



FINANCIAL STATEMENTS

For the year ended 30 June 2021

Appendix 2



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Statement of Comprehensive Income

For the year ended 30 June 2021



Statement of Comprehensive Income

	Note	2021	2020
Income			
Recurrent revenue			
Rates, levies and charges	3 a	24,224,788	23,844,491
Fees and charges	3 b	4,318,752	3,310,722
Sales - contract and recoverable works	3 c	2,691,973	10,760,648
Grants, subsidies, contributions and donations	3 d (i)	45,681,444	32,341,375
Interest	3 e	282,143	848,294
Other income		194,415	189,440
Total recurrent revenue		77,393,515	71,294,970
Capital revenue			
Grants, subsidies, contributions and donations	3 d (ii)	5,430,366	6,804,136
Gain on sale of non-current assets	4 a	743,679	-
Non-current asset revaluation increment	4 b	1,317,202	-
Total capital revenue		7,491,247	6,804,136
Total income		84,884,762	78,099,106
Expenses			
Recurrent expenses			
Employee benefits	5	(19,652,894)	(18,566,493)
Materials, services, maintenance and other	6	(51,375,532)	(43,902,908)
Depreciation	13	(9,016,573)	(8,911,509)
Finance costs	7	(67,033)	(853,753)
Total recurrent expenses		(80,112,032)	(72,234,663)
Capital expenses			
Loss on sale of non-current assets	8	(210,262)	-
Non-current assets write-offs	8	(4,002,907)	(2,046,928)
Total capital expenses		(4,213,169)	(2,046,928)
Total expenses		(84,325,201)	(74,281,591)
Net result		559,561	3,817,515
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	19	2,627,106	(32,790,128)
Total other comprehensive income for the year		2,627,106	(32,790,128)
Total comprehensive income for the year		3,186,667	(28,972,613)

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

Statement of Financial Position

As at 30 June 2021



Statement of Financial Position

	Note	2021	2020
Current assets			
Cash and cash equivalents	9	31,518,063	52,337,145
Investments	10	1,000,000	1,000,000
Receivables	11a	4,267,337	5,998,037
Inventories	12	674,715	634,894
Contract assets	14	11,859,920	7,858,976
Total current assets		49,320,035	67,829,052
Non-current assets			
Property, plant and equipment	13	455,521,059	455,196,020
Receivables	11b	1,809	3,532
Total non-current assets		455,522,868	455,199,552
Total assets		504,842,903	523,028,604
Current liabilities			
Contract liabilities	14	3,209,443	18,497,002
Payables	16	4,342,435	10,067,438
Borrowings	17	148,542	144,668
Provisions	18	3,743,383	3,929,310
Total current liabilities		11,443,803	32,638,418
Non-current liabilities			
Borrowings	17	801,954	949,418
Provisions	18	1,672,308	1,702,597
Total non-current liabilities		2,474,262	2,652,015
Total liabilities		13,918,065	35,290,433
Net community assets		490,924,838	487,738,171
Community equity			
Retained surplus		32,511,963	53,330,045
Council capital		334,051,089	312,673,446
Asset revaluation surplus	19	124,361,786	121,734,680
Total community equity		490,924,838	487,738,171

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

Statement of Changes in Equity

For the year ended 30 June 2021



Statement of Changes in Equity

	Note	Retained surplus	Council capital	Asset revaluation surplus	Total
Balance as at 1 July 2020		53,330,045	312,673,446	121,734,680	487,738,171
Net result		559,561	-	-	559,561
Increase/(decrease) in asset revaluation surplus		-	-	2,627,106	2,627,106
Total comprehensive income for the year		559,561	-	2,627,106	3,186,667
Transfers to/(from) council capital		(21,377,643)	21,377,643	-	-
Balance as at 30 June 2021		32,511,963	334,051,089	124,361,786	490,924,838
Balance as at 1 July 2019		36,918,779	327,190,949	154,524,808	518,634,536
Adjustment on initial application of AASB 15 / AASB 1058		(1,253,974)	-	-	(1,253,974)
Adjustment due to correction of error		(669,779)	-	-	(669,779)
Restated balance at 1 July 2019		34,995,026	327,190,949	154,524,808	516,710,783
Net Result		3,817,515	-	-	3,817,515
Increase/(decrease) in asset revaluation surplus		-	-	(32,790,128)	(32,790,128)
Total comprehensive income for the year		3,817,515	-	(32,790,128)	(28,972,613)
Transfers to/(from) council capital		14,517,504	(14,517,504)	-	-
Balance as at 30 June 2020		53,330,045	312,673,446	121,734,680	487,738,171

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

Statement of Cash Flows

For the year ended 30 June 2021



Statement of Cash Flows

	Note	2021	2020
Cash flows from operating activities			
Receipts from customers		22,318,053	53,778,939
Payments to suppliers and employees		(85,255,874)	(59,634,973)
		(62,937,821)	(5,856,034)
Interest received		281,966	847,601
Non-capital grants and contributions		45,681,444	32,341,375
Borrowing costs	7	(28,784)	(32,713)
Net cash inflow (outflow) from operating activities	23	(17,003,195)	27,300,229
Cash flow from investing activities			
Payments for property, plant and equipment		(10,501,417)	(17,572,511)
Receivables-community loans		1,899	16,773
Proceeds from sale of property, plant and equipment	4	1,396,855	-
Capital grants, subsidies, contributions and donations		5,430,366	6,804,136
Net cash inflow (outflow) from investing activities		(3,672,297)	(10,751,602)
Cash flow from financing activities			
Repayment of loan borrowings		(143,590)	(139,661)
Net cash inflow (outflow) from financing activities		(143,590)	(139,661)
Net increase (decrease) in cash held		(20,819,082)	16,408,966
Cash and cash equivalents at beginning of the financial year	9	52,337,145	35,928,179
Cash and cash equivalents at end of the financial year	9	31,518,063	52,337,145

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

Notes to the Financial Statements

For the year ended 30 June 2021



1. Information about these financial statements

a. Basis of preparation

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

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except where stated.

b. New and revised Accounting Standards adopted during the year

Charters Towers Regional Council adopted all standards which became mandatorily effective for annual reporting periods beginning on the 1 July 2020, none of these standards has a material impact on reported position, performance and cash flows.

c. Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective as 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. None of these standards has a material impact on reported position, performance and cash flows.

d. Estimates and judgements

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

Revenue recognition— Note 3

Valuation and depreciation of property, plant and equipment – Note 13

Provisions – Note 18

Contingent liabilities – Note 21

Financial instruments – Note 26

e. Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest dollar, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

Comparative information is prepared on the same basis as prior year.

Notes to the Financial Statements

For the year ended 30 June 2021



f. Volunteer services

Council accesses a minor number of volunteer services that if not donated would not be purchased. These services cannot be reliably measured and are therefore not recognised in the Statement of Comprehensive Income.

g. Taxation

Council is exempt from income tax, however council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. When applicable, the net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

h. COVID-19

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic response.

As a result of the COVID-19 restrictions imposed on gatherings in public spaces such as theatres and cinemas, there has been a decrease in World Theatre revenue this financial year. The decrease is not considered to be material to the financial statements.

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

Notes to the Financial Statements

For the year ended 30 June 2021



2. Analysis of results by function

a. Components of council functions:

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

Office of the CEO (OCEO)

The objective of this directorate is to set and achieve council wide goals, strategies and operating plans.

Office of the CEO - Corporate and Business Planning, Organisation Performance, Corporate Branding and Image, Economic Development, Disaster Management Coordination, Agenda and Minutes and State Emergency Coordination.

Elected Members - Community Consultation, Official Functions and Delegations, Media Relations and Elections.

Infrastructure services (IS)

The objective of this directorate is to ensure sustainable management of the regions infrastructure networks by providing services and facilities that are safe, reliant, efficient and customer driven.

Roads Infrastructure - Road Construction and Contracts, Survey Design, Road Maintenance and Flood Restoration Works.

Fleet Services Function - Facilitate Council's fleet maintenance and replacement programs.

Water and Sewerage - Water Supply and Treatment, Water Reticulation, Sewerage Reticulation and Sewerage Treatment.

Facilities - Environmental Services, Waste Management, Land and Pest Management, Saleyard Facilities, Open Spaces Maintenance, Community and Council Facilities Maintenance and Airport Operations.

Corporate & Community Services (CCS)

The objective of this directorate is to consolidate council-wide activities such as administration, financial decisions and governance/regulatory processes. Additionally, CCS set out to benefit and grow the region through cultural and tourism activities.

WHS - Secure the health and safety of the workforce.

Community - Library Services, Tourism Promotion, Visitor Information Centre, Youth Related Activities, Galleries and Exhibitions, World Theatre Entertainment Services, Events Management, Community Development, Regional Arts Development and Arts and Culture.

Development and Regulatory Services - Land Use Planning, Heritage Management, Planning Act, Building and Plumbing Compliance, Local Laws and Animal Related Customer Requests.

Corporate Services - Customer Service, General Administration, Rating, Financial Services, Procurement, Business and Procedures, Information Technology Infrastructure Support, People and Performance Services.

Governance - Enterprise Risk Management, Administrative Review, Internal Audit, Records Management and Communications.



Notes to the Financial Statements

For the year ended 30 June 2021

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

Year ended 30 June 2021 (000's)												
FUNCTIONS	Gross program income				Total income		Gross program expenses			Total expenses 2021	Net result from recurring operations 2021	Net result attributable to council within the reporting period 2021
	Recurring 2021	Other	Grants	Capital 2021	2021	2021	Recurring 2021	Capital 2021	2021			
Office of CEO / Elected Members	154	4	4	4	162	-	2,069	-	2,069	(1,911)	(1,907)	1
Roads Infrastructure	38,605	4,433	3,768	46,806	46,806	1,442	54,943	1,442	56,385	(11,905)	(9,579)	315,433
Fleet	-	112	-	401	513	292	292	149	441	(180)	72	8,580
Water	3	7,075	560	-	7,638	2,066	6,302	2,066	8,368	776	(730)	66,252
Sewerage	-	3,837	-	-	3,837	-	1,434	-	1,434	2,403	2,403	20,138
Facilities	50	2,806	1,098	1,317	5,271	495	6,515	495	7,010	(3,659)	(1,739)	56,988
Development / Regulatory Services	360	-	-	-	360	-	1,145	-	1,145	(785)	(785)	-
Governance / Community	222	252	-	-	474	-	3,664	-	3,664	(3,190)	(3,190)	1
Corporate Services / WHS	6,648	12,833	-	343	19,824	61	3,748	61	3,809	15,733	16,015	37,450
Total Council	45,682	31,712	5,430	2,061	84,885	4,213	80,112	4,213	84,325	(2,718)	560	504,843
Year ended 30 June 2020 (000's)												
FUNCTIONS	Gross program income				Total income		Gross program expenses			Total expenses 2020	Net result from recurring operations 2020	Net result attributable to council within the reporting period 2020
	Recurring 2020	Other	Grants	Capital 2020	2020	2020	Recurring 2020	Capital 2020	2020			
Office of CEO / Elected Members	89	5	73	-	167	-	1,982	-	1,982	(1,888)	(1,815)	-
Roads Infrastructure	25,289	10,436	2,993	38,718	38,718	1,798	44,101	1,798	45,899	(8,376)	(7,181)	298,787
Fleet	-	-	-	-	-	-	7	-	7	(7)	(7)	9,480
Water	-	7,017	3,021	(2)	10,036	37	5,655	37	5,692	1,362	4,344	68,922
Sewerage	-	3,633	-	5	3,638	-	1,325	-	1,325	2,308	2,313	20,093
Facilities	134	4,058	619	21	4,832	211	11,288	211	11,499	(7,096)	(6,667)	60,694
Development / Regulatory Services	-	266	-	-	266	-	1,105	-	1,105	(839)	(839)	-
Governance / Community	76	272	-	-	348	-	3,177	-	3,177	(2,829)	(2,829)	28
Corporate Services / WHS	6,754	13,267	74	-	20,095	-	3,595	-	3,595	16,426	16,500	65,025
Total Council	32,342	38,954	6,780	24	78,100	2,046	72,235	2,046	74,281	(939)	3,819	523,029

Notes to the Financial Statements

For the year ended 30 June 2021



3. Revenue

a. Rates, levies and charges

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	2021	2020
General rates	13,505,774	13,168,199
Cleansing / refuse	1,392,684	1,364,459
Water services	5,219,484	6,466,439
Water – excess allocation	1,933,766	646,474
Sewerage	3,819,580	3,726,122
Total rates, levies and charges revenue	25,871,288	25,371,693
Less: Discounts	(1,334,439)	(1,230,169)
Pensioner remissions	(312,061)	(297,033)
Net rates, levies and charges	24,224,788	23,844,491

b. Fees and charges

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

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

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

Revenue from infringements is recognised on issue of infringement notice.

	2021	2020
Animal control fees and charges	120,466	114,476
Cemetery fees and charges	75,671	79,551
Landfill fees and charges	505,473	402,544
Regulatory fees and charges	236,791	150,193
Rental/hire fee and charges	69,137	82,631
Reserve rental	39,186	16,853
Saleyards fees and charges	2,727,692	2,104,244
Search fees	80,183	38,894
Water and sewerage services	235,459	16,784
World theatre fees and charges	183,876	216,438
Other fees and charges	44,818	88,114
Total fees and charges	4,318,752	3,310,722

Notes to the Financial Statements

For the year ended 30 June 2021



c. Sales revenue – Contract and recoverable works

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. 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. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Contract and recoverable works	2021	2020
Private works	1,740	138,159
Main Roads contract	2,481,081	10,434,661
Other	209,152	187,828
Total sales revenue	2,691,973	10,760,648

d. Grants, subsidies, contributions and donations

Grant income under AASB 15

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

Performance obligations vary in each agreement and include performance milestones and review and sign off from contract parties. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

Grant income under AASB 1058

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

Capital grants

Where council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the council. Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

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 Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

Notes to the Financial Statements

For the year ended 30 June 2021



i) Operating

	2021	2020
General Purpose Grants	6,284,927	6,499,228
Grants and Subsidies	39,346,517	25,819,874
Contributions	50,000	22,273
	45,681,444	32,341,375

ii) Capital

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

	2021	2020
Grants and Subsidies	5,423,955	6,780,427
Contributions	6,411	23,709
	5,430,366	6,804,136

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

	2021		2020	
	Revenue Recognised at a point in time	Revenue Recognised over time	Revenue Recognised at a point in time	Revenue Recognised over time
Grants and Subsidies	7,050,248	44,005,151	6,907,813	32,191,716
Contributions	50,000	6,411	22,273	23,709
	7,100,248	44,011,562	6,930,086	32,215,425

e. Interest

Interest received from QTC investment accounts and bank term deposits is accrued over the term of the investment.

	2021	2020
Interest received from QTC investment accounts	180,238	704,640
Interest received from bank term deposits	13,002	30,035
Interest received on overdue rates and charges	88,725	112,926
Interest received on community loans	177	693
	282,142	848,294

Notes to the Financial Statements

For the year ended 30 June 2021



4. Capital income

a. Gain on sale of non-current assets

	Note	2021	2020
Proceeds from sale of assets	13	1,168,059	-
Less: Written down value of sold assets	13	(424,380)	-
		743,679	-

b. Non-current asset revaluation increment

	2021	2020
Buildings & structures	1,317,202	-
	1,317,202	-

The 2020/21 asset revaluation increment is recognised as capital revenue rather than an increment to the Asset revaluation surplus. This is an offset of a prior year capital expense asset revaluation decrement.

5. Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

	Note	2021	2020
Staff salaries and wages		13,647,425	13,500,753
Staff leave entitlements		3,609,717	2,986,131
Superannuation	22	1,796,923	1,721,720
Termination benefits		421,489	-
Councillors' remuneration		432,557	432,276
		19,908,111	18,640,880
Other employee related expenses		422,265	487,908
		20,330,376	19,128,788
Less: Capitalised employee expenses		(677,482)	(562,295)
		19,652,894	18,566,493

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

Total number of Council employees as the reporting date:

	2021	2020
Elected members	7	7
Permanent staff	198	190
Casual staff	19	16
	224	213

The total full time equivalents (FTE) as at 30 June 2021 is 195.05 and includes permanent and casual staff and excludes vacancies and councillors.

Notes to the Financial Statements

For the year ended 30 June 2021



6. Materials, services, maintenance and other

	2021	2020
Administration supplies and consumables	170,920	253,620
Advertising and marketing	116,627	92,210
Auditor-General of Queensland – audit of financial statements *	72,260	60,220
Audit fees – internal	125,900	160,928
Communications and IT	1,094,733	1,092,330
Consultants	984,058	584,951
Contractors	1,239,859	1,027,127
Donations paid	262,575	275,891
Disaster recovery funded materials and services	37,167,249	25,219,970
Repairs and maintenance and other materials	5,507,738	6,166,510
Main Roads Performance Contract materials and services	1,229,058	6,095,701
Sewerage operations and repairs and maintenance	412,204	333,929
Subscriptions and registrations	545,090	172,094
Water operations and repairs and maintenance	2,447,261	2,367,427
	51,375,532	43,902,908

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$60,000 (2020: \$72,500).

7. Finance costs

	2021	2020
Finance costs charged by QTC	28,784	32,714
Finance costs - other	530	1,106
Bank charges	37,787	37,515
Unwinding of discount on provisions	(68)	782,418
	67,033	853,753

8. Capital expenses

	Note	2021	2020
Loss on disposal of non-current assets			
Proceeds from sale of assets	13	228,795	-
Less: Carrying value of assets	13	(439,057)	-
		210,262	-
Non-current assets write-offs			
Gross value of write-offs	13	11,108,364	3,140,404
Less: Accumulated depreciation of write-offs	13	(7,105,457)	(1,093,476)
		4,002,907	2,046,928

Notes to the Financial Statements

For the year ended 30 June 2021



9. Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques receipted but not banked at the year end, 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.

	2021	2020
Cash at bank	178,191	238,513
Cash savings	13,002	-
Deposits at call	31,320,770	52,091,532
	31,511,963	52,330,045
Working capital floats	6,100	7,100
Balance as per Statement of Cash Flows	31,518,063	52,337,145

Cash at bank is held with the Commonwealth Bank in a normal business account with a short-term credit rating of A1+ and a long-term rating of AA-. Deposits at call are held with Queensland Treasury Corporation Cash Fund. A single term deposit is held with Queensland Country Bank which has a short-term credit rating of A2.

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

i) Externally imposed expenditure restrictions at the reporting date:

Grants and contributions recognised as revenue during the reporting period that are subject to externally imposed restrictions were:

	2021	2020
Unspent grants for expenditure on infrastructure:		
Disaster Recovery Funding Arrangements	433,705	11,792,923
Local Roads & Community Infrastructure Funding	1,479,233	-
Works for Queensland grants	727,342	-
	2,640,280	11,792,923

ii) Internal allocations of cash

Internal allocations of cash may be lifted with a Council resolution.

	2021	2020
Infrastructure	14,686,464	21,518,911
Plant	2,446,281	1,694,180
Information technology	649,634	896,339
Asset replacement reserve	17,782,379	24,109,430
Long service leave	1,500,000	1,500,000
Available for working capital and projects	9,066,207	12,926,343
	28,348,586	38,535,773

Notes to the Financial Statements

For the year ended 30 June 2021



Trust funds held for outside parties	2021	2020
Sundries	6,070	7,558
Animal trap deposits	245	280
Relocation of buildings	23,064	34,670
Subdivision – roadworks	2,685	2,685
Subdivision – water connections	29,525	32,573
Subdivision – sewerage connections	15,000	15,000
Facility hire security deposits	8,628	5,314
Cemetery/monument works	773	356
	85,990	98,436

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include security deposits lodged for venue hire, fees for subdivision works yet to be performed and cash contributions for future works. 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 since Council has no control over the assets.

10. 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 treated as cash equivalents. At 30 June 2021, Council held an investment with a term greater than three months.

	2021	2020
Term deposits	1,000,000	1,000,000

A single term deposit is held with Queensland Country Bank that has a short term credit rating of A2.

Notes to the Financial Statements

For the year ended 30 June 2021



11. Receivables

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

Terms for loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained.

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue

The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

a. Current

	2021	2020
Rateable revenue and utility charges	1,180,351	1,136,103
Prepayments	265,712	197,740
Accrued revenue	1,676,778	-
Other debtors	1,144,496	4,664,194
	4,267,337	5,998,037

Interest is charged on outstanding rates at a rate of 8.53% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges and fees.

b. Non-Current

	2021	2020
Pentland Race Club	1,809	3,532

Loans relate to advances made to sporting bodies or community groups. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

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

Accounting policies

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 4 distinctive groupings of its receivables: Rates & Charges, Statutory Charges, Grants, Other Debtors.

Rates and Charges: Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Notes to the Financial Statements

For the year ended 30 June 2021



Statutory charges: In some limited circumstances Council may write off impaired statutory charges, on this basis Council calculates an expected credit loss (ECL) for statutory charges (non-rates & utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency.

Grants: payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial and therefore does not record an ECL for these counterparties.

Other Debtors: Council identifies other debtors as receivables which are not rates and charges; statutory charges; or grants. Other debtors includes amounts owing by the State Government (Department of Transport and Main Roads) for roadworks contracted services, similar to State Government grants, a credit enhancement exists and the level of credit risk is immaterial and no ECL record is required.

12. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Inventories held for distribution are:

- Goods to be supplied at nil, or nominal charge, and
- Goods to be used for the provision of services at nil, or nominal, charge.

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

	2021	2020
Inventories held for sale		
World Theatre candy bar	12,976	8,521
Visitor Information gift shop	13,916	19,101
Inventories held for distribution		
Works depot stores	647,823	607,272
Total inventories	674,715	634,894



Notes to the Financial Statements

For the year ended 30 June 2021

13. Property, plant and equipment

30 June 2021	Note	Land	Buildings & structures	Plant	Equipment	Road infrastructure	Water infrastructure	Sewerage infrastructure	Sub-total	Work in progress	Total
Opening gross value as at 1 July 2020		11,856,883	87,314,559	21,862,400	5,602,745	397,866,950	105,661,189	40,113,322	670,278,048	26,062,112	696,340,160
Additions at cost											
• Renewals		-	174,661	890,374	42,021	1,435,550	1,047,870	-	3,590,476	3,472,436	7,062,912
• Other additions		60,000	58,021	-	-	101,486	70,165	-	289,672	3,148,832	3,438,504
• WIP take-ons gross		-	1,178,609	90,000	-	3,489,575	16,878,346	-	21,636,530	(21,636,530)	-
• WIP transfers to expense		-	-	-	-	-	-	-	-	(237,768)	(237,768)
Disposals gross value	4a	(113,007)	-	(3,088,907)	-	-	-	-	(3,201,914)	-	(3,201,914)
Write-offs Gross Value	8	-	(1,184,537)	-	(41,170)	(2,493,717)	(7,388,939)	-	(11,108,363)	-	(11,108,363)
Revaluation adjustments to asset revaluation surplus	19	(286,019)	-	-	-	(1,006,078)	4,759,094	1,827,041	5,294,038	-	5,294,038
Revaluation adjustments to income		-	2,637,608	-	-	-	-	-	2,637,608	-	2,637,608
Closing gross value as at 30 June 2021		11,517,857	90,178,921	19,753,867	5,603,596	399,393,766	121,027,725	41,940,363	689,416,095	10,809,083	700,225,177
Accumulated depreciation											
Opening balance as at 1 July 2020		-	41,490,967	12,514,615	3,106,741	109,343,169	54,650,117	20,038,531	241,144,140	-	241,144,140
Depreciation on disposals	4a	-	-	(2,338,476)	-	-	-	-	(2,338,476)	-	(2,338,476)
Write-offs	8	-	(642,291)	-	(41,120)	(1,098,143)	(5,323,903)	-	(7,105,457)	-	(7,105,457)
Revaluation adjustments to revaluation surplus	19	-	-	-	-	(2,639,865)	4,070,777	1,236,019	2,666,931	-	2,666,931
Revaluation adjustments to income		-	1,320,406	-	-	-	-	-	1,320,406	-	1,320,406
Annual depreciation		-	2,111,477	1,033,557	308,358	3,203,052	1,790,398	569,732	9,016,574	-	9,016,574
Accumulated depreciation at 30 June 2021		-	44,280,559	11,209,696	3,373,979	108,808,213	55,187,389	21,844,282	244,704,118	-	244,704,118
Written down value as at 30 June 2021		11,517,857	45,898,362	8,544,171	2,229,617	290,585,553	65,840,336	20,096,081	444,711,977	10,809,083	455,521,059
Residual value		-	-	4,043,314	-	-	-	-	4,043,314	-	4,043,314
Basis of measurement											
Fair value category		Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value		Cost	
Range of estimated useful life in years		Not depreciated	40 to 100	2 to 20	5 to 100	20 to 80	20 to 60	20 to 40			

Notes to the Financial Statements

For the year ended 30 June 2021

Property, plant and equipment (cont'd)

30 June 2020	Note	Land	Buildings & structures	Plant	Equipment	Road infrastructure	Water infrastructure	Sewerage infrastructure	Sub-total	Work in progress	Total
Opening gross value as at 1 July 2019		9,342,000	86,712,023	20,471,171	4,182,707	395,954,370	105,599,146	40,113,322	662,374,739	19,341,855	681,716,594
Additions at cost											17,572,511
• Renewals			66,360	1,406,229	-	491,480	147,810	-	2,111,879	10,636,865	12,748,744
• Other additions		2,514,883			361,155	234,786			3,110,824	1,712,943	4,823,767
• WIP take-ons gross		-	766,444	-	1,058,883	2,335,384	362,340	-	4,523,051	(4,523,051)	-
• WIP transfers to expense		-	-	-	-	-	-	-	-	(1,106,500)	(1,106,500)
Disposals gross value	4a	-	-	-	-	-	-	-	-	-	-
Write-offs Gross Value	8	-	(230,268)	(15,000)	-	(2,447,029)	(448,107)	-	(3,140,404)	-	(3,140,404)
Revaluation adjustments to asset revaluation surplus	19	-	-	-	-	1,297,959	-	-	1,297,959	-	1,297,959
Closing gross value as at 30 June 2020		11,856,883	87,314,559	21,862,400	5,602,745	397,866,950	105,661,189	40,113,322	670,278,048	26,062,112	696,340,160
Accumulated depreciation											
Opening balance as at 1 July 2019		-	39,395,811	11,532,844	2,775,203	72,600,836	53,466,367	19,466,959	199,238,020	-	199,238,020
Depreciation on disposals	4a	-	-	-	-	-	-	-	-	-	-
Write-offs	8	-	(19,142)	(15,000)	-	(648,620)	(410,714)	-	(1,093,476)	-	(1,093,476)
Revaluation adjustments to revaluation surplus	19	-	-	-	-	34,088,087	-	-	34,088,087	-	34,088,087
Annual depreciation		-	2,114,298	996,771	331,538	3,302,866	1,594,464	571,572	8,911,509	-	8,911,509
Accumulated depreciation at 30 June 2020		-	41,490,967	12,514,615	3,106,741	109,343,169	54,650,117	20,038,531	241,144,140	-	241,144,140
Written down value as at 30 June 2020		11,856,883	45,823,592	9,347,785	2,496,004	288,523,781	51,011,072	20,074,791	429,133,908	26,062,112	455,196,020
Residual value		-	-	4,474,114	-	-	-	-	4,474,114	-	4,474,114
Basis of measurement											
Fair value category		Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value		Cost	
Range of estimated useful life in years		Not depreciated	40 to 100	2 to 20	5 to 100	20 to 80	20 to 60	20 to 40			

Notes to the Financial Statements

For the year ended 30 June 2021



Property, plant and equipment (cont'd)

a. Recognition

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

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the components of parks.

Land under roads and reserve land under the Land Act 1994 or Land Title Act 1994 is controlled by Queensland State Government and not recognised in the Council financial statements.

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

Expenditure incurred in accordance with Disaster Recovery Funding Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

b. Measurement

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

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

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

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

c. Depreciation

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

Land, work in progress, certain cultural and heritage assets with heritage listing and road formation works are not depreciated.

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

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

Notes to the Financial Statements

For the year ended 30 June 2021



d. Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

e. Valuation

i) Valuation

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. At least once every five years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

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

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

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

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

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

Fair values are classified into three levels as follows:

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

There were no transfers between levels during the year.



Notes to the Financial Statements

ii) Valuation techniques used to derive fair value

Asset class & fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Index applied	Other interim revaluation adjustment
Land (Level 2 2021: \$7.94m 2020: \$7.82m)	Market value	30/06/2019 (desktop valuation 30/06/2021)	Marsh (Asset Val)	The 30 June 2021 desktop valuation included a reconciliation and update of the land, asset registers. Level 2 as an active market can be established and there are not unreasonable restrictions to use and/or sale of land. Sale of land in the locality. Direct comparison method for each individual parcel. Adjustment made for differences in key attributes such as property size, zoning, location, topography and exposure characteristics.	4 per cent applied for 2 year period (1/7/2019 to 30/6/2021) 4%	Indexation not applied for 2019/20 therefore indexation applied for 2 year period in 2020/21
Land (Level 3 2021: \$3.58m 2020: \$4.04m)	Fair value	30/06/2019 (desktop valuation 30/06/2021)	Marsh (Asset Val)	Level 3 as predominantly specialised nature of local government land. Sale of land in the locality. Direct comparison method for each individual parcel. Adjustment made for differences in key attributes such as property size, zoning, location, topography and exposure characteristics.		
Buildings & structures (Level 2 2021: \$341k 2020: \$347k)	Market value	30/06/2019 (desktop valuation 30/06/2021)	Marsh (Asset Val)	The 30 June 2021 desktop valuation included a reconciliation and update of the buildings & other structures asset registers and the distribution of 20/21 capital expenditure to specific assets. Level 2 for the 2 council owned residences, the direct market approach has been taken. The properties have been compared to recent market sales transactions and adjustments based on land size, shape, topography, building size, condition, construction materials, with an apportionment between land and building values.		
Buildings & structures (Level 3 2021: \$45.58m 2020: \$45.48m)	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation 30/06/2021)	Marsh (Asset Val)	Level 3 Current Replacement Cost (CRC) as predominantly specialised nature of local government building & structures. Determining replacement cost. Making an assessment on condition, age and remaining life of the asset. Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed service potential of an asset. Published cost guides are used to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. A condition assessment is applied which is based on factors such as age of the asset, overall condition upon inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. In determining the value of accumulated depreciation major assets are disaggregated into significant components that exhibit different patterns of consumption (useful lives). While the current replacement cost of the assets could be supported by the market supplied evidence (level 2), the other observable inputs (such as estimates of useful life and asset condition) were also required (level 3).	2.1 per cent applied for 2 year period (1/7/2019 to 30/6/2021)	All indexation is based on Building Price Index in Rawlinson's 2021, Costweb 2021 and ABS 2021

Notes to the Financial Statements

Asset class & fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Index applied	Other interim revaluation adjustment
Roads & Stormwater infrastructure (Level 3)	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation 30/06/2021)	APV Valuers & Asset Management	<p>The valuation approach estimated the current replacement cost (CRC) for each asset by componentising the assets into significant parts within different useful lives and taking into account a range of factors.</p> <p>CRC was measured by reference to the lowest cost at which gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.</p> <p>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 useful life, asset condition and pattern of consumption including the split between short-life and long-life parts of each component) 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.</p> <p>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 was applied that all road assets are deemed to be valued at level 3.</p>	Roads indexed at asset component level between 0 and 1 per cent (1/7/2019 to 30/6/2021) and Stormwater indexed at 1.1 per cent (1/7/2019 to 30/6/2021)	Indexation using costing guides issued by Aust Inst of Quantity Surveyors, Rawlinson's, ABS & APV internal market research & costings. CTRC region was flood disaster declared under DRFA in January 2021.
Water & sewerage infrastructure (Level 3)	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation 30/06/2021)	GHD	<p>The valuations have been undertaken on a cost approach, which is deemed a level 3 input.</p> <p>The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account factors such as asset condition.</p> <p>The accumulated depreciation of the assets has been calculated by applying the assessed condition of the assets as a remaining useful life.</p> <p>Asset condition for above ground active assets was obtained through inspections whilst condition assessment for below ground and minor active assets were estimated using the current age of the asset, documented repairs or capital works and surrounding environmental factors.</p>	4.55 per cent applied for 2 year period (1/7/2019 to 30/6/2021)	The water and sewerage asset valuation report by GHD (with input from CTRC staff) includes a reconciliation and update of the water and sewerage asset registers and the distribution of 20/21 capital expenditure to specific assets. A significant and material amount of water infrastructure work in progress (WIP) has been capitalised and included in the 2020/21 asset register

Notes to the Financial Statements

For the year ended 30 June 2021



14. Contract balances

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

a. Contract assets

	2021	2020
Contract assets	11,859,920	7,858,976

b. Contract liabilities

	2021	2020
Funds received upfront to construct Council controlled assets	3,209,443	18,497,002

Contract liabilities relate to funds received from the Queensland Reconstruction Authority under the Disaster Recovery Funding Arrangements.

Revenue recognised that was included in the contract liability at the beginning of the year.

	2021	2020
Funds received upfront to construct Council controlled assets	17,560,103	764,223

c. Significant Changes in Contract Balances

The significant changes in the contract assets balance that has increased by \$4.0 million include:

- The timing of works undertaken for the DRFA 2019 event and the final funds owing by the QRA for this event.
- The timing of emergent works for the DRFA 2021 event and the funds owing by QRA.

The significant changes in the contract liabilities balance that has decreased by \$15.3 million include:

- The extent of flood damage restoration works undertaken during 2020/21 sees the unwinding of DRFA 2019 event funds received in advance.

15. Leases

Council as a lessee

Council does not have any leases in place.

Council as lessor

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

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

Notes to the Financial Statements

For the year ended 30 June 2021



16. Payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

	2021	2020
Creditors, including contract retentions	2,571,304	8,580,739
Prepaid rates	1,771,131	1,486,699
	4,342,435	10,067,438

17. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it is accrued. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates is 15 June 2027.

Council adopts an annual debt policy that sets out council's planned borrowing for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation (QTC) borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

	2021	2020
Current		
Loans - QTC	148,542	144,668
	148,542	144,668
Non-current		
Loans - QTC	801,954	949,418
	801,954	949,418

The QTC loan market value at the reporting date was \$1,003,492. 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).

Notes to the Financial Statements

For the year ended 30 June 2021



18. Provisions

Liabilities are recognised for employee benefits such as annual and long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs and are discounted to present values.

a. Employee benefits provisions

The employee benefits provisions include annual leave, RDOs, TIL and long service leave. These provisions represent the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

Annual leave, RDOs & TIL

The provision for annual leave, rostered days off and time in lieu is recognised as a current liability as Council does not have an unconditional right to defer this liability beyond 12 months.

Long service leave

The long service leave estimates are adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

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

b. Landfill rehabilitation

A provision is made for the cost of restoring Council's landfill site where it is probable council will be liable to do this when the use of the site is complete.

The provision represents the present value of the anticipated future costs associated with the closure and rehabilitation of the landfill site. The calculation of this provision requires assumptions such as environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Refuse restoration provision represents the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these site

As refuse dumps are on state reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

	Current		Non-current	
	2021	2020	2021	2020
Annual leave	2,159,970	2,248,551	-	-
RDO's & TIL	24,798	19,342	-	-
Long-service leave	1,558,615	1,661,417	331,523	361,744
Landfill rehabilitation	-	-	1,340,785	1,340,853
	3,743,383	3,929,310	1,672,308	1,702,597

Notes to the Financial Statements

For the year ended 30 June 2021



Movement in non-employee benefit provisions

Landfill rehabilitation	2021	2020
Balance at beginning of financial year	1,340,853	558,435
Increase/(decrease) in provision	(68)	782,418
Balance at end of financial year	1,340,785	1,340,853

This is the present value of the estimated cost of restoring the landfill site to a useable state at the end of its useful life. The Present Value of future costs is \$1,340,785 and this cost is expected to be incurred in four stages between 30 June 2023 and 31 December 2032.

19. Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on the revaluation are offset within a class of assets.

Asset revaluation surplus	2021	2020
Water infrastructure	24,538,012	23,849,695
Sewerage infrastructure	10,355,866	9,764,845
Road infrastructure	88,644,018	87,010,230
Land	823,890	1,109,910
	124,361,786	121,734,680

Notes to the Financial Statements

For the year ended 30 June 2021



20. Commitments for expenditure

	2021	2020
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Facilities cleaning contract	6,590	187,430
Flood restorations works	1,439,024	32,994,739
Landfill services contract	275,062	270,000
Landfill State Government waste levy	700,000	650,000
Roads infrastructure works	-	930,355
Saleyard services contract	14,390	260,855
	2,435,066	35,293,379
Capital commitments		
Commitments for construction of the assets contracted for at reporting date but not recognised as liabilities:		
Building infrastructure	4,336,030	414,709
Flood warning infrastructure	510,000	-
Information technology	478,156	127,233
Plant	818,193	174,064
Roads	140,344	-
Water infrastructure	41,515	1,587,668
	6,324,238	2,303,674
These expenditures are payable as follows:		
Within one year	6,324,238	2,303,674
One to five years	-	-
Later than five years	-	-
	6,324,238	2,303,674

21. Contingent liabilities

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

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 2020, the LGM financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

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 \$594,123 (2020: \$566,859).

Notes to the Financial Statements

For the year ended 30 June 2021



22. Superannuation – Regional defined benefit fund

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

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

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

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits, and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2021.

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

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

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

	Note	2021	2020
Superannuation contributions made to the Regional Defined Benefits Fund		87,964	111,837
Other superannuation contributions for employees		1,708,959	1,609,883
Total superannuation contributions paid by Council for employees	5	1,796,923	1,721,720

Notes to the Financial Statements

For the year ended 30 June 2021



23. Reconciliations

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

	2021	2020
Net result	559,561	3,817,515
Non-cash operating items:		
Depreciation	9,016,574	8,911,509
Write-offs of property, plant and equipment	4,002,907	2,046,928
Opening WIP moved to expense	237,768	1,106,500
Community loan interest charged	(177)	(693)
	13,257,072	12,064,244
Investing and development activities:		
Changes in accounting policy	-	(1,253,974)
Correction of error	-	(669,779)
Net (profit) loss on disposal of non-current assets	(533,417)	-
Revaluation (increment) decrement of non-current assets	(1,317,202)	
Capital grants, subsidies, contributions and donations	(5,430,366)	(6,804,136)
	(7,280,985)	(8,727,889)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	1,730,700	4,124,195
(Increase) decrease in inventories	(39,821)	(34,090)
(Increase) decrease in contract assets	(4,000,944)	(7,858,976)
Increase (decrease) in payables	(5,725,003)	4,792,589
Increase (decrease) in contract liabilities	(15,287,559)	18,497,002
Increase (decrease) in provisions	(216,216)	625,639
	(23,538,843)	20,146,359
Net cash inflow (outflows) from operating activities	(17,003,195)	27,300,229

b. Reconciliation of liabilities arising from finance activities

2021	As at 30 June 2020	Cash flows	Non-cash changes	As at 30 June 2021
Borrowings	1,094,086	(143,590)	-	950,496
2020	As at 30 June 2019	Cash flows	Non-cash changes	As at 30 June 2020
Borrowings	1,233,747	(139,661)	-	1,094,086

24. Events after the reporting period

There were no material adjusting events after the balance date.

Notes to the Financial Statements

For the year ended 30 June 2021



25. Change in accounting policy

A potential change in accounting policy may be required during the next financial year 30 June 2022. The change in accounting policy relates to an agenda decision by the IFRS Interpretation Committee regarding the Configuration or Customisation Costs in a Cloud Computing Environment. Cloud computing covers Software as a Service (SaaS) arrangements.

Council does not have to apply the IFRSIC agenda decision for the 30 June 2021 annual financial statements. The change in accounting policy will have a material impact on the 30 June 2022 annual financial statements.

26. Financial instruments and financial risk management

Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

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

Council's Audit and Risk Committee (ARC) approves policies for overall risk management as well as specifically for managing credit, liquidity and market risk.

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

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

Council does not enter into derivatives.

Credit risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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

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

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

Liquidity risk

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

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

Notes to the Financial Statements

For the year ended 30 June 2021



Exposure to liquidity risk

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

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

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

Financial liabilities	0 to 1 year	1 to 5 Years	Over 5 Years	Total contractual cash flows	Carrying amount
2021					
Payables	2,571,304	-	-	2,571,304	2,571,304
Loans – QTC	172,374	689,496	172,374	1,034,244	950,496
	<u>2,743,678</u>	<u>689,496</u>	<u>172,374</u>	<u>3,605,548</u>	<u>3,521,800</u>
2020					
Payables	8,580,739	-	-	8,580,739	8,580,739
Loans – QTC	172,374	689,496	344,748	1,206,618	1,094,086
	<u>8,753,113</u>	<u>689,496</u>	<u>344,748</u>	<u>9,787,357</u>	<u>9,674,825</u>

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

Market risk

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

Interest rate risk

Council is exposed to interest rate risk through investments held with QTC and other financial institutions.

Sensitivity

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

Interest rate sensitivity analysis

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

	Net carrying amount	Effect on net result		Effect on equity	
		1% increase	1% decrease	1% increase	1% decrease
2021					
Financial Assets	32,518,063	325,181	(325,181)	325,181	(325,181)
	<u>32,518,063</u>	<u>325,181</u>	<u>(325,181)</u>	<u>325,181</u>	<u>(325,181)</u>
2020					
Financial assets	53,337,145	533,371	(533,371)	533,371	(533,371)
Net total	<u>53,337,145</u>	<u>533,371</u>	<u>(533,371)</u>	<u>533,371</u>	<u>(533,371)</u>

In relation to the QTC loan held by Council, the following has been applied:

QTC Fixed Rate Loan – financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

Notes to the Financial Statements

For the year ended 30 June 2021



27. Transactions with related parties

a. Transactions with Key Management Personnel (KMP)

KMP include the Mayor, Councillors, council's Chief Executive Officer and executive management.

The compensation paid to KMP comprises:

	2021	2020
Short-term employee benefits	1,117,573	1,194,416
Post-employment benefits	107,700	80,418
Long-term benefits	65,974	93,156
Termination benefits	375,692	-
	1,666,939	1,367,990

Detailed remuneration disclosures are provided in the annual report.

b. Transactions with other related parties

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

Details of transactions between council and other related parties are below::

	Note	2021	2020
Fees and charges charged to entities controlled by KMP	27 b i)	5,767	8,841
Employee expenses for close family members of KMP	27 b ii)	142,384	220,442
Purchase of materials and services from entities controlled by KMP	27 b iii)	-	-
		148,151	229,283

- i) The fees and charges charged to entities controlled by KMP were on an arm's length basis in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes the following:

Fees and charges charged to entities controlled by KMP	Details of related party	Amount
Lease Fees	Trustee lease fees incurred by councillor Kate Hastie. The lease occurred in accordance with council's normal terms and conditions.	3,500
Other Fees & Charges	Various other related parties	2,267
Total		5,767

- ii) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.
- The council employs 217 staff of which only 2 are close family members of key management personnel at the end of the reporting period. All 2 were employed before KMP were employed.
- iii) There were nil purchases of materials and services from entities that are controlled by members of KMP during the reporting period.

Notes to the Financial Statements

For the year ended 30 June 2021



c. Outstanding balances

There are nil balances outstanding at the end of the reporting period in relation to transactions with related parties.

d. Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Charters Towers region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of the Kennedy Regiment Memorial Pool
- A patron at the World Theatre
- Animal registration
- Borrowing books from council library

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

Management Certificate

For the year ended 30 June 2021



Management Certificate

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 35, 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: 21/10/21

Chief Executive Officer

Aaron Johansson

Date: 21/10/2021



INDEPENDENT AUDITOR'S REPORT

To the councillors of Charters Towers Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Charters Towers Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Charters Towers Regional Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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



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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

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

Sri Narasimhan
as delegate of the Auditor-General

25 October 2021

Queensland Audit Office
Brisbane

Financial Sustainability Statement

For the year ended 30 June 2021



Financial Sustainability Statement

Current-year Financial Sustainability Statement For the year ended 30 June 2021

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2021 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	80%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-46%	Not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*.

The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

Certificate of Accuracy

For the year ended 30 June 2021

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:

21/10/21

Chief Executive Officer
Aaron Johansson

Date:

21/10/2021



INDEPENDENT AUDITOR'S REPORT

To the councillors of Charters Towers Regional Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Charters Towers Regional Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Charters Towers Regional Council for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Charters Towers Regional Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current-year financial sustainability statement

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

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

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

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

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

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



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

A handwritten signature in blue ink, appearing to read 'Sri Narasimhan'.

Sri Narasimhan
as delegate of the Auditor-General

25 October 2021

Queensland Audit Office
Brisbane

Long Term Financial Sustainability Statement

For the year ended 30 June 2021

Unaudited Long-Term Financial Sustainability Statement

Prepared as at 30 June 2021

Measures of Financial Sustainability	How the measure is calculated	Target	Actuals at 30 June 2021	Projected for the year ended								
				30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	-4%	-4.7%	-3.7%	-3.9%	-3.3%	-1.9%	-0.7%	0.6%	2.0%	3.3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	80%	100.1%	94.6%	81.9%	81.6%	80.9%	109.2%	94.2%	90.6%	73%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-46%	-37.2%	-47.6%	-84.1%	-90.3%	-97.6%	-95.2%	-97.2%	-100.8%	-108.9%

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 2021

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: 21/10/2021



Chief Executive Officer
Aaron Johansson

Date: 21/10/2021



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