy rainfall & flooding, Northern & Far Northern Queensland - 16 March 2012

**Expenditure on each of the events is listed below:**

	<b>Council 2014</b>	<b>Council 2013</b>
2011 Flood Event Materials & Services	-	1,760,525
2012 Flood Event Materials & Services	19,913,002	17,339,991
<b>TOTAL FLOOD EVENT MATERIALS &amp; SERVICES</b>	<b>19,913,002</b>	<b>19,100,516</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**7. MATERIALS, SERVICES, MAINTENANCE & OTHER Cont'd**

The following significant revenue and expenditure items related to NDRRA events, included in the net result, are relevant in explaining the financial performance of Council for the period.

	<b>Council 2014</b>	<b>Council 2013</b>
Recovery of Expenditure Incurred for NDRRA Purposes	20,393,838	34,223,970
<b>TOTAL GRANT REVENUE RECEIVED FOR RECOVERY OF EXPENDITURE</b>	<b>20,393,838</b>	<b>34,223,970</b>

Expenditure Costs Incurred for NDRRA Purposes	26,701,370	24,138,192
<b>TOTAL EXPENDITURE INCURRED FOR NDRRA PURPOSES</b>	<b>26,701,370</b>	<b>24,138,192</b>

<b>TOTAL GRANT FUNDING DUE TO COUNCIL FOR NDRRA PURPOSES AND RECOGNISED AS A RECEIVABLE AS AT 30 JUNE 2014</b>	<b>4,533,832</b>	<b>2,085,467</b>
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**8. DEPRECIATION**

	<b>Council 2014</b>	<b>Council 2013</b>
Buildings & Structures	943,067	837,256
Plant	1,578,447	1,560,608
Equipment	297,855	250,786
City Roads & Drainage	769,321	718,039
Rural Roads	1,901,116	1,607,924
Water Infrastructure	821,390	810,716
Sewerage Infrastructure	544,848	488,923
<b>TOTAL DEPRECIATION</b>	<b>6,856,044</b>	<b>6,274,252</b>

**9. FINANCE COSTS**

	<b>Council 2014</b>	<b>Council 2013</b>
Finance Costs Charged by Queensland Treasury Corporation	7,021	11,371
Bank Charges	33,065	29,944
<b>TOTAL FINANCE COSTS</b>	<b>40,086</b>	<b>41,315</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**For the year ended 30 June 2014**

	<b>Council 2014</b>	<b>Council 2013</b>
<b>10. CASH &amp; CASH EQUIVALENTS</b>		
Cash at Bank	240,299	1,113,718
Working Capital Floats	6,532	6,532
Deposits at Call	34,231,621	42,903,281
	<b>34,478,452</b>	<b>44,023,531</b>
<p>Cash at bank is held with the Commonwealth Bank in a normal business account with a credit rating of AA.  Deposits at call are held with Queensland Treasury Corporation Cash Fund.  Council's cash and cash equivalents are subject to a number of internal restrictions that limit amounts available for discretionary or future use. These include:  *Internally imposed expenditure restrictions at the reporting date:</p>		
Infrastructure	17,377,365	23,170,720
Plant	2,270,446	1,620,000
Constrained Works	-	-
Sustainability	4,800,000	4,800,000
Long Service Leave	1,200,000	1,200,000
Special Projects	3,100,000	3,100,000
Information Technology	741,020	760,272
Total Unspent Restricted Cash	29,488,831	34,650,992
*These restrictions were previously allocated as reserves.		
<b>11. INVESTMENTS</b>		
Term Deposits	1,000,000	1,000,000
	1,000,000	1,000,000
A single Term Deposit is held with Queensland Country Credit Union, which is an unrated Credit Union.		
<b>12. TRADE AND OTHER RECEIVABLES</b>		
<b>(a) Current</b>		
Rateable Revenue & Utility Charges	796,617	322,127
Loan & Advances to Community Organisations	-	35,050
Prepayments	465,913	486,928
Other Debtors	6,649,350	6,641,634
	<b>7,911,880</b>	<b>7,485,739</b>
<b>(b) Non-Current</b>		
<b>Long Term Community Loans</b>		
Charters Towers Mens' Bowling Club	3,175	4,795
Charters Towers Netball Association	-	-
Blackheath and Thornburgh College	-	9,287
Towers Players	23,824	27,840
Pentland Race Club	12,276	13,500
CT Rugby League Club	41,215	-
	<b>80,490</b>	<b>55,422</b>
<p>Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors.  There is no concentration of credit risk for rates and utility charges and fees. The other debtors receivable balance is partially comprised of \$489,177 owed from the Department of Main Roads for various road contracts and \$2,638,592 owed from Queensland Reconstruction Authority for NDRRA funding. The Department of Main Roads and Queensland Reconstruction Authority also contribute to accrued revenue in the other debtors receivable balance with value of \$474,996 and \$1,895,240 respectively.</p> <p>Loans relate to advances made to various sporting bodies, community groups and a School. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.</p>		
<b>13. OTHER FINANCIAL ASSETS</b>		
None to report at this time	-	-
<b>14. INVENTORIES</b>		
<b>Inventories Held for Sale</b>		
Visitor Information Gift Shop	40,178	36,581
Valued at Lower of Cost of Net Realisable Value		
<b>Inventories Held for Distribution</b>		
Works Depot Stores	591,910	677,414
	<b>632,088</b>	<b>713,995</b>
Valued at Cost, Adjusted When Applicable For Any Loss of Service Potential		





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**15(a). PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2014**

CATEGORIES	Note	Opening Gross Value As at 1 July 2013	Contributed Assets Gross Value	Transfer Between Classes	Additions At Cost	WIP Take-Ons Gross	WIP Transfers To Expense	Sales Gross Value	Write-offs Gross Value	Revaluation Adjustments to Asset Revaluation Surplus	Closing Gross Value As at 30 June 2014	Opening Balance As at 1 July 2013 Accumulated Depreciation	Transfers Between Asset Classes	Sales Accumulated Depreciation	Write-Offs Accumulated Depreciation	Revaluation Adjustments Accum.Dep. to Revaluation Surplus	Annual Depreciation	Accumulated Depreciation As at 30 June 2014	Written Down Value As at 30 June 2014	Residual Value
LAND	15(b)(i)	15,136,500	-	-	-	-	-	-	-	-	15,136,500	-	-	-	-	-	-	-	15,136,500	15,136,500
BUILDINGS & STRUCTURES	15(b)(ii)	91,270,051	-	-	625,147	116,479	-	-	-	606,534	92,618,212	(9,073,157)	-	-	-	502,615	(943,067)	(9,513,609)	83,104,603	43,603,252
PLANT	15(b)(iii)	26,982,867	-	-	1,429,542	124,419	-	(2,445,375)	(122,387)	-	25,969,067	(15,357,880)	-	1,898,073	115,753	-	(1,578,447)	(14,922,501)	11,046,566	4,083,050
EQUIPMENT	15(b)(iv)	4,334,054	-	-	119,293	337,616	-	-	(1,165,128)	-	3,625,834	(2,459,569)	-	-	1,156,562	-	(297,855)	(1,600,861)	2,024,973	82,350
CITY ROADS & DRAINAGE	15(b)(v)	107,063,589	513,057	-	545,837	160,627	-	-	(7,380)	351,506	108,627,236	(10,137,974)	-	-	3,585	60,521	(769,321)	(10,843,189)	97,784,046	59,374,916
RURAL ROADS	15(b)(vi)	241,942,726	117,806	-	3,664,088	1,063,799	-	-	(1,993,847)	7,970,111	252,764,682	(56,228,895)	-	-	657,026	3,820,088	(1,901,116)	(53,652,898)	199,111,785	67,499,712
WATER INFRASTRUCTURE	15(b)(vii)	68,754,858	-	-	17,047	101,835	-	-	-	1,998,180	70,871,920	(28,305,904)	-	-	-	515,982	(821,390)	(28,611,312)	42,260,608	12,702,853
SEWERAGE INFRASTRUCTURE	15(b)(viii)	36,509,288	-	-	-	6,737	-	-	-	649,521	37,165,546	(18,326,042)	-	-	-	(338,863)	(544,848)	(19,209,753)	17,955,793	1,445,712
Sub-Total		591,993,934	630,863	-	6,400,954	1,911,511	-	(2,445,375)	(3,288,742)	11,575,852	606,778,997	(139,889,421)	-	1,898,073	1,932,925	4,560,343	(6,856,044)	(138,354,124)	468,424,874	203,928,345
Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress	15(c)	2,739,351	-	-	4,249,094	(1,911,511)	(369,021)	-	-	-	4,707,912	-	-	-	-	-	-	-	4,707,912	-
TOTAL Property, Plant & Equipment		594,733,284	630,863	-	10,650,048	-	(369,021)	(2,445,375)	(3,288,742)	11,575,852	611,486,909	(139,889,421)	-	1,898,073	1,932,925	4,560,343	(6,856,044)	(138,354,124)	473,132,786	203,928,345



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**15(a). PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2013**

CATEGORIES	Note	Opening Gross Value As at 1 July 2012	Contributed Assets Gross Value	Transfer Between Classes	Additions At Cost	WIP Take-Ons Gross	WIP Transfers To Expense	Sales Gross Value	Write-offs Gross Value	Revaluation Adjustments to Asset Revaluation Surplus	Closing Gross Value As at 30 June 2013	Opening Balance As at 1 July 2013 Accumulated Depreciation	Transfers Between Asset Classes	Sales Accumulated Depreciation	Write-Offs Accumulated Depreciation	Revaluation Adjustments Accum.Dep. to Revaluation Surplus	Annual Depreciation	Accumulated Depreciation As at 30 June 2013	Written Down Value As at 30 June 2013	Residual Value
LAND	15(b)(i)	13,232,000	-	-	427,873	242,601	-	(3,000)	-	1,237,026	15,136,500	-	-	-	-	-	-	-	15,136,500	15,136,500
BUILDINGS & STRUCTURES	15(b)(ii)	82,529,113	3,114,146	-	1,100,421	1,017,835	-	-	(18,965)	3,527,500	91,270,051	(7,976,265)	-	-	3,047	(262,683)	(837,256)	(9,073,157)	82,196,894	55,372,174
PLANT	15(b)(iii)	26,016,512	-	-	1,137,993	12,545	-	(184,184)	-	-	26,982,867	(13,909,021)	-	111,749	-	-	(1,560,608)	(15,357,880)	11,624,987	4,326,050
EQUIPMENT	15(b)(iv)	3,865,588	-	-	310,664	495,812	-	-	(338,011)	-	4,334,054	(2,546,793)	-	-	338,011	-	(250,786)	(2,459,569)	1,874,485	81,500
STORM DRAINS	15(b)(v)	1,292,031	-	(1,292,031)	-	-	-	-	-	-	-	(253,727)	253,727	-	-	-	-	-	-	-
CITY ROADS & DRAINAGE	15(b)(v)	74,509,565	-	2,069,179	1,656,090	516,065	-	-	-	28,312,691	107,063,589	(6,021,515)	(253,727)	-	-	(3,144,694)	(718,039)	(10,137,974)	96,925,615	59,758,003
RURAL ROADS	15(b)(vi)	220,473,677	951,524	(1,387,765)	2,365,977	425,558	-	-	(556,722)	19,670,477	241,942,726	(59,659,602)	610,616	-	264,009	4,164,006	(1,607,924)	(56,228,895)	185,713,831	67,499,712
WATER INFRASTRUCTURE	15(b)(vii)	68,017,128	164,358	-	229,075	355,693	-	-	(794,910)	783,514	68,754,858	(28,062,592)	-	-	502,800	64,604	(810,716)	(28,305,904)	40,448,954	12,647,812
SEWERAGE INFRASTRUCTURE	15(b)(vii)	33,982,865	-	-	11,461	-	-	-	-	2,514,962	36,509,288	(17,361,213)	-	-	-	(475,906)	(488,923)	(18,326,042)	18,183,247	1,429,622
Sub-Total		523,918,479	4,230,028	(610,616)	7,239,555	3,066,109	-	(187,184)	(1,708,608)	56,046,171	591,993,934	(135,790,728)	610,616	111,749	1,107,867	345,327	(6,274,252)	(139,889,421)	452,104,513	216,251,373
Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	15(c)	3,817,103	-	-	2,109,510	(3,066,109)	(121,153)	-	-	-	2,739,350	-	-	-	-	-	-	-	2,739,350	-
TOTAL Property, Plant & Equipment		527,735,582	4,230,028	(610,616)	9,349,064	-	(121,153)	(187,184)	(1,708,608)	56,046,171	594,733,283	(135,790,728)	610,616	111,749	1,107,867	345,327	(6,274,252)	(139,889,421)	454,843,863	216,251,373



**CHARTERS TOWERS REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(b). Valuations of Non-Current Assets are determined as follows:**

This note is to be read in conjunction with the table in **Note 15(a)**.

**(i) Land**

Land assets have been included at fair value as at 30 June 2014 as determined independently by Lachlan Black (Registered Valuer No: VAL013619) of APV Valuers and Asset Management. Valuations are based on the sales prices of comparable land sites in close proximity and are adjusted for differences in key attributes such as property size.

Reserve land and land under infrastructure have not been given a value for the purpose of these financial statements.

**(ii) Buildings & Structures**

Council buildings and structures are recognised at fair value and have been included at their written down current replacement value at 30 June 2014 as determined independently by Lachlan Black (Registered Valuer No: VAL013619) of APV Valuers and Asset Management, by way of interim valuation. This process involved applying the appropriate indices to the value of the building from prior years. The written down valuation of each building is determined by assessing the replacement value of each of the components, adjusted to reflect the assessed condition. A comprehensive valuation was carried out by APV Valuers and Asset Management as at 30 June 2013.

**(iii) Plant Fleet**

Plant Fleet is measured at original cost less accumulated depreciation.

**(iv) Equipment**

Equipment is measured at original cost less accumulated depreciation.

**(v) City Roads & Drainage**

Council city roads and drainage assets are recognised at fair value and have been included at their written down current replacement value at 30 June 2014 as determined independently by Janaka Weerasinghe (Aust Civil Eng No: ASC02124-11) of APV Valuers and Asset Management, by way of interim valuation. This process involved applying the appropriate indices to the values determined in prior years. The written down valuation of each road is determined by assessing the replacement value of each of the components, adjusted to reflect the assessed condition. A comprehensive valuation was carried out by APV Valuers and Asset Management as at 30 June 2013.

**(vi) Rural Roads**

Council rural roads are recognised at fair value. This valuation has been established by using reference to actual replacement works completed by Council, with estimates from professional engineers, and replacement costs provided from suppliers. Valuation of rural roads is reviewed annually as at 30 June.

**(vii) Water & Sewerage Infrastructure**

Council water infrastructure assets and sewerage infrastructure assets are recognised at fair value and have been recorded at their written down current replacement value at 30 June 2014 as determined independently by Peter Duncan (RPEQ 1670) of Duncan Management Group by way of interim valuation. Various indices appropriate to the different groups of assets within the classes have been applied. A comprehensive valuation was carried out by Duncan Management Group as at 30 June 2011.

Annually, additions, replacements and write-offs are adjusted and depreciated on a straight line basis.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(c). Capital Work in Progress**

	<b>Council 2014</b>	<b>Council 2013</b>
Land	99,075	387,269
Buildings & Structures	1,159,304	695,280
Plant	8,999	92,793
Equipment	17,008	0
City Roads & Drainage	2,549,453	226,532
Rural Roads	349,807	999,906
Water Infrastructure	405,681	324,199
Sewerage Infrastructure	118,585	13,371
<b>TOTAL</b>	<b>4,707,912</b>	<b>2,739,350</b>

**15(d). Fair Value Measurement**

**(i) Recognised fair value measurements**

This section explains the judgements and estimates made in determining fair values used in the financial statements.

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

Property, plant and equipment

- Land
- Buildings and Structures
- City Roads and Drainage
- Rural Roads
- Water Infrastructure
- Sewerage Infrastructure

There are no assets valued where it is assumed that the highest and best use was other than its current use.

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 17 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(d). Fair Value Measurement**

**(i) Recognised fair value measurements cont'd**

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by transitional provisions of AASB 13 Fair Value Measurement.

**At 30 June 2014**

<b>Recurring fair value measurements</b>	<b>Note</b>	<b>Level 2 (Significant other observable inputs)</b>	<b>Level 3 (Significant unobservable inputs)</b>	<b>TOTAL</b>
Land		13,643,500	1,493,000	<b>15,136,500</b>
Buildings and Structures			83,104,603	<b>83,104,603</b>
City Roads and Drainage			97,784,046	<b>97,784,046</b>
Rural Roads			199,111,785	<b>199,111,785</b>
Water Infrastructure			42,260,608	<b>42,260,608</b>
Sewerage Infrastructure			17,955,793	<b>17,955,793</b>
<b>TOTAL</b>		<b>13,643,500</b>	<b>441,709,835</b>	<b>455,353,335</b>

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

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

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

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

**Specific valuation techniques used to value Council assets comprise:**

**Land (level 2 and level 3)**

All land assets have been valued by external independent valuers, APV Valuers and Asset Management, using a combination of level 2 and level 3 inputs.

Level 2 valuation inputs were used to value land held in freehold title where sale prices of comparable land in close proximity could be adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.



# **CHARTERS TOWERS REGIONAL COUNCIL** **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 30 June 2014**

## **15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

### **15(d). Fair Value Measurement**

#### **(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations cont'd**

Other land for which there was no observable market evidence of sales prices for comparable sites in close proximity was valued at the level 3 valuation input hierarchy. Professional judgement of a registered valuer was used to adjust the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

#### **Buildings and Structures (level 3)**

All buildings and structures assets have been valued by external independent valuers, APV Valuers and Asset Management. As the buildings are specialised in nature the use of level 3 valuation inputs using the cost approach is most appropriate. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The consumption rating scale and the level of consumed service potential is the basis for which the accumulated depreciation is calculated. The valuer has determined the asset consumption rating scale for each asset type based on the interrelationship between a range of factors. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

The consumption rating scale is assessed in line with the condition ratings in the following table:

Condition Rating	Assessment
0H/ 0M	Very high level of remaining service potential
1H/ 1M	High level of remaining service potential
2H/ 2M	Adequate level of remaining service potential
3H/ 3M	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
4H/ 4M	Barely adequate level of remaining service potential requiring action to be taken in the short term
5H/ 5M	Asset is now unacceptable and must be closed or renewed
6H/ 6M	End of life

Residual values have been recorded for each asset. These residual values have been calculated at the component level and are based on the cost that would be incurred to restore the asset's service potential back to "as new" if it were allowed to deteriorate to a condition which was deemed to deliver an "unacceptable level of service".

The sensitivity of the valuation to these inputs is impacted in the following ways:

Input	Application	Impact
Unit Rate	Applied to all assets.	A small increase in unit rate applied to common assets (eg. formation) will have a far greater impact on fair values than the same increase to less common assets (eg. road furniture).
Relationship between asset consumption rating scale and level of consumed service potential	Used in calculating accumulated depreciation	Accumulated depreciation may be misstated if an incorrect consumption rating scale is applied or if the level of consumed service potential is misstated.



**CHARTERS TOWERS REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(d). Fair Value Measurement**

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

**City Roads and Drainage (Level 3)**

City Road and Drainage assets were valued by external independent valuers, APV Valuers and Asset Management, using level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2, given the low proportion of the total portfolio that these represented and the likelihood that in future valuation they would most likely be valued at level 3, a policy that all road, water and sewer infrastructure assets are deemed to be valued at level 3.

The consumption rating scale and the level of consumed service potential is the basis for which the accumulated depreciation is calculated. The valuer has determined the asset consumption rating scale for each asset type based on the interrelationship between a range of factors. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

The consumption rating scale is assessed in line with the condition ratings in the following table:

<b>Condition Rating</b>	<b>Assessment</b>
0H/ 0M	Very high level of remaining service potential
1H/ 1M	High level of remaining service potential
2H/ 2M	Adequate level of remaining service potential
3H/ 3M	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
4H/ 4M	Barely adequate level of remaining service potential requiring action to be taken in the short term
5H/ 5M	Asset is now unacceptable and must be closed or renewed
6H/ 6M	End of life

Residual values have been recorded for each asset. These residual values have been calculated at the component level and are based on the cost that would be incurred to restore the asset's service potential back to "as new" if it were allowed to deteriorate to a condition which was deemed to deliver an "unacceptable level of service".



**CHARTERS TOWERS REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(d). Fair Value Measurement**

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

The sensitivity of the valuation to these inputs is impacted in the following ways:

Input	Application	Impact
Unit Rate	Applied to all assets.	A small increase in unit rate applied to common assets (eg. formation) will have a far greater impact on fair values than the same increase to less common assets (eg. road furniture).
Relationship between asset consumption rating scale and level of consumed service potential	Used in calculating accumulated depreciation	Accumulated depreciation may be misstated if an incorrect consumption rating scale is applied or if the level of consumed service potential is misstated.

**Rural Roads (Level 3)**

Rural Roads Infrastructure assets are valued internally by Council staff with relevant road construction experience and qualifications, using level 3 valuation inputs based on the cost approach. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Unit rates are calculated based on actual work performed by Council during the year. Professional judgement is then applied to determine how the calculated rates should be applied to the various components of the rural road network, setting useful lives, residual and asset condition.

The accumulated depreciation of the assets has been calculated by applying the assessed condition of the assets as a remaining useful life. This is then applied as a proportion of replacement cost. The assessed condition is applied via a rating system from 10 to 1, with 10 being a new asset and 1 being the end of the asset life. Increments are applied proportionally, based on remaining useful life of the asset or, in the case of gravel roads, the assessment is based on the proportion of gravel remaining on the road of the standard 150mm of gravel.

Residual values have been recorded for each asset. These residual values have been calculated at the component level and are based on the cost that would be incurred to restore the asset's service potential back to "as new" if it were allowed to deteriorate to a condition which was deemed to deliver an "unacceptable level of service".

The sensitivity of the valuation to these inputs is impacted in the following ways:

Input	Application	Impact
Unit Rate	Applied to all assets.	A small increase in unit rate applied to common assets (eg. gravel or formation) will have a far greater impact on fair values than the same increase to less common assets (eg. RCBC culverts).
Remaining useful life	Used in calculating accumulated depreciation	Under estimation of remaining useful life will inflate accumulated depreciation calculations, while over estimation will deflate accumulated depreciation calculations.
Residual Value	Used in calculating accumulated depreciation	Increased residual values will lead to decreased accumulated depreciation values.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**15. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**15(d). Fair Value Measurement**

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

**Water and Sewerage Infrastructure (level 3)**

Water and Sewerage Infrastructure assets were valued by external independent consulting engineers, Duncan Projects Pty Ltd, using level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Actual costs of sample works undertaken by Charters Towers Regional Council were used to determine unit rate costs for passive assets in the water and sewer networks and cost of active assets in the networks. These costs are then compared to competitive tender rates for the same work in a wider region to ensure that valuations are reasonable. Once these rates have been determined, the rates are then applied to the relevant assets.

The accumulated depreciation of the assets has been calculated by applying the assessed condition of the assets as a remaining useful life. This is then applied as a proportion of replacement cost. The assessed condition of the assets is based on the expected remaining useful life of the asset. As the majority of water and sewerage infrastructure assets are buried assets, the remaining useful life is determined by applying the anticipated asset life to the installation date of the asset. This remaining useful life is then adjusted appropriately if information (such as line break data) is available which indicates that the remaining useful of the particular asset, will be materially different from the calculated remaining useful life.

Residual values have been recorded for each asset. These residual values have been calculated at the component level and are based on the cost that would be incurred to restore the asset's service potential back to "as new" if it were allowed to deteriorate to a condition which was deemed to deliver an "unacceptable level of service".

The sensitivity of the valuation to these inputs is impacted in the following ways:

<b>Input</b>	<b>Application</b>	<b>Impact</b>
Unit Rate	Applied to passive assets (eg. Pipes & Connections)	A small increase in unit rate applied to common pipe sizes (eg. 100mm & 150mm) will have a far greater impact on fair values than the same increase to less common sizes (eg. >375mm water main).
Remaining useful life	Used in calculating accumulated depreciation	Under estimation of remaining useful life will inflate accumulated depreciation calculations, while over estimation will deflate accumulated depreciation calculations.
Residual Value	Used in calculating accumulated depreciation	Increased residual values will lead to decreased accumulated depreciation values.

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

The changes in level 3 assets with recurring fair value measurements are detailed in note 15(a) (Property, Plant and Equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

**(iv) Valuation processes**

Council's valuation policies and procedures are set by Council as part of the annual budget process. This is done after appropriate consultation with the Director of Corporate Service, members of the Audit Committee and relevant finance staff. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1p. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

	Council 2014	Council 2013
<b>16. TRADE AND OTHER PAYABLES</b>		
<b>(a) Current</b>		
Sundry Creditors, including Contract Retentions	6,802,675	5,132,318
Employee Benefits - Annual Leave	2,390,212	2,121,549
Employee Benefits - RDO & TOIL	126,508	108,649
	<b>9,319,395</b>	<b>7,362,516</b>
<b>(b) Non-Current</b>		
Annual Leave	-	-
	-	-
<b>17. BORROWINGS</b>		
<b>(a) Current</b>		
Loans - Queensland Treasury Corporation	84,243	91,250
	<b>84,243</b>	<b>91,250</b>
<b>(b) Non-Current</b>		
Loans - Queensland Treasury Corporation	-	77,205
	-	<b>77,205</b>
<b>(c) Loan Summary</b>		
<b>Queensland Treasury Corporation</b>		
Opening Balance at Beginning of Financial Year	168,455	248,317
Loans Raised	-	-
Repayments	(91,234)	(91,234)
Interest	7,021	11,372
Book Value at Period End	<b>84,243</b>	<b>168,455</b>
Classified As:		
Current	84,243	91,250
Non-Current	-	77,205
	<b>84,243</b>	<b>168,455</b>
<p>The loan market value at 30 June 2014 was \$86,170 (2013: \$172,949) . This represents the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. Council's loan borrowings are entirely represented by loans from Queensland Treasury Corporation (QTC). The interest rates on QTC borrowings is currently averaged at 5.25%. Borrowings are all in Australian dollar denominated amounts.</p>		
<b>18. PROVISIONS</b>		
<b>(a) Current</b>		
Long Service Leave	1,706,968	1,947,950
	<b>1,706,968</b>	<b>1,947,950</b>
<b>(b) Non-Current</b>		
Long Service Leave	741,236	741,236
	<b>741,236</b>	<b>741,236</b>
<b>(c) Long Service Leave Summary</b>		
Balance at Beginning of Financial Year	2,689,186	2,160,224
Long Service Leave Entitlement Arising	93,771	770,360
Long Service Leave Entitlement Extinguished	-	-
Long Service Leave Entitlement Paid	(334,753)	(241,398)
Balance at the End of the Period	<b>2,448,204</b>	<b>2,689,186</b>
Classified As:		
Current	1,706,968	1,947,950
Non-Current	741,236	741,236
	<b>2,448,204</b>	<b>2,689,186</b>

The total current liability of \$1,706,968 is not expected to be settled within the next 12 months.



# CHARTERS TOWERS REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	Council 2014	Council 2013
<b>19. RETAINED SURPLUS</b>			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at the beginning of financial year		-	-
Net result attributable to Council within the reporting period		(8,654,736)	16,047,570
Transfers (to) capital reserves for future capital project funding, or (from) reserve funds that have been expended:			
Future Capital Works Reserve		10,366,007	9,485,689
Infrastructure Reserves		23,170,720	10,264,601
Plant Reserve		1,620,000	2,701,386
Constrained Works Reserve		-	809,308
Transfers (to) recurrent reserves for future project funding, or (from) reserve funds that have been expended:			
Long Service Leave Reserve		1,200,000	1,200,000
IT Provision Reserve		760,272	659,855
Special Projects Reserve		3,100,000	3,200,000
Sustainability Reserve		4,800,000	4,500,000
Transfer (to)/from Council Capital	20	(890,344)	(3,851,411)
<b>Retained Surplus at the end of the reporting period</b>		<b>35,471,919</b>	<b>45,016,999</b>
<b>20. COUNCIL CAPITAL</b>			
<b>(a) Movement</b>			
Opening Balance		326,724,969	322,873,558
Transfer from Retained Surplus		890,344	3,851,411
<b>Council Capital at the end of the reporting period</b>		<b>327,615,313</b>	<b>326,724,969</b>
<b>(b) Summary of Account</b>			
Written Down Value of Assets ( <i>excludes Revaluation Component</i> )		330,836,166	328,683,438
Community Loans		80,490	55,422
Loan Capital		(84,243)	(168,455)
Working Capital Assets		10,860,588	8,002,823
Working Capital Liabilities		(14,077,688)	(9,848,258)
<b>Council Capital at the end of the reporting period</b>		<b>327,615,313</b>	<b>326,724,971</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

**21. ASSET REVALUATION SURPLUS**

Movements represent fair value adjustments during the reporting period. See Note 1(u)(ii).

	<b>Council 2014</b>	<b>Council 2013</b>
Movements in the Asset Revaluation Surplus were as follows:		
Balance at beginning of financial year	<b>126,160,425</b>	<b>69,768,928</b>
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Water Infrastructure	2,514,162	848,118
Sewerage Infrastructure	310,657	2,039,056
City Roads & Drainage	412,027	25,279,269
Rural Roads	11,790,199	23,834,483
Buildings & Structures	1,109,150	3,264,817
Land	-	1,237,026
Storm Drains	-	(111,272)
Sub Total of Annual Movement	<b>16,136,195</b>	<b>56,391,497</b>
<b>Balance at end of financial year</b>	<b>142,296,620</b>	<b>126,160,425</b>

	<b>Council 2014</b>	<b>Council 2013</b>
Asset Revaluation Surplus Analysis		
The closing balance of the Asset Revaluation Surplus comprises the following asset categories:		
Water Infrastructure	12,650,321	10,136,160
Sewerage Infrastructure	5,388,646	5,077,988
City Roads & Drainage	28,569,272	28,157,244
Rural Roads	67,457,468	55,667,270
Buildings & Structures	22,972,646	21,863,496
Land	5,258,267	5,258,267
	<b>142,296,620</b>	<b>126,160,425</b>

When the Asset Revaluation Surplus at \$142,296,620 is combined to the written down value component of assets within the Capital account \$330,836,166 (see note 20b), the actual written down value of assets is \$473,132,786 (see note 15a).



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

**22. RESERVES**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves. The internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 10.

Note	Council 2014	Council 2013
<b>Capital Reserves</b>		
Future Capital Works Reserve	-	-
Infrastructure Reserves	-	-
Plant Reserve	-	-
Constrained Works Reserve	-	-
	-	-
<b>Recurrent Reserves</b>		
Sustainability Reserve	-	-
Long Service Leave Reserve	-	-
Special Projects Reserve	-	-
Information Technology Provision Reserve	-	-
	-	-
<b>Movements in Capital Reserves</b>		
Future Capital Works Reserve		
Balance at beginning of financial year	-	9,485,689
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(9,485,689)
Balance at end of financial year	-	-
Infrastructure Reserves		
Balance at beginning of financial year	-	10,264,601
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(10,264,601)
Balance at end of financial year	-	-
Plant Reserve		
Balance at beginning of financial year	-	2,701,386
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(2,701,386)
Balance at end of financial year	-	-
Constrained Works Reserve		
Balance at beginning of financial year	-	809,308
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(809,308)
Balance at end of financial year	-	-
<b>Movements in Recurrent Reserves</b>		
Sustainability Reserve		
Balance at beginning of financial year	-	4,500,000
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(4,500,000)
Balance at end of financial year	-	-
Long Service Leave Reserve		
Balance at beginning of financial year	-	1,200,000
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(1,200,000)
Balance at end of financial year	-	-
Special Projects Reserve		
Balance at beginning of financial year	-	3,200,000
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(3,200,000)
Balance at end of financial year	-	-
Information Technology Reserve		
Balance at beginning of financial year	-	659,855
Reserve Transfers for future expenditure		
Transfer to Retained Surplus	-	(659,855)
Balance at end of financial year	-	-



**CHARTERS TOWERS REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**23. RECONCILIATION OF NET RESULT FOR THE YEAR TO THE NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>Council 2014</b>	<b>Council 2013</b>
Net Operating Surplus	(8,654,736)	16,047,570
Non-cash Operating Items:		
Depreciation	6,856,044	6,274,252
Write-offs of Property, Plant & Equipment	1,504,392	609,881
Opening WIP Moved to Expense	260,739	61,023
Community Loan Interest Charged	(3,530)	(5,441)
	8,617,645	6,939,715
Investing & Development Activities:		
Net (Profit) Loss on Disposal of Non Current Assets	(226,945)	(16,247)
Capital Grants, Subsidies, Contributions & Donations	(5,200,522)	(7,232,470)
	(5,427,467)	(7,248,717)
Changes in Operating Assets & Liabilities:		
(Increase) Decrease in Trade & Other Receivables	(426,141)	(1,007,108)
(Increase) Decrease in Financial Assets	-	-
(Increase) Decrease in Inventories	81,907	(32,759)
Increase (Decrease) in Trade & Other Payables	1,956,880	3,197,552
Increase (Decrease) in Provisions	(240,982)	528,962
	1,371,664	2,686,647
<b>Net Cash Inflow (Outflows) from Operating Activities</b>	<b>(4,092,894)</b>	<b>18,425,215</b>

**24. TRUST FUNDS HELD FOR OUTSIDE PARTIES**

	<b>Council 2014</b>	<b>Council 2013</b>
Monies Held in Trust are as Follows:		
Sundries	60,756	60,428
Animal Trap Deposits	155	186
Relocation of Buildings	35,043	13,444
Subdivision – Roadworks	157,212	174,007
Subdivision – Water Connections	47,977	107,526
Subdivision – Sewerage Connections	15,000	15,000
Temporary Library Memberships	446	518
Arthur Titley Centre Hire Security Deposits	3,956	3,506
Equestrian Centre Hire Security Deposits	1,933	2,262
Cemetery/Monument Works	484	659
Retention Monies	-	-
<b>TOTAL</b>	<b>322,962</b>	<b>377,536</b>

The Charters Towers Regional Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.



## CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2014

### 25. EVENTS AFTER BALANCE DATE

There were no material adjusting or non-adjusting events after the balance date.

### 26. SUPERANNUATION

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

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

The scheme has three elements referred to:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund.
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at insuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the on-going solvency of the Regional DBF, the scheme trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As the reporting date, no changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience".

Following the previous actuarial assessment in 2009, Councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.





## CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2014

### 26. SUPERANNUATION Cont'd

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on Councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable – normally when the assets of the DBF are insufficient to meet member's benefits.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Charters Towers Regional Council made less than 1% of the total contributions to the plan in the 2013-14 financial year. The amount of superannuation contributions paid by Charters Towers Regional Council to the scheme in this period for the benefit of employees was \$1,880,602 (2013: \$1,791,880).

The next actuarial investigation will be made as at 1 July 2015.

### 27. CAPITAL AND OPERATING COMMITMENTS

At 30 June 2014 capital and operating commitments of \$337,000 for roads capital works under the TIDS program, \$262,000 for 2014/2015 electricity annual orders, \$176,645 for purchase of a heavy vehicle, \$40,500 for purchase of a fleet vehicle, \$244,000 for saleyard services expenses (expires 1 January 2016), \$153,000 for landfill contract expenses (expires 1 December 2015), \$92,000 for internal audit project existed but were not recognised in the financial statements. Commitments reported at 30 June 2013 totalled \$10,512,948 of which \$10,073,948 were for works related to NDRRA events.

### 28. CONTINGENT LIABILITIES

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

#### Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover any bad debts which may remain should the self-insurance licence be cancelled or insufficient funds be available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$534,581 (2013: \$500,484).

#### Local Government Mutual

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 2014, the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

### 29. FINANCIAL INSTRUMENTS

Council's activities expose it to the financial risks arising from financial instruments – credit risk, liquidity risk and market risk.

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





# **CHARTERS TOWERS REGIONAL COUNCIL** **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 30 June 2014**

## **29. FINANCIAL INSTRUMENTS Cont'd**

### **Financial Risk Management**

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

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

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

Council measures risk exposure using a variety of methods as follows –

<b>Risk Exposure</b>	<b>Measurement Method</b>
(i) Credit Risk	Ageing Analysis
(ii) Liquidity Risk	Maturity Analysis
(iii) Market Risk	Sensitivity Analysis

### **(i) Credit Risk**

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	<b>Note</b>	<b>Council 2014</b>	<b>Council 2013</b>
<b>Financial Assets</b>			
Cash & Cash Equivalents	10	34,478,452	44,023,531
Investments	11	1,000,000	1,000,000
Receivables – Rates	12(a)	796,617	322,127
Loans to Community Organisations	12	80,490	90,472
Other Debtors	12(a)	6,649,350	6,641,634
<b>Other Credit Exposures</b>			
Bank Guarantee	28	534,581	500,484
<b>TOTAL</b>		<b>43,539,490</b>	<b>52,578,248</b>

### **Cash and Cash Equivalents**

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with QTC Cash Fund are capital guaranteed.

Other cash investments are held with highly rated/regulated banks and financial institutions and whilst not capital guaranteed, the likelihood of the counterparty having capacity to meet its financial commitments is strong.



**CHARTERS TOWERS REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**29. FINANCIAL INSTRUMENTS Cont'd**

**(i) Credit Risk cont'd**

**Trade and Other Receivables**

In the case of rate receivables, Council has the power to sell the property to recover any defaulted amounts. In effect this power protects Council against credit risk in the case of defaults.

In other cases, the 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 Council operations, there is geographical concentration of risk in Council's area. Because the area is largely agricultural, there is also a concentration in the grazing sector.

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

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	Not Past Due	Past Due			Impaired	Total
		30-60 Days	61-90 Days	More than 90 Days		
<b>Financial Assets</b>						
2014 Other Debtors	6,485,109	76,096	12,056	76,089	-	<b>6,649,350</b>
2013 Other Debtors	5,967,610	569,961	39,229	64,834	-	<b>6,641,634</b>



# **CHARTERS TOWERS REGIONAL COUNCIL** **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 30 June 2014**

## **29. FINANCIAL INSTRUMENTS Cont'd**

### **(ii) Liquidity Risk**

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works.

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

### **Contractual Maturity of Financial Liabilities and Trade Payables**

Financial Liabilities	0 to 1 year	1 to 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>2014</b>					
Trade & Other Payables	6,802,675	-	-	6,802,675	6,802,675
Loans – QTC	87,518	-	-	87,518	84,243
	6,890,193	-	-	6,890,193	6,886,918
<b>2013</b>					
Trade & Other Payables	5,132,318	-	-	5,132,318	5,132,318
Loans - QTC	91,234	86,989	-	178,223	168,455
	5,223,552	86,989	-	5,310,541	5,300,773

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.

### **(iii) Market Risk**

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

### **Interest Rate Risk**

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions. The risk in borrowing is effectively managed by borrowing from Queensland Treasury Corporation and having access to a mix of fixed and variable funding sources so that the interest rate risk exposure can be minimized. The fair value interest rate risk in other areas is minimal. Council does not undertake any hedging of interest rate risk.

### **Sensitivity**

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



# **CHARTERS TOWERS REGIONAL COUNCIL** **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 30 June 2014**

## **29. FINANCIAL INSTRUMENTS Cont'd**

### **(iii) Market Risk cont'd**

#### **Interest Rate Sensitivity Analysis**

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management as to 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 calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change.

	Profit				Equity			
	2014		2013		2014		2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Financial Assets	354,785	(354,785)	450,235	(450,235)	354,785	(354,785)	450,235	(450,235)
Financial Liabilities	(842)	842	(1,685)	1,685	(842)	842	(1,685)	1,685
<b>Net</b>	<b>353,942</b>	<b>(353,942)</b>	<b>448,551</b>	<b>(448,551)</b>	<b>353,942</b>	<b>(353,942)</b>	<b>448,551</b>	<b>(448,551)</b>

## **30. CORRECTION OF ERROR**

Errors occurred in the year ended 30 June 2013 whereby a) revenue and operating expenses were equally grossed up by the value of internal transactions; Flood Event 2012 Contract and b) NDRRA funding that supported capital works were classified as recurrent revenue instead of capital income and revenue. There is no effect on the surplus disclosed in the statement of comprehensive income or on balances in the statement of financial position.

The error has been corrected by restating each of the affected financial statements line items for the prior period as follows:

	2013	Net Operating Surplus	(Restated) 2013
<b>Statement of Comprehensive Income (extract)</b>			
Total Recurrent Revenue	69,213,874	(3,047,084)	66,166,790
Total Capital Income & Revenue	6,656,974	591,744	7,248,718
Total Recurrent Expenses	(59,213,397)	2,455,340	(56,758,057)
Total Capital Expenses	(609,881)	-	(609,881)
Net Operating Surplus	16,047,570	-	16,047,570

	2013	Net Operating Surplus	(Restated) 2013
<b>Statement of Cashflows (extract)</b>			
Payments to Suppliers & Employees	(54,006,921)	2,455,340	(51,551,581)
Non Capital Grants & Contributions	41,238,935	(3,047,084)	38,191,851
<b>Net Cash Inflow (Outflow) from Operating Activities</b>	<b>19,016,959</b>	<b>(591,744)</b>	<b>18,425,214</b>
Capital Grants, Subsidies, Contributions & Donations	2,410,698	591,744	3,002,442
<b>Net Cash Inflow (Outflow) from Investing Activities</b>	<b>(6,740,737)</b>	<b>591,744</b>	<b>(6,148,993)</b>
NET INCREASE (DECREASE) IN CASH HELD	12,196,360	-	12,196,360



**CHARTERS TOWERS REGIONAL COUNCIL  
MANAGEMENT CERTIFICATE  
For the year ended 30 June 2014**

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 51, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Mayor

Frank Beveridge

Date: 31.10.2014

Chief Executive Officer

Mark Crawley

Date: 31.10.2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Charters Towers Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Charters Towers Regional Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

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

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

## *Independence*

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

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Charters Towers Regional Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

## **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane



**CHARTERS TOWERS REGIONAL COUNCIL**  
**CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT**  
**For the year ended 30 June 2014**

**Current-year Financial Sustainability**  
**For the year ended 30 June 2014**

Measures of Financial Sustainability	How the measure is calculated	Actual Council	Target
Council's performance at 30 June 2014 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	117%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-64%	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 primarily drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014. For the purposes of calculating the asset sustainability ratio, the capital expenditure on the replacement of assets (renewals) is \$8,048,095.

**Certificate of Accuracy**  
For the year ended 30 June 2014

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  
Frank Beveridge

Date: 31.10.2014

  
\_\_\_\_\_  
Chief Executive Officer  
Mark Crawley

Date: 31.10.2014



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Charters Towers Regional Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Charters Towers Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

### *Independence*

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

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

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 Chartered Towers Regional Council, for the year ended 30 June 2014, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane



**CHARTERS TOWERS REGIONAL COUNCIL**  
**LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT**  
**For the year ended 30 June 2014**

**Long-Term Financial Sustainability**  
**Prepared as at 30 June 2014**

Measures of Financial Sustainability	How the measure is calculated	Target	Actuals at 30 June 2014	Projected for the year ended								
				30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Council												
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	-25%	-30%	-17%	-15%	-15%	-13%	-12%	-9%	-6%	-4%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	117%	114%	62%	89%	70%	56%	83%	79%	65%	75%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-64%	-34%	27%	-3%	1%	0%	4%	4%	-1%	-5%

**Charters Towers Regional Council Financial Management Strategy**

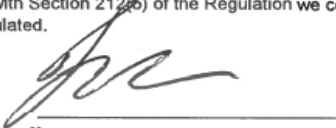
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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


**Certificate of Accuracy**

For the long-term financial sustainability statement prepared as at 30 June 2014

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  
 Frank Beveridge  
 Date: 31.10.2014

  
 Chief Executive Officer  
 Mark Crawley  
 Date: 31.10.2014