



FINANCIAL STATEMENTS

For the year ended 30 June 2023

Appendix 2



TABLE OF CONTENTS

Statement of Comprehensive Income (Profit & Loss)	2
Statement of Financial Position (Balance Sheet)	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
1. Information about these financial statements	6
2. Analysis of results by function	8
3. Revenue	10
4. Capital income	14
5. Employee benefits	14
6. Materials and services	15
7. Finance costs	15
8. Capital expenses	15
9. Cash and cash equivalents	16
10. Investments	17
11. Receivables	17
12. Inventories	19
13. Property, plant and equipment	20
14. Contract balances	25
15. Leases	25
16. Payables	26
17. Borrowings	26
18. Provisions	27
19. Asset revaluation surplus	28
20. Commitments for expenditure	29
21. Contingent liabilities	29
22. Superannuation - Regional defined benefit fund	30
23. Reconciliations	31
24. Events after the reporting period	31
25. Financial instruments and financial risk management	32
26. Transactions with related parties	35
Management Certificate	37
Independent Auditor's Report (General Purpose Financial Statements)	38
Financial Sustainability Statement	41
Independent Auditor's Report (Financial Sustainability Statement)	42
Unaudited Long-Term Financial Sustainability Statement	44

Statement of Comprehensive Income For the year ended 30 June 2023

Statement of Comprehensive Income

	Note	2023	2022
Income			
Recurrent revenue			
Rates, levies and charges	3 a	27,976,320	25,803,898
Fees and charges	3 b	4,104,657	5,303,711
Sales - contract and recoverable works	3 c	4,256,756	4,178,275
Grants, subsidies, contributions and donations	3 d (i)	50,057,451	24,242,461
Interest received	3 e	1,842,244	300,228
Other income		335,660	493,732
Total recurrent revenue		88,573,088	60,322,305
Capital revenue			
Grants, subsidies, contributions and donations	3 d (ii)	5,993,646	14,275,692
Gain on sale of non-current assets	4 a	115,498	177,859
Non-current asset revaluation increment	4 b	181,331	3,270,650
Other capital income	4 b	16,131	106,598
Total capital revenue		6,306,606	17,830,799
Total income		94,879,694	78,153,104
Expenses			
Recurrent expenses			
Employee benefits	5	(20,693,381)	(20,384,858)
Materials and services	6	(54,627,947)	(27,510,080)
Finance costs	7	(98,352)	(67,054)
Depreciation	13	(9,965,433)	(9,293,138)
Total recurrent expenses		(85,385,113)	(57,255,130)
Capital expenses			
Loss on sale of non-current assets	8	(7,646)	(7,192)
Non-current assets write-offs	8	(1,244,008)	(1,503,446)
Total capital expenses		(1,251,654)	(1,510,638)
Total expenses		(86,636,767)	(58,765,768)
Net result		8,242,927	19,387,336
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	19	34,330,810	21,281,809
Total other comprehensive income for the year		34,330,810	21,281,809
Total comprehensive income for the year		42,573,737	40,669,145

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



Statement of Financial Position As at 30 June 2023

Statement of Financial Position

	Note	2023	2022
Current assets			
Cash and cash equivalents	9	41,334,503	43,531,848
Investments	10	10,000,000	19,000,000
Receivables	11	7,596,202	6,334,442
Inventories	12	755,494	745,538
Contract assets	14	6,461,063	2,481,213
Total current assets		66,147,262	72,093,041
Non-current assets			
Property, plant and equipment	13	520,397,985	483,459,139
Total non-current assets		520,397,985	483,459,139
Total assets		586,545,247	555,552,180
Current liabilities			
Contract liabilities	14	1,530,827	13,455,531
Payables	16a	8,604,472	8,530,365
Borrowings	17	156,619	152,524
Provisions	18	3,948,509	3,535,396
Total current liabilities		14,240,427	25,673,816
Non-current liabilities			
Payables	16b	1,097,692	1,121,785
Borrowings	17	494,460	650,341
Provisions	18	1,670,102	1,637,409
Total non-current liabilities		3,262,254	3,409,535
Total liabilities		17,502,681	29,083,351
Net community assets		569,042,566	526,468,829
Community equity			
Asset revaluation surplus	19	179,974,405	145,643,595
Council capital		337,739,559	318,299,485
Retained surplus		51,328,602	62,525,749
Total community equity		569,042,566	526,468,829

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 2023

Statement of Changes in Equity

	Retained surplus	Council capital	Asset revaluation surplus	Total
Balance as at 1 July 2022	62,525,749	318,299,485	145,643,595	526,468,829
Net result	8,242,927	-	-	8,242,927
Increase/(decrease) in asset revaluation surplus	-	-	34,330,810	34,330,810
Total comprehensive income for the year	8,242,927	-	34,330,810	42,573,737
Transfers to/(from) council capital	(19,440,074)	19,440,074	-	-
Balance as at 30 June 2023	51,328,602	337,739,559	179,974,405	569,042,566
Balance as at 1 July 2021	32,511,963	328,925,935	124,361,786	485,799,684
Net Result	19,387,336	-	-	19,387,336
Increase in asset revaluation surplus	-	-	21,281,809	21,281,809
Total comprehensive income for the year	19,387,336	-	21,281,809	40,669,145
Transfers to/(from) council capital	10,626,450	(10,626,450)	-	-
Balance as at 30 June 2022	62,525,749	318,299,485	145,643,595	526,468,829

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 2023

Statement of Cash Flows

	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		31,233,163	46,824,067
Payments to suppliers and employees		(85,897,360)	(36,003,918)
		(54,664,197)	10,820,149
Interest received		1,842,244	300,137
Non-capital grants and contributions		50,057,451	24,242,461
Borrowing costs	7	(20,588)	(24,743)
Net cash inflow (outflow) from operating activities	23	(2,785,089)	35,338,004
Cash flow from investing activities			
Payments for property, plant and equipment		(14,655,672)	(19,870,415)
Receivables-community loans		-	1,899
Proceeds from sale of property, plant and equipment	4	385,425	309,638
Capital grants, subsidies, contributions and donations		5,993,646	14,275,692
Other capital income		16,131	106,598
Net transfer to cash investments	10	9,000,000	(18,000,000)
Net cash inflow (outflow) from investing activities		739,530	(23,176,588)
Cash flow from financing activities			
Repayment of loan borrowings		(151,786)	(147,631)
Net cash inflow (outflow) from financing activities		(151,786)	(147,631)
Net increase (decrease) in cash held		(2,197,345)	12,013,785
Cash and cash equivalents at beginning of the financial year	9	43,531,848	31,518,063
Cash and cash equivalents at end of the financial year	9	41,334,503	43,531,848

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 2023

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 2022 to 30 June 2023 and have been prepared in accordance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except 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 2022, 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 2023, 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 25

e. Rounding and comparatives

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



Notes to the Financial Statements For the year ended 30 June 2023

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.

Notes to the Financial Statements

For the year ended 30 June 2023

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, plus ensure an effective governance structure.

Office of the CEO - Corporate and Business Planning, Internal Audit, Organisation Performance, Corporate Branding, Communications, Agenda and Minutes, Disaster Management and State Emergency Coordination.

Project Management Office - Facilitate a consistent project management approach across directorates.

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

Human Resources (HR)

The objective of this directorate is to hold overall responsibility for recruitment, payroll, industrial relations and staff learning and development.

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 - Road Construction and Maintenance, Contract Works, Survey Design and Flood Restorations Works.

Infrastructure Operations - Environmental Services, Waste Management, Land and Pest Management, and Open Spaces Maintenance.

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

Water and Sewerage - Supply, Treatment and Reticulation.

Facilities - Saleyard Facilities, Community and Council Facilities Maintenance and Airport Operations.

Organisational Services (OS)

The objective of this directorate is to consolidate council-wide activities such as administration, safety and risk management systems, financial decisions and reporting, project management and IT services.

Corporate Services - Rating, Financial Services, Procurement, Business and Procedures and Information Technology Infrastructure Support.

WHS and Risk - Secure the health and safety of the workforce and enterprise risk management.

Community Building (CB)

The objective of this directorate is to benefit and grow the community and region through cultural and tourism activities. Additionally, CB facilitate regulatory processes.

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

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



Notes to the Financial Statements For the year ended 30 June 2023

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

FUNCTIONS	Year ended 30 June 2023 (000's)				Year ended 30 June 2022 (000's)				Year ended 30 June 2021 (000's)			
	Recurring 2023	Grants	Other	Gross program income	Recurring 2022	Grants	Other	Gross program income	Recurring 2021	Grants	Other	Gross program income
Office of CEO / Elected Members / HR	248	-	-	1,751	248	-	-	1,751	248	-	-	1,751
Roads & Infrastructure Operations	35,523	-	-	1,741	35,523	-	-	1,741	35,523	-	-	1,741
Fleet	-	-	-	113	-	-	-	113	-	-	-	113
Water	-	-	-	398	-	-	-	398	-	-	-	398
Sewerage	137	-	-	-	137	-	-	-	137	-	-	-
Facilities	40	-	-	2,007	40	-	-	2,007	40	-	-	2,007
Development / Regulatory Services	-	-	-	97	-	-	-	97	-	-	-	97
Community Building	193	-	-	-	193	-	-	-	193	-	-	-
Organisational Services / WHS	13,916	-	-	-	13,916	-	-	-	13,916	-	-	-
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Council	50,057	38,516	5,994	313	50,057	38,516	5,994	313	50,057	38,516	5,994	313

FUNCTIONS	Year ended 30 June 2022 (000's)				Year ended 30 June 2021 (000's)				Year ended 30 June 2020 (000's)			
	Recurring 2022	Grants	Other	Gross program income	Recurring 2021	Grants	Other	Gross program income	Recurring 2020	Grants	Other	Gross program income
Office of CEO / Elected Members / HR	261	-	-	4,169	261	-	-	4,169	261	-	-	4,169
Roads & Infrastructure Operations	14,756	-	-	4,139	14,756	-	-	4,139	14,756	-	-	4,139
Fleet	-	-	-	18	-	-	-	18	-	-	-	18
Water	-	-	-	34	-	-	-	34	-	-	-	34
Sewerage	-	-	-	-	-	-	-	-	-	-	-	-
Facilities	76	-	-	5,807	76	-	-	5,807	76	-	-	5,807
Development / Regulatory Services	11	-	-	127	11	-	-	127	11	-	-	127
Community Building	108	-	-	-	108	-	-	-	108	-	-	-
Organisational Services / WHS	9,030	-	-	-	9,030	-	-	-	9,030	-	-	-
Total Council	24,242	36,080	14,276	3,555	24,242	36,080	14,276	3,555	24,242	36,080	14,276	3,555

Notes to the Financial Statements For the year ended 30 June 2023

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.

	2023	2022
General rates	16,571,647	15,030,267
Cleansing / refuse	1,503,008	1,434,081
Water services	6,989,691	6,840,048
Water – excess allocation	511,949	314,795
Sewerage	4,129,180	3,863,551
Total rates, levies and charges revenue	29,705,475	27,482,742
Less: Discounts	(1,409,753)	(1,370,961)
Pensioner remissions	(319,402)	(307,883)
Net rates, levies and charges	27,976,320	25,803,898

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.

	2023	2022
Animal control fees and charges	128,963	131,402
Cemetery fees and charges	92,420	86,809
Landfill fees and charges	585,976	561,317
Regulatory fees and charges	316,455	390,441
Rental/hire fee and charges	120,302	161,557
Reserve rental	46,006	65,864
Saleyards fees and charges	2,580,660	3,532,215
Search fees	70,863	97,104
Water and sewerage services	35,144	107,494
World Theatre fees and charges	88,382	119,886
Other fees and charges	39,486	49,622
Total fees and charges	4,104,657	5,303,711



Notes to the Financial Statements

For the year ended 30 June 2023

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	2023	2022
Private works	227,245	34,611
Department of Transport and Main Roads contracts	3,781,295	3,765,136
Other	248,216	378,528
Total sales revenue	4,256,756	4,178,275

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.

Notes to the Financial Statements For the year ended 30 June 2023

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 2023



i) Operating

	2023	2022
General Purpose Grants	1	
Grants and Subsidies	30,221,129	10,000,000
Contributions	-	274,273
	50,057,451	24,242,461

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.

	2023	2022
Grants and Subsidies	5,896,333	12,855,578
Contributed Assets	-	1,293,354
Contributions	97,313	126,760
	5,993,646	14,275,692

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

	2023		2022	
	Revenue Recognised at a point in time	Revenue Recognised over time	Revenue Recognised at a point in time	Revenue Recognised over time
Grants and Subsidies	14,412,269	41,541,515	9,578,429	27,245,337
Contributed Assets	-	-	1,293,354	-
Contributions	97,313	-	401,033	-
	14,509,582	41,541,515	11,272,816	27,245,337

e. Interest received

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

	2023	2022
Interest received from QTC investment accounts	949,908	204,134
Interest received from bank term deposits	735,707	6,092
Interest received on overdue rates and charges	156,629	89,912
Interest received on community loans	-	90
	1,842,244	300,228

Notes to the Financial Statements

For the year ended 30 June 2023



4. Capital income

a. Gain on sale of non-current assets

	Note	2023	2022
Proceeds from sale of assets	13	369,071	296,830
Less: Written down value of sold assets	13	(253,573)	(118,971)
		115,498	177,859

b. Non-current asset revaluation increment

	2023	2022
Buildings & structures	181,331	3,270,650
	181,331	3,270,650

Landfill rehabilitation

	2023	2022
Decrease in restoration provision for future costs, due to change in discount rate	18	34,374
revision of estimate and	18	169,016
due to change in inflation	18	(187,259)
	16,131	106,598

5. Employee benefits

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

	Note	2023	2022
Staff salaries and wages		14,441,583	14,121,178
Staff leave entitlements		3,678,545	3,622,173
Superannuation	22	1,954,987	1,879,131
Termination benefits		134,280	355,710
Councillors' remuneration		449,662	440,850
		20,659,057	20,419,042
Other employee related expenses		585,626	562,480
		21,244,683	20,981,522
Less: Capitalised employee expenses		(551,302)	(596,664)
		20,693,381	20,384,858

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

Total number of Council employees as the reporting date:

	2023	2022
Elected members	7	7
Permanent staff	196	200
Casual staff	18	13
	221	220

The total full time equivalents (FTE) as at 30 June 2023 is 196 and includes permanent and casual staff and excludes vacancies and councillors.

Notes to the Financial Statements

For the year ended 30 June 2023



6. Materials and services

	2023	2022
Administration supplies and consumables	235,758	185,846
Advertising and marketing	711,563	419,600
Auditor-General of Queensland – audit of financial statements *	98,488	66,003
Audit fees – internal	103,279	59,406
Communications and IT	1,369,712	1,258,042
Consultants	1,373,238	505,829
Contractors	1,150,684	1,217,286
Donations paid	87,962	155,267
Disaster recovery funded materials and services	35,591,230	14,185,320
Repairs and maintenance and other materials	8,385,031	4,302,066
Main Roads Performance Contract materials and	1,753,521	1,941,385
Sewerage operations and repairs and maintenance	672,673	418,496
Subscriptions and registrations	275,496	274,060
Water operations and repairs and maintenance	2,819,312	2,521,474
	54,627,947	27,510,080

Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$79,000 (2021-22: \$70,000).

7. Finance costs

	2023	2022
Finance costs charged by QTC	20,588	24,743
Finance costs - other	42	48
Bank charges	38,788	35,426
Unwinding of discount on provisions	38,934	6,838
	98,352	67,055

8. Capital expenses

	Note	2023	2022
Loss on disposal of non-current assets			
Proceeds from sale of assets	13	16,354	12,808
Less: Carrying value of assets	13	(24,000)	(20,000)
		7,646	7,192
Non-current assets write-offs			
Gross value of write-offs	13	2,934,669	2,050,080
Less: Accumulated depreciation of write-offs	13	(1,690,661)	(546,634)
		1,244,008	1,503,446

Notes to the Financial Statements

For the year ended 30 June 2023



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.

	2023	2022
Cash at bank	429,791	260,845
Deposits at call	40,898,812	43,264,903
	41,328,603	43,525,748
Working capital floats	5,900	6,100
Balance as per Statement of Cash Flows	41,334,503	43,531,848

Cash at bank is held with the Commonwealth Bank in a normal business account with a short-term credit rating of A-1+ and a long-term rating of AA-. Deposits at call are held with Queensland Treasury Corporation Cash Fund.

Council's cash and cash equivalents are subject to a number of internal 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:

	2023	2022
Unspent grants for expenditure on infrastructure:		
Disaster Recovery Funding Arrangements	-	188,557
Local Roads & Community Infrastructure Funding	716,250	-
Local Government Grants & Subsidies Program	26,391	-
Building Our Regions Round 6 Funding	89,895	-
Regional Airport Program	-	69,339
Water Infrastructure - special	-	112,171
Works for Queensland grants	-	655,681
	832,536	1,025,748

ii) Internal allocations of cash

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

	2023	2022
Infrastructure	25,646,655	34,033,608
Plant	3,333,526	2,591,790
Information technology	558,158	469,842
Asset replacement reserve	29,538,339	37,095,240
Long service leave	1,500,000	1,500,000
Committed project funds	3,218,256	4,327,480
Available for working capital and	17,072,008	19,603,028
Floats	5,900	6,100
	51,334,503	62,531,848

Notes to the Financial Statements

For the year ended 30 June 2023



Trust funds held for outside parties

	2023	2022
Sundries	15,551	7,570
Animal trap deposits	442	210
Relocation of buildings	24,564	29,564
Subdivision – roadworks	4,302	4,302
Subdivision – water connections	36,099	36,099
Subdivision – sewerage connections	15,000	15,000
Facility hire security deposits	7,122	7,375
Cemetery/monument works	913	913
	103,993	101,033

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 of three months or more 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 2023, Council held one term deposits with the Commonwealth Bank.

	2023	2022
Term deposits	10,000,000	19,000,000

11. Receivables

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

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 impairment 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.

Notes to the Financial Statements For the year ended 30 June 2023



Current

	2023	2022
Rateable revenue and utility charges	3,668,821	1,514,056
Prepayments	1,200,134	571,957
Accrued revenue	967,890	2,892,736
Other debtors	1,759,357	1,355,693
	7,596,202	6,334,442

Interest is charged on outstanding rates at a rate of 8.17% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges and fees.

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.

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 2023



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.

	2023	2022
Inventories held for sale		
World Theatre candy bar	8,695	7,813
Visitor Information gift shop	20,749	27,214
Inventories held for distribution		
Works depot stores	726,050	710,511
Total inventories	755,494	745,538

Notes to the Financial Statements For the year ended 30 June 2023



13. Property, plant and equipment

30-Jun-23	Note	Land	Buildings & structures	Plant	Equipment	Road infrastructure	Water infrastructure	Sewerage infrastructure	Sub-total	Work in progress	Total
Opening gross value as at 1-Jul-22		12,087,416	97,262,291	20,861,383	5,838,688	417,101,330	128,688,115	49,484,687	731,283,810	17,616,589	748,900,399
Additions at cost											
• Renewals			71,946	1,669,383	19,439	250,022			2,019,790	4,903,137	6,922,927
• Other additions		36,528	2,266,659	-	815,358	138,594	-	-	3,257,139	4,475,607	7,732,746
• WIP take-ons gross		-	5,194,004	236	1,387,486	3,233,298	527,654	-	10,342,678	-10,342,678	-
• WIP transfers to expense		-	-	-	-	-	-	-	-	-741,953	-741,953
Contributed assets at valuation		-	-	-	-	-	-	-	-	-	-
Disposals gross value	4a	-2,180	-	-866,903	-	-	-	-	-869,083	-	-869,083
Write-offs Gross Value	8	62,400	360,044	-	-105,336	1,885,005	-518,884	-	2,934,669	-	2,934,669
Revaluation adjustments to asset revaluation surplus	19	721,370	6,612,417	-	36,569,339	-	12,511,466	5,056,675	61,471,267	-	61,471,267
Revaluation adjustments to income		-	181,331	-	-	-	-	-	181,331	-	181,331
Closing gross value as at 30-Jun-23		12,780,734	111,228,604	21,544,099	7,955,635	455,413,578	141,188,351	54,521,262	804,632,263	15,910,702	820,542,965
Accumulated depreciation											
Opening balance as at 1-Jul-22		-	-	-	-	-	-	-	-	-	-
Contributed assets at valuation		-	-	-	-	-	-	-	-	-	-
Depreciation on disposals	4a	-	-	-711,510	-	-	-	-	-711,510	-	-711,510
Write-offs	8	-	-180,862	-	-102,136	-1,041,635	-366,028	-	-1,690,661	-	-1,690,661
Revaluation adjustments to revaluation surplus	19	-	3,662,166	-	-	14,525,689	5,863,622	3,088,960	27,140,457	-	27,140,457
Revaluation adjustments to income		-	-	-	-	-	-	-	-	-	-
Annual depreciation		-	2,551,760	1,042,861	350,354	3,362,496	1,974,964	682,998	9,965,433	-	9,965,433
Accumulated depreciation at 30-Jun-23		-	55,985,982	11,827,096	3,953,589	133,064,124	64,993,624	30,320,564	300,144,979	-	300,144,979
Written down value as at 30-Jun-23		12,780,734	55,242,622	9,717,003	4,002,046	322,349,454	76,194,727	24,200,698	504,487,284	15,910,702	520,397,986
Residual value				4,225,464					4,225,464		4,225,464
Basis of measurement		Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value		Cost	
Fair value category		Level 2 & 3	Level 2 & 3	Level 2 & 3	Level 3	Level 3	Level 3	Level 3			
Range of estimated useful life in years		Not depreciated	40 to 100	2 to 20	4 to 50	15 to 300	20 to 60	20 to 40			



Notes to the Financial Statements For the year ended 30 June 2023

30-Jun-22	Note	Land	Buildings & structures	Plant	Equipment	Road infrastructure	Water infrastructure	Sewerage infrastructure	Sub-total	Work in progress	Total
Opening gross value as at 1-Jul-21		11,517,857	90,178,921	19,753,867	5,603,596	399,383,766	121,027,725	41,940,363	689,416,095	5,683,929	695,100,024
Additions at cost											
• Renewals		-	178,210	1,874,010	49,545	996,922	-	-	3,058,687	4,294,363	7,353,050
• Other additions		120,524	180,427	111,128	59,719	-	-	-	471,798	10,752,210	11,224,008
• WIP take-ons gross		-	-	-	-	-	-	-	-	-	-
• WIP transfers to expense		-	235,418	-	126,828	2,328,582	-	-	2,689,828	-2,689,828	-
Contributed assets at valuation		-	-	-	-	-	-	-	-	-424,085	-424,085
Disposals gross value	4a	-	-	-775,248	-	-	-	-	-775,248	-	-775,248
Write-offs Gross Value	8	-	-304,281	-102,374	-	-1,643,424	-	-	-2,050,079	-	-2,050,079
Revaluation adjustments to asset revaluation surplus	19	449,035	-	-	-	14,769,030	7,640,390	7,524,224	30,382,679	-	30,382,679
Revaluation adjustments to income		-	6,793,596	-	-	-	-	-	6,793,596	-	6,793,596
Grossing gross value as at 30-Jun-22		12,087,416	97,262,291	20,861,383	5,838,688	417,101,330	128,668,115	49,464,587	731,283,810	17,616,589	748,900,399
Accumulated depreciation											
Opening balance as at 1-Jul-21		-	44,280,559	11,209,696	3,373,979	108,808,213	55,187,389	21,844,282	244,704,118	-	244,704,118
Contributed assets at valuation		-	-	-	-	3100	-	-	3,100	-	3,100
Depreciation on disposals	4a	-	-	-636,278	-	-	-	-	-636,278	-	-636,278
Write-offs	8	-	-102,487	-82,374	-	-361,772	-	-	-946,633	-	-946,633
Revaluation adjustments to revaluation surplus	19	-	-	-	-	4,500,097	492,106	4,108,666	9,100,869	-	9,100,869
Revaluation adjustments to income		-	3,522,946	-	-	-	-	-	3,522,946	-	3,522,946
Annual depreciation		-	2,251,900	1,004,701	331,382	3,267,936	1,841,571	595,638	9,293,138	-	9,293,138
Accumulated depreciation at 30-Jun-22		-	49,952,918	11,495,745	3,705,371	116,217,874	57,521,066	26,548,586	265,441,260	-	265,441,260
Written down value as at 30-Jun-22		12,087,416	47,309,373	9,365,638	2,133,317	300,883,756	71,147,049	22,916,001	465,842,550	0	465,842,550
Residual value		-	-	4,316,814	-	-	-	-	4,316,814	-	4,316,814
Basis of measurement		Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Fair value	Cost	
Fair value category		Level 2 & 3	Level 2 & 3	2 to 20	4 to 50	Level 3	Level 3	Level 3	Level 3		
Range of estimated useful life in years		Not depreciated	40 to 100			15 to 300	20 to 60	20 to 40			

Notes to the Financial Statements

For the year ended 30 June 2023



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 is 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, 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.

Notes to the Financial Statements

For the year ended 30 June 2023



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.

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 For the year ended 30 June 2023

1) 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
Land (Level 2) 2023: \$4.04m 2022: \$3.84m	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The 30 June 2023 desktop valuation included a reconciliation and update of the land, asset register. 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.	6% applied for the period 17/2022 to 30/6/2023
	Fair value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	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.	
	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The 30 June 2023 desktop valuation included a reconciliation and update of the buildings & other structures asset registers and the distribution of 2023 capital expenditure to specific assets. Level 2 for the 4 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 2) 2023: \$4.04m 2022: \$3.84m	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	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).	8% applied for the period 17/2022 to 30/6/23
	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The valuation approach estimated the current replacement cost (CRC) for each asset by compensating the assets into significant parts within different useful lives and taking into account a range of factors. 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 where structural adjustment was made to that the existing valuation reflected the cost of replacing the existing economic benefits based on an alternative of medium equivalent assets to achieve the required level of service output within the council's planning horizon. 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. 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. Where there could be no project cost data available, the replacement cost was used to determine the fair value of the asset. The replacement cost was then adjusted for depreciation at year end to arrive at a policy was applied that all cost assets are deemed to be valued at level 3.	
	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation) 30/06/2023	APV Values & Asset Management	The valuations have been undertaken on a cost approach, which is deemed a level 3 input. The approach estimated the replacement cost for each asset by compensating the assets into significant parts with different useful lives, applying reviewed unit rates to individual assets and taking into account factors such as asset condition. The accumulated depreciation of the assets has been calculated by applying the assessed condition of the assets as a remaining useful life.	
Roads & Stormwater Infrastructure (Level 3)	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The 30 June 2023 desktop valuation included a reconciliation and update of the roads, asset register. 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.	9.41% for Road Assets and 8.48% for Stormwater Assets for the period 17/2022 to 30/6/2023
	Fair value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	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.	
	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The 30 June 2023 desktop valuation included a reconciliation and update of the buildings & other structures asset registers and the distribution of 2023 capital expenditure to specific assets. Level 2 for the 4 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.	
Water & Sewerage Infrastructure (Level 3)	Market value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	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).	10.8% applied for the period 17/2022 to 30/6/2023
	Fair value	30/06/2019 (desktop valuation) 30/06/2023	AVR Consulting	The valuation approach estimated the current replacement cost (CRC) for each asset by compensating the assets into significant parts within different useful lives and taking into account a range of factors. 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 where structural adjustment was made to that the existing valuation reflected the cost of replacing the existing economic benefits based on an alternative of medium equivalent assets to achieve the required level of service output within the council's planning horizon. 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. 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. Where there could be no project cost data available, the replacement cost was used to determine the fair value of the asset. The replacement cost was then adjusted for depreciation at year end to arrive at a policy was applied that all cost assets are deemed to be valued at level 3.	
	Fair value (written down current replacement cost)	30/06/2019 (desktop valuation) 30/06/2023	Marsh (Asset Val)	The valuations have been undertaken on a cost approach, which is deemed a level 3 input. The approach estimated the replacement cost for each asset by compensating the assets into significant parts with different useful lives, applying reviewed unit rates to individual assets and taking into account factors such as asset condition. The accumulated depreciation of the assets has been calculated by applying the assessed condition of the assets as a remaining useful life.	



Notes to the Financial Statements

For the year ended 30 June 2023

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

	2023	2022
Contract assets	6,461,063	2,481,213

b. Contract liabilities

	2023	2022
Funds received upfront to construct Council controlled assets	1,530,827	13,455,531

Contract liabilities relate to funds received from the Australian Government under the Local Roads and Community Infrastructure Program (LRCI) and 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.

	2023	2022
Funds received upfront to construct Council controlled assets	13,015,243	2,580,598

Satisfaction of contract liabilities

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

c. Significant Changes in Contract Balances

The significant changes in the contract assets balance that has increased by \$3.98 million include:

- Timing of works completed under the DRFA 2021 restoration event and the funds owed by the QRA .
- State and Federal Government grant funds received for infrastructure works completed in the prior year.

The significant change in the contract liabilities balance that has decreased by \$11.92 million include:

- DRFA 2021 restoration event works undertaken during 2022/23 sees the unwinding of those QRA 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 2023



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.

a. Current

	2023	2022
Creditors, including contract retentions	6,502,695	6,544,605
Prepaid waste levy	360,715	353,088
Prepaid rates	1,741,062	1,632,672
	8,604,472	8,530,365

b. Non-Current

	2023	2022
Prepaid waste levy	1,097,692	1,121,785

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 date 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.

	2023	2022
Current		
Loans - QTC	156,619	152,524
	156,619	152,524
Non-current		
Loans - QTC	494,460	650,341
	494,460	650,341

The QTC loan market value at the reporting date was \$627,791. 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 2023



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	
	2023	2022	2023	2022
Annual leave	2,088,835	2,002,025	-	-
RDO's & TIL	36,640	34,209	-	-
Long-service leave	1,823,034	1,499,162	406,274	396,384
Landfill rehabilitation	-	-	1,263,828	1,241,025
	3,948,509	3,535,396	1,670,102	1,637,409

Notes to the Financial Statements For the year ended 30 June 2023



Movement in non-employee benefit provisions

Landfill rehabilitation	Note	2023	2022
Balance at beginning of financial year		1,241,025	1,340,785
Unwinding of discount on provision	7	38,934	6,838
Decrease due to change in discount rate	4b	(34,374)	(259,899)
Decrease due to revised estimate	4b	(169,016)	(27,561)
Increase due to change in inflation	4b	187,259	180,862
Balance at end of financial year		1,263,828	1,241,025

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 \$1,263,828 and this cost is expected to be incurred in four stages between 31 March 2024 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	2023	2022
Water infrastructure	38,334,140	31,686,296
Sewerage infrastructure	15,739,119	13,771,424
Road infrastructure	120,956,600	98,912,950
Buildings & structures	2,950,251	-
Land	1,994,295	1,272,925
	179,974,405	145,643,595

Notes to the Financial Statements

For the year ended 30 June 2023



20. Commitments for expenditure

	2023	2022
Capital commitments		
Commitments for construction of the assets contracted for at reporting date but not recognised as liabilities:		
Airport infrastructure	61,219	20,735
Building infrastructure	4,119,580	3,390,545
Flood warning infrastructure	-	125,311
Information technology	30,881	4,540
Plant	690,223	601,039
Roads	25,212	9,537
Water infrastructure	3,587,697	1,422,355
	8,514,812	5,574,062
These expenditures are payable as follows:		
Within one year	8,514,812	5,574,062
	8,514,812	5,574,062

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 2022, 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 \$731,433 (2022: \$678,120).

Notes to the Financial Statements

For the year ended 30 June 2023



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 managed by the LGIASuper trustee for LGIASuper trading as Brighter Super.

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

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

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits, and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2024.

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

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

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

	Note	2023	2022
Superannuation contributions made to the Regional Defined Benefits Fund		65,789	76,100
Other superannuation contributions for employees		1,889,198	1,803,031
Total superannuation contributions paid by Council for employees	5	1,954,987	1,879,131

Notes to the Financial Statements

For the year ended 30 June 2023



23. Reconciliations

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

	2023	2022
Net result	8,242,927	19,387,336
Non-cash operating items:		
Depreciation	9,965,433	9,293,138
Write-offs of property, plant and equipment	1,244,008	1,503,446
Opening WIP moved to expense	741,953	424,085
Community loan interest charged	-	(90)
	11,951,394	11,220,579
Investing and development activities:		
Net (profit) loss on disposal of non-current assets	(107,852)	(170,667)
Revaluation (increment) decrement of non-current assets	(181,331)	(3,270,650)
Capital grants, subsidies, contributions and donations	(5,993,646)	(14,275,692)
Other capital income	(16,131)	(106,598)
	(6,298,960)	(17,823,607)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(1,261,760)	(2,067,105)
(Increase) decrease in inventories	(9,956)	(70,823)
(Increase) decrease in contract assets	(3,979,850)	9,378,707
Increase (decrease) in payables	50,014	5,309,715
Increase (decrease) in contract liabilities	(11,924,704)	10,246,088
Increase (decrease) in provisions	445,806	(242,886)
	(16,680,450)	22,553,696
Net cash inflow (outflows) from operating activities	(2,785,089)	35,338,004

b. Reconciliation of liabilities arising from finance activities

2023	As at 30 June 2022	Cash flows	Non-cash changes	As at 30 June 2023
Borrowings	802,865	(151,786)	-	651,079
2022	As at 30 June 2021	Cash flows	Non-cash changes	As at 30 June 2022
Borrowings	950,496	(147,631)	-	802,865

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 2023

25. 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 management 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.



Notes to the Financial Statements

For the year ended 30 June 2023

Liquidity risk

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

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

Exposure to liquidity risk

Council is exposed to liquidity risk through its normal course of business 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
2023					
Payables	6,863,410	-	-	6,863,410	6,863,410
Loans – QTC	172,374	517,122	-	689,496	627,791
	<u>7,035,784</u>	<u>517,122</u>	<u>-</u>	<u>7,552,906</u>	<u>7,491,201</u>
2022					
Payables	6,567,552	-	-	6,567,552	6,567,552
Loans – QTC	172,374	689,496	-	861,870	802,865
	<u>6,739,926</u>	<u>689,496</u>	<u>-</u>	<u>7,429,422</u>	<u>7,370,417</u>

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

Notes to the Financial Statements

For the year ended 30 June 2023



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
2023					
Financial Assets	51,334,503	513,345	(513,345)	513,345	(513,345)
	51,334,503	513,345	(513,345)	513,345	(513,345)
2022					
Financial assets	62,531,848	625,318	(625,318)	625,318	(625,318)
Net total	62,531,848	625,318	(625,318)	625,318	(625,318)

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 2023



26. 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:

	2023	2022
Short-term employee benefits	1,394,089	1,045,473
Post-employment benefits	163,672	147,773
Long-term benefits	82,375	29,392
Termination benefits	-	265,069
	1,640,136	1,487,707

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/ domestic partner and child or dependent of a KMP or their spouse/domestic partner.

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

	Note	2023	2022
Fees and charges charged to entities controlled by KMP	26 b i)	24,753	63,045
Employee expenses for close family members of KMP	26 b ii)	150,767	144,900
Purchase of materials and services from entities controlled by KMP	26 b iii)	30,936	52,571
		206,456	260,516

- 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
Regulatory Business charges	Various other related parties	738
Building Applications	Various other related parties	13,914
Other fees & Charges	Various other related parties	10,101
Total		24,753

- 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 215 permanent and 18 casual staff of which only 6 are close family members of key management personnel at the end of the reporting period. Of these, 5 were employed before KMP were employed.

- iii) There were \$30,936.28 purchases of materials and services from entities that are controlled by members of KMP during the reporting period. Purchases were on an arm's length basis.

Notes to the Financial Statements For the year ended 30 June 2023



c. Outstanding balances

There are \$43,945.48 balances outstanding to Council 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 under the same circumstances available to any other ordinary citizen.



Notes to the Financial Statements For the year ended 30 June 2023

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.

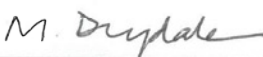
In accordance with Section 212(5) of the Regulation we certify that:

- 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 36, 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
20.10.2023

Date:



Chief Executive Officer
Martin Drydale
20.10.2023

Date:

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 2023, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Charter Tower Regional Council's annual report for the year ended 30 June 2023 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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



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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, 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.



David Adams
as delegate of the Auditor-General

30 October 2023

Queensland Audit Office
Brisbane



Notes to the Financial Statements For the year ended 30 June 2023

Financial Sustainability Statement

Current-year Financial Sustainability For the year ended 30 June 2023

Measures of Financial Sustainability

How the measure is calculated

Act

Council's performance at 30 June 2023
against key financial ratios and targets:

Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	60%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-(55)%	Not greater than 60%

Note 1 - Basis of Preparation

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

The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2023.

Certificate of Accuracy

For the year ended 30 June 2023

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

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

Mayor

Frank Beveridge

Date: 20/10/2023

Chief Executive Officer

Martin Drydale

Date: 20/10/2023

INDEPENDENT AUDITOR'S RI

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 2023, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Charters Towers Regional Council for the year ended 30 June 2023 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Charters Towers Regional Council's annual report for the year ended 30 June 2023 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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



However, as required by the Local Government Regulation 2012, I have formed 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 material accounting policy information 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.



David Adams
as delegate of the Auditor-General

30 October 2023

Queensland Audit Office
Brisbane

Unaudited Long-Term Financial Sustainability Statement

Measures of Financial Sustainability	How the measure is calculated	Target	Actuals at 30 June 2023	Projected for the year ended									
				30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31	30-Jun-32	
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	4%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	60%	184%	149%	135%	238%	193%	96%	179%	191%	58%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	(55)%	(38)%	(68)%	(69)%	(60)%	(55)%	(61)%	(59)%	(55)%	(65)%	

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.

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

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

Date: 20/10/2023