



CHARTERS TOWERS CITY COUNCIL

FINANCIAL STATEMENTS

For the Period ended 14 March 2008





**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



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CHARTERS TOWERS CITY COUNCIL
INCOME STATEMENT
For the period ended 14 March 2008



	Note	2007/2008 To 14 March	2006/2007 Financial year
INCOME			
Revenue			
Recurrent Income			
Net Rates and Utility Charges	31 a	7,627,111	7,110,120
Fees & Charges	31 b	307,415	388,830
Interest Income	31 c	806,767	801,915
Other	31 d	1,140,287	1,122,166
Grants, Subsidies, Contributions & Donations	3 a	1,877,567	2,233,630
Total Recurrent Revenue		11,759,146	11,656,661
Capital Income			
Gain on sale of non-current assets	19	130,598	287,421
Contributed Assets		-	228,390
Grants & Subsidies	3 b	232,022	212,094
		362,620	727,905
TOTAL INCOME		12,121,766	12,384,566
EXPENSES			
Employee Wages & Benefits	34	4,293,343	5,126,328
Less: Capitalised Wages		(242,729)	(301,697)
Operating Wages in Services & Maintenance		(2,169,441)	(2,883,026)
Materials, Services, Maintenance & Other	32	4,523,822	5,576,276
Depreciation	27	2,451,392	3,469,045
Finance Costs		40,726	23,064
TOTAL EXPENSES		8,897,112	11,009,990
NET RESULT ATTRIBUTABLE TO COUNCIL		3,224,655	1,374,576



CHARTERS TOWERS CITY COUNCIL
APPROPRIATION STATEMENT
For the period ended 14 March 2008



	Note	2007/2008 To 14 March	2006/2007 Financial Year
Retained Surplus from prior years		-	-
Increase in Operating Capability		3,224,655	1,374,576
TRANSFERS (TO) AND FROM CAPITAL AND RESERVES			
Capital			
Gain on Sale of Assets	19	(130,598)	(287,421)
Loss of Disposal of Assets		-	-
Contributed Assets In		-	(228,390)
Opening WIP Transferred to expense		-	145,262
Tfr from Retained Earnings		(2,211,160)	(32,270)
Capital Grants		(232,022)	(212,094)
Movement in Cash supporting Employee Provisions		-	1,873
Working Capital Adjustment	26	234,436	(219,036)
Unfunded Depreciation	28	-	159,964
Tfr to Retained Earnings-Expensed in this period		-	-
Rounding			1
		(2,339,344)	(672,111)
Total Movement between Reserves		885,311	702,465
Reserves			
Constrained Works Reserve	1w(iii)	(81,883)	13,885
IT Provision Reserve	1w(iv)	930	(111,950)
Special Projects Reserve	1w(iv)	(804,358)	(604,400)
		(885,311)	(702,465)
RETAINED SURPLUS		-	-



CHARTERS TOWERS CITY COUNCIL

BALANCE SHEET

As at 14 March 2008



	Note	2007/2008 To 14 March 2008	2006/2007 Financial Year
CURRENT ASSETS			
Cash & Cash Equivalents	4	15,752,147	11,450,534
Receivables	5	704,409	172,049
Accrued Revenue	5 a	58,942	182,581
Prepayments	6	18,565	204,157
Inventories	7	299,811	311,440
TOTAL CURRENT ASSETS		16,833,875	12,320,761
NON-CURRENT ASSETS			
Work in Progress	8	1,599,706	870,730
Property, Plant & Equipment	9	32,369,789	16,243,261
Infrastructure Assets	10	109,571,370	85,929,095
Long Term Loans to Community	24 a	143,540,866	103,043,086
	11	48,096	57,012
TOTAL NON-CURRENT ASSETS		143,588,962	103,100,098
TOTAL ASSETS		160,422,836	115,420,859
CURRENT LIABILITIES			
Payables	12	517,763	423,411
Unearned Revenue	13	81,773	21,710
Accrued Expenses	14	497,420	251,156
TOTAL CURRENT LIABILITIES		1,096,956	696,277
NON-CURRENT LIABILITIES			
Payables	16	697,703	661,561
TOTAL NON-CURRENT LIABILITIES		697,703	661,561
TOTAL LIABILITIES		1,794,659	1,357,838
NET ASSETS		158,628,178	114,063,021
COMMUNITY EQUITY			
Council Capital	1 w(i)	82,731,496	80,392,150
Retained Surplus/(Deficiency)	1 w(v)	-	-
Developer Contributions Reserve	1 w(iii)	86,233	4,351
Other Non-Capital Reserves	1 w(iv)	2,024,776	1,221,350
Asset Revaluation Reserve	1 w(i)	73,785,673	32,445,170
TOTAL COMMUNITY EQUITY		158,628,178	114,063,021



CHARTERS TOWERS CITY COUNCIL

CAPITAL FUNDING STATEMENT

For the period ended 14 March 2008



ANALYSIS	Brought Forward	Becoming Available in Period	Utilised in Period	Carried Forward
Funded Depreciation	9,635,354	2,451,392	(965,110)	13,051,856
Asset Sale Proceeds	-	226,227	226,227	-
Constrained Works	4,350	81,883	-	86,233
Capital Grants	-	232,022	232,022	-
Tfr from Retained Earnings	-	2,211,160	2,211,160	-
Unfunded Depreciation	-	-	-	-
	9,639,704	5,202,683	1,704,299	13,138,089
SOURCES OF CAPITAL FUNDING			To 14.03.2008	2006/2007
			(965,110)	1,360,409
			232,022	212,094
			226,227	374,459
			2,211,160	32,271
			1,704,299	1,979,233
APPLICATIONS OF CAPITAL FUNDING				
Non-Current Assets			1,704,299	1,979,233
			1,704,299	1,979,233



CHARTERS TOWERS CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007



DESCRIPTION OF MOVEMENTS Note:	RETAINED SURPLUS		CAPITAL ACCOUNT		ASSET REVALUATION RESERVE		NON-CAPITAL SPECIAL PROJECT RESERVE		CONSTRAINED WORKS RESERVE		TECHNOLOGY RESERVE		TOTAL	
	1 w(v)		1 w(i) & 1w(ii)		1 w(i)		1 w(iv)		1 w(iii)		1 w(iv)			
	14/03/08	30/06/07	14/03/08	30/06/07	14/03/08	30/06/07	14/03/08	30/06/07	14/03/08	30/06/07	14/03/08	30/06/07	14/03/08	30/06/07
Opening Balance	-		80,392,150	79,865,254	32,445,171	28,356,098	852,400	248,000	4,350	18,235	368,950	257,000	114,063,021	108,744,587
Opening Adjustment-Note 23(c)					30,917,443								30,917,443	
Increase(Decrease) in Operating Capability	3,224,655	1,374,576											3,224,655	1,374,576
Asset Revaluation Adjust					10,423,059	4,136,782							10,423,059	4,136,782
Transfers between Capital and Asset Revaluation						-							-	-
Transfers between Appropriation and Capital	(2,339,346)	(672,111)	2,339,346	672,111									-	-
Transfers from Appropriation to Reserves	(885,309)	(702,465)					804,356	604,400	81,883	(13,885)	(930)	111,950	-	-
Transfers from Reserves to Capital													-	-
Transfers from Capital to Reserves													-	-
Asset Reversals & Write Offs													-	-
Provisional Adjustments				(145,215)		(47,710)							-	(192,925)
Rounding						1				-			-	1
CLOSING BALANCE	-	-	82,731,496	80,392,150	73,785,673	32,445,171	1,656,756	852,400	86,233	4,350	368,020	368,950	158,628,178	114,063,021



CHARTERS TOWERS CITY COUNCIL
CASH FLOW STATEMENT
For the period ended 14 March 2008



	Note	2007/2008 To 14 March	2006/2007 Financial Year
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Rates and Utilities		7,290,795	7,130,381
Fees and Charges		195,350	638,288
Interest		790,558	788,308
Subsidies & Grants	3	1,343,958	1,762,892
Contributions & Donations		533,609	470,738
Other		1,318,947	861,467
Net Receipts		11,473,216	11,652,074
GST Supplies		212,492	241,487
GST Reimbursements		187,590	241,234
Rounding		0	1
Gross Receipts		11,873,298	12,134,796
Payments			
Employee Costs		4,297,392	5,153,538
Less Capitalised Wages		(242,729)	(301,697)
Less Operating wages in operating activities		(2,169,441)	(2,883,026)
Materials & Services		2,268,918	3,177,601
Finance Costs		40,526	23,414
Prepayments		(185,592)	24,752
Other & Maintenance		1,995,925	2,478,068
Net Payments		6,004,999	7,672,650
GST Acquisitions		400,082	482,721
Gross Payments		6,405,081	8,155,371
Net cash inflow from operating activities	22	5,468,218	3,979,425
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Capital Subsidies & Grants	3	232,022	212,094
Sale of Non-Current Assets		226,227	374,459
		458,249	586,553
Payments			
Work in Progress		838,413	530,077
Buildings & Sporting Facilities		13,019	-
Roads, Storm Drains & Airport Runway		0	703,077
Plant		804,828	636,831
Sewerage & Water Infrastructure		17,316	73,892
Equipment & Furnishings		30,723	35,356
Sub-Total Payments		1,704,299	1,979,233
Inventories		(9,424)	(43,157)
Net cash flow from Investing Activities		(1,236,625)	(1,349,523)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans to the Community		10,159	10,880
Un-earned Revenue		60,062	8,480
Net Cash Flow from Financing Activities		70,221	19,360
NET INCREASE (DECREASE) IN CASH		4,301,813	2,649,262
Cash at the beginning of the financial year		11,447,052	8,797,790
Cash at the end of the financial year	22	15,748,865	11,447,052
Net Increase/(Decrease) in Cash		4,301,813	2,649,262



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



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CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

Under the provisions of the *Local Government Reform Act 2007*, Charters Towers City Council was abolished at midnight on 14 March 2008. All the council's business, including all assets and liabilities were transferred to Charters Towers Regional Council (CTRC) immediately before change-over day at the values reported in these financial statements in accordance with the *Local Government Reform Implementation Regulation 2008*. The Charters Towers City Council is, therefore, not a going concern.

Even though Charters Towers City Council is not a going concern the basis of preparation of these financial statements is consistent with the going concern basis because of the way in which the Council's assets have been transferred.

(b) Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

This financial report has been prepared under the historical cost convention except for Land and Infrastructure assets, which are measured at market value through a revaluation reserve and Investment property.

The full accrual basis of accounting has been used and the Australian dollar is both the functional and presentation currency.

(c) Adoption of new Accounting Standards

AASB7 (Financial Instruments: Disclosures) applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2007-2008 and have not been applied:

- AASB8 Operating Segments (Feb 2007)
- AASB101 Presentation of Financial Statements (September 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures ((December 2007)
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27, AAS29, and AAS31 (December 2007)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Adoption of new Accounting Standards Cont.

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

(d) Constitution

The Charters Towers City Council is constituted under the *Local Government Act 1993 (QLD)* and is domiciled in Australia.

(e) Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

(f) Cessation of Council

Under the provisions of the *Local Government Reform Act 2007*, Charters Towers City Council was abolished at midnight on 14 March 2008. All council's business, including all assets and liabilities were transferred to Charters Towers Regional Council (CTRC) immediately before change-over day at the values reported in these financial statements in accordance with the *Local Government Reform Implementation Regulation 2008*.

(g) Date of Authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

(h) Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

(i) Comparative Figures

Comparative figures for the preceding financial year have been reclassified, where necessary, on a basis consistent with current financial year disclosure.

The comparative period is one (1) year. The accounting period is 8½ months. Allowances should be made for the difference in period length when analysing the information presented.

(j) Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefit Tax and Goods and Services Tax (GST). The net amount of GST recoverable from or payable to the ATO is shown as an asset or liability respectively.

(k) Trust Fund

A separate bank account and separate accounting record is maintained for the Trust Fund being monies held in trust in a custodial role such as securities. As such monies cannot be used for Council purposes, they are not considered revenue, nor brought into account in these financial statements. However, they are disclosed in Note 17 to the financial statements for information purposes only.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(I) Property, Plant & Equipment

- (i) Non-Current Assets Threshold** - Items of property, plant & equipment with a value less than \$5,000, except for land, infrastructure assets and fleet items, are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.
- (ii) Capital and Operating Expenditure** - As a general rule, material expenditure incurred in the purchase or development of assets is treated as capital expenditure. Expenditure to maintain the operational capacity and lifespan of the non-current asset, is considered maintenance, and is treated as an expense.
- (iii) Acquisition** - Acquisitions of assets are initially recorded at cost. Cost is determined as a fair value of the assets given as consideration plus costs incidental to the acquisition, including architect's fees and engineering design fees and all other establishment costs.

Non-monetary assets, including property, plant and equipment, received in the form of grants or contributions, are recognised as assets and revenues at fair value by Council valuation.

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

- (iv) Valuation** - Land, buildings, infrastructure, heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the *Local Government Finance Standard 2005*. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued. Details of valuers and methods of valuations are disclosed in Note 24(b).

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

- (v) Asset Revaluation Reserve** - The asset revaluation reserve comprises of adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets, since their initial recognition, are accumulated in this reserve. Increases and decreases on revaluation are offset within a class of assets.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(vi) Depreciation of Property, Plant & Equipment

To achieve a systematic and rational allocation of the value of non-current assets over their estimated useful lives, depreciation represents the consumption of the service potential of the asset. The Prabhu-Edgerton Consumption Model of depreciation is applied to road infrastructure and buildings, while straight line depreciation is applied to all other assets.

Assets are depreciated from the date of acquisition, or, if internally constructed, from the date the asset is completed and ready for use.

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

	<u>Years</u>
Land – Not Depreciated	N/A
Buildings & Roads (consumption-based depreciation)	
Plant and Equipment	
Passenger Vehicles	2-10
Trucks, Utilities & Trailers	2-10
Mobile Plant	2-10
Other	5-39
Infrastructure	
Water Supply Network	10-80
Sewerage Network	10-60

(vii) Capital Work in Progress

The cost of property, plant and equipment currently under construction by the Council includes the cost of materials, direct labour and an appropriate proportion of labour overheads.

(viii) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



(m) Inventories

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

Inventories held for distribution are:

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

These goods are valued at the lower of cost and replacement cost.

(n) Land held for Resale

Land held, with the intention of reselling (with or without further development) is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

(o) Investments

Investments are brought to account at net fair value and interest income is recognised as it accrues.

(p) Interest

Interest income is recognised as it accrues.

(q) Non-Current Liabilities

Non-Current Liabilities are valued at current market value.

(r) Employee Benefits

(i) Wages and Salaries - A liability for wages and salaries is recognised, and measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date. This liability is treated as a payable and not as a provision.

(ii) Long Service Leave - A liability for Long Service Leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases, and includes related employee on-costs. This liability is treated as a payable and not as a provision.

(iii) Annual Leave - A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is treated as a payable and not as a provision.

(iv) Superannuation - The superannuation expense for the reporting period is the amount of the statutory contribution made by the local government to the employees superannuation plan. Details of arrangements are set out in Note 21.

(s) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written off at 14 March, 2008.

Credit Risk Receivables

The maximum credit risk exposure of Receivables as at 14 March is the carrying amount of these assets as shown in Note 5, Note 11 and Note 35.



CHARTERS TOWERS CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 14 MARCH 2008



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(t) Rates, Grants and Other Revenue

Rates, grants and other revenue are recognised as revenues when the Council obtains control over assets comprising the contributions.

(i) **Rates** - Control over assets acquired from rates is obtained at the commencement of the rating period. Where rate monies are received in advance of a rating period, the amount is recognised as revenue at the time of receipt. See Note 31.

(ii) **Grants and Subsidies** - Control over granted assets is obtained upon their receipt or upon prior notification that a grant has been secured.

(u) Accounts Payable

Accounts payable have been recognised as a liability at the time of the goods being received, or the service being performed. The amount recognised for each creditor is based on purchase or contract costs. The amounts are unsecured and are normally settled within 30 working days.

(v) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes Cash at Bank and Cash on Investment, all being readily convertible to cash on hand.

(w) Components of Equity

(i) Capital & Asset Revaluation Reserve

Combined, these accounts represent the amount of Capital, currently required, and in use by the Council, to maintain assets and infrastructure at existing levels of operating capability.

Capital - represents the combined balance of:

	2008	2007
Written Down Value of Assets	143,540,866	103,043,086
Revaluation component of WDV	(73,785,673)	(32,445,170)
Unspent Funded Depreciation	13,051,856	9,635,352
Working Capital Assets	1,133,106	930,720
Working Capital Liabilities	(1,794,659)	(1,357,838)
Funded Working Capital	586,000	586,000
Closing Capital Account Balance	82,731,496	80,392,150

Asset Revaluation Reserve - represents the combined balance of adjustment to asset values as a result of indexation or revaluation, being \$73,785,673 (2007- \$32,445,170).

(ii) Asset Acquisition Reserves

Contains surplus capital funds over and above funded depreciation, reserved for the purpose of purchasing 'additional assets'. *Currently Council has no reserves for this purpose.* **Replacement** assets are funded from funded depreciation held within the capital account. **New** assets are funded from general revenue, capital grants or internal borrowings from funded depreciation.

(iii) Constrained Works Reserve

Developer Contributions received towards works pending.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(iv) Other Non-Capital Reserves

Currently Council has two reserves: Special Projects, Provisions for IT and GIS Projects.

(v) Retained Surplus/(Deficiency)

This account represents either Council's net cash funds not required to meet immediate requirements or specific future needs, or contains operational project subsidies which have expenditure that crosses into the following year. Therefore, the balance of this account at the end of each financial year represents the amount available to Council to be offset against expenditure in the following year or, if a deficit, represents the additional amount of revenue needed to be raised in the following year. For the current reporting period, this account is \$ Nil (2006 - \$ Nil).

(x) Financial Risk Management

The Council minimises its exposure to financial risk in the following way:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia, and are for a period of less than one year.

The Council does not invest in derivatives or other risk investments.

(y) Judgements and Assumptions

Council has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008



2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT

(a) ANALYSIS BY FUNCTION

FUNCTIONS	GRANTS		OTHER REVENUE		TOTAL REVENUE		EXPENSES		NET CHANGE IN ASSETS		ASSETS	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
CORPORATE SERVICES	994,922	1,347,047	4,737,598	4,684,121	5,732,520	6,031,168	2,093,853	1,779,949	3,638,667	4,251,219	32,173,150	19,647,707
COMMUNITY SERVICES	198,605	199,776	629,471	638,815	828,076	838,591	1,933,524	2,410,758	(1,105,448)	(1,572,167)	10,618,940	5,070,573
ENGINEERING SERVICES												
- WORKS	382,453	428,163	250,801	552,482	633,254	980,645	1,335,064	2,411,429	(701,810)	(1,430,784)	73,013,289	45,804,100
- WATER			2,946,000	2,770,072	2,946,000	2,770,072	2,070,506	2,701,646	875,494	68,426	28,884,560	29,280,611
- SEWERAGE			1,981,920	1,764,089	1,981,920	1,764,089	1,464,168	1,706,207	517,752	57,882	15,732,898	15,617,868
	1,575,980	1,974,986	10,545,790	10,409,579	12,121,770	12,384,565	8,897,115	11,009,989	3,224,655	1,374,576	160,422,837	115,420,859



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



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

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

	2008	2007
Current Assets	16,833,875	12,320,761
Non-Current Assets	143,588,962	103,100,098
	160,422,837	115,420,859

- (c) The activities of the Council are categorised into two functions, Corporate Services and Engineering Services. Within each function are the following programs:-

CORPORATE SERVICES FUNCTION

Corporate Management

To provide good government for the citizens of Charters Towers.

General Administration

To conduct the overall management of the City's Administration in accordance with the provisions of the Local Government Act and other Acts, and to facilitate the business of Council.

Human Resource Management

To prepare and implement policies and procedures in keeping with standard human resource requirements and recognised management practices to enhance the value and professionalism of Council's human resources.

Information Technology

To maximise the benefits of Council's I.T. operations and to enhance I.T. as a management tool in all Council operations by providing direction, policy, system assessment and training to system users.

Financial Services

To facilitate the business of Council in a timely and professional manner to ensure that the financial resources of Council are effectively reported and efficiently utilised.

Area Promotion

To continue the advancement of the area by promotion of its extensive assets, attractions and opportunities and to provide the necessary resources to continue Council's program of strategic and tourist developments.

Health Services

To develop a range of programs (public education and otherwise) which promote the merits of improved health, awareness, well-being, and understanding in the community and to access other sources which support the objective and which can be effective in providing an improved level of public health and services.

Community Development

To encourage community development in a fair and rational manner and to implement planning strategies within the framework of government legislation.

Recreation/Cultural Services

To provide and maintain public open space, recreational and sporting facilities that meet the needs of the community. To recognise in policy, the need to preserve cultural values, by facilitating programs and supporting initiatives which are directed at enhancing local history and culture, and to promote these ideas to the community.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



**2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT, Cont'd
CORPORATE SERVICES FUNCTION Cont'd**

Waste Management

To develop a range of programs to address issues of waste minimisation, material recycling, effective use of waste removal operations and refuse management, and to promote to the community the benefits of new techniques in dealing with waste of all kind. To implement the Code of Competitive Conduct Reforms to supplement Council's best business practices.

ENGINEERING SERVICES FUNCTION

**Transport - Plant & Equipment
- Other Roads**

To provide and maintain a transport system in the City to a standard which meets the objectives of safety and need within the financial framework of Council's Works Program. To provide well maintained plant and equipment to enable Council to carry out specific engineering services. To maintain a Five Year works Program to ensure the adequacy of the roads system and to service all parts of the City.

Infrastructure Development

To plan for the maintenance, replacement and development of Council's infrastructure.

Community Facilities

To provide public open space throughout the City for the enjoyment of all citizens by maintaining a full range of parks, gardens, playgrounds, bushlands and picnic areas.

Water

To provide consumers with a water supply that is of high quality, clear, affordable, and reliable and to develop strategies to extend the service as required.

Sewerage

To provide and maintain an adequate, affordable and reliable sewerage system and to develop strategies to extend the sewerage systems as required.



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 14 March 2008



3. GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS

	2007/2008 To 14 March 2008	2006/2007 Financial Year
a) Recurrent		
Federal Grants		
General Purpose Grants	915,278	1,172,294
Employment-related Grants	34,917	156,333
Fuel Grants	11,885	21,276
Roads Grants	161,273	194,793
<i>Total Federal Grants</i>	1,123,353	1,544,696.00
State Government Subsidies and Grants		
Community, Tourism, Recreation and the Arts	82,000	35,709
Library		1,920
Emergency Services	3,600	3,300
Environment and Heritage		6,600
Aged Services	82,671	107,749
Youth Services	52,334	62,918
<i>Total State Government Subsidies and Grants</i>	220,605	218,196
Total Recurrent Grants & Subsidies	1,343,958	1,762,892
Contributions		
Developer Contributions	98,282	190,366
Headworks Charges	375,277	195,548
Shared Services Arrangements - DSC	59,214	84,155
Other, including Donations	835	669
Total Contributions	533,609	470,738
Total Recurrent Grants,Subsidies,Contributions&Donations	1,877,567	2,233,630
b) Capital		
Community, Tourism, Recreation and the Arts	22,727	-
Roads	209,295	212,094
Total Capital Grants & Subsidies	232,022	212,094
TOTAL GRANTS,SUBSIDIES,CONTRIBUTIONS & DONATIONS	2,109,588	2,445,724



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 14 March 2008



4. - 7. CURRENT ASSETS

	2007/2008 To 14 March	2006/2007 Financial Year
4. Cash & Cash Equivalent Assets		
Cash at Bank & Investments-On Call & Flexible Term	15,748,865	11,447,052
Petty Cash & Cash Register Floats	3,282	3,482
	15,752,147	11,450,534
5. Receivables		
Rates	404,516	50,290
Sundry Debtors	214,613	123,034
Developer Private Works	-	13,133
Uncompleted private works	85,280	(14,408)
	704,409	172,049
<p>Interest is charged on outstanding rates at a rate of 11% per annum. Limited interest is charged on other debtors. 30% percent of Debtors is made up of reimbursements contributions and subsidies.</p> <p>There is no concentration of credit risk for rates and utility charges or any other debtor receivables.</p>		
5(a). Accrued Revenue	58,942	182,581
6. Prepayments	18,565	204,157
7. Inventories		
Land Held for Resale	-	2,204
Visitor Information Gift Shop	45,971	41,785
Works Depot Stores	283,840	297,451
Less: Provision for slow moving Stores stock	(30,000)	(30,000)
	299,811	311,440
TOTAL CURRENT ASSETS	16,833,875	12,320,761



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 14 March 2008



8. - 11. NON-CURRENT ASSETS

	2007/2008 To 14 March	2006/2007 Financial Year
8. Work in Progress		
Buildings	35,048	35,048
Roads & Airport Runway	1,022,291	412,201
Storm Drains & Quarry	25,000	134,436
Water Infrastructure	303,346	123,379
Sewerage Infrastructure	21,959	6,151
Sporting & Recreation Facilities	82,037	69,488
Plant Fleet	4,720	4,719
Corporate Carparks	105,308	85,308
	1,599,706	870,730
9. Property, Plant & Equipment		
Land	5,154,000	2,118,311
Equipment, Furniture & Fittings	210,771	212,017
Plant Fleet	2,649,100	2,341,399
Buildings	24,355,917	11,571,535
	32,369,789	16,243,261
10. Infrastructure		
Water	27,586,822	27,163,078
Sewerage	15,382,775	15,412,905
Storm Drains	956,657	852,545
Airport Runway	1,059,126	1,064,589
Corporate Carparks	155,405	157,735
Roads	64,430,585	41,278,244
	109,571,370	85,929,095
11. Long Term Community Loans		
Charters Towers & Dalrymple Archives Group	2,240	3,320
Charters Towers Mens' Bowling Club	13,300	14,515
Charters Towers Netball Association	29,186	33,771
NQ Soaring Club	782	2,935
Towers Players	2,588	2,471
	48,096	57,012
TOTAL NON-CURRENT ASSETS	143,588,962	103,100,098



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 14 March 2008



12. - 16. LIABILITIES

	2007/2008 To 14 March	2006/2007 Financial Year
12. Payables - Current		
Sundry Creditors, including Contract Retentions	148,950	14,331
Employee Benefits - Annual Leave	318,831	298,927
Employee Benefits - Long Service Leave	12,678	77,257
Employee Benefits - RDO and TOIL	37,303	32,896
	517,763	423,411
13. Unearned Revenue		
Rent in Advance	-	4,347
Trade-in - Moving Plant	81,773	17,363
	81,773	21,710
14. Accrued Expenses		
Wages	146,132	-
Other	351,289	251,156
	497,420	251,156
TOTAL CURRENT LIABILITIES	1,096,956	696,277
NON-CURRENT LIABILITIES		
15. Borrowings		
Charters Towers City Council has no external borrowings at balance date (14 March, 2008 - \$Nil)	-	-
16. Payables, Non-Current		
Annual Leave	139,280	152,441
Long Service Leave	558,423	509,120
	697,703	661,561
TOTAL NON-CURRENT LIABILITIES	697,703	661,561
TOTAL LIABILITIES	1,794,659	



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



17. TRUST ACCOUNT

	2008	2007
Monies held in Trust are as follows:		
Drought Relief Appeal Funds	12,561	12,561
Sundries	61,166	59,128
Animal Trap Deposits	52	104
Relocation of Buildings	31,987	30,150
Subdivision Security Deposits	111,704	73,159
Temporary Library Memberships	911	710
Arthur Titley Centre Hire Security Deposits	2,701	3,006
Cemetery/Monument Works	467	397
Lissner Park Security Deposits	300	300
Trust deposits transferred from DSC	41,743	
TOTAL	263,592	179,515

18. RESERVES AND ROADS

The latest data shows the following:

Hectares of reserves controlled by Council	225.18	225.18
Kilometres of roads controlled by Council	162.26	162.26

19. GAIN ON SALE OF NON-CURRENT ASSETS

Sale Proceeds	226,227	374,459
Less: Written Down Value	(95,629)	(87,038)
	130,598	287,421

20. EVENTS AFTER BALANCE DATE

There were no material adjusting events after the balance date.

The Council ceased to exist immediately after 14 March 2008 and its assets, liabilities and business were transferred to Charters Towers Regional Council. This is not considered to be an adjusting event as it does not impact on Charters Towers Regional Council immediately before the transfer.

The transfer does not give rise to any impairment, as any change in the use of the assets would be the result of a decision by Charters Towers Regional Council, made after the cessation of Charters Towers City Council.

21. SUPERANNUATION

The Charters Towers City Council contributes to the Local Government Superannuation Scheme (The Scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard *AASB119 Employee benefits*. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the council.

Accordingly there is no recognition in the financial statements of any over or under-funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available), which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2007. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members' benefits as they accrue.

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

The amount of superannuation contributions paid by Council to the Superannuation Fund in this period for the benefit of employees was: (2008 - \$304,336) (2007 - \$414,527).

The Council also contributes to the Local Government Superannuation Fund for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was: (2008 - \$6,011) (2007 - \$10,807).

22. RECONCILIATION OF CASH

The local government considers cash at the end of the reporting period to include:

	2008	2007
Investments	13,532,752	11,407,519
Cash at Bank	2,216,113	39,533
	15,748,865	11,447,052

The appropriation of closing cash is as follows:

Unspent Funded Depreciation	13,051,856	9,635,352
Funded Working Capital	586,000	586,000
Non-capital Reserves	2,024,776	1,221,350
Constrained Works Reserve	86,233	4,350
	15,748,865	11,447,052



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 14 March 2008



**23. VARIANCES BETWEEN ORDINARY ACTIVITIES FIGURES
 WITHIN THE INCOME STATEMENT AND THE CASH FLOW STATEMENT**

	To 14 March 2008 Income Statement	To 14 March 2008 Cash Flow Statement	Variance
REVENUE			
Net Rates and Utility Charges	7,627,111	7,290,795	(336,315)
Interest Income	806,767	790,558	(16,209)
Less: Discount & Pensioner Remission	-	-	-
Fees & Charges	307,415	195,350	(112,065)
Interest (Investments)	-	-	-
Interest on Community Loans	-	-	-
Other	1,140,287	1,318,947	178,660
Subsidies and Grants	1,877,567	1,877,567	-
Gain on sale of non-current assets	130,598	-	(130,598)
Loss on disposal/writeoff, non-current assets	-	-	-
Capital Grants	232,022	-	(232,022)
TOTAL REVENUES	12,121,766	11,473,216	(648,550)
GST Supplies	-	212,492	212,492
GST Reimbursements	-	187,590	187,590
Rounding	-	-	-
	12,121,766	11,873,298	(248,468)
EXPENSES			
Employee Costs	4,293,343	4,297,392	4,050
Less: Capitalised Wages	(242,729)	(242,729)	-
Less: Operating wages included below ⁽¹⁾	(2,169,441)	(2,169,441)	-
Materials, Services, Maintenance & Other	4,523,822	2,268,918	(2,254,904)
Depreciation and Amortisation	2,451,392	-	(2,451,392)
Finance Costs	40,726	40,526	(200)
Prepayments	-	(185,592)	(185,592)
TOTAL EXPENSES	8,897,112	4,009,074	(4,888,038)
GST Acquisitions	-	400,082	400,082
NET RESULT	3,224,656	7,464,143	4,239,488
RECONCILIATION of Variances			
Net movement in Rate Receivables & State Fire Levy Liability			(336,315)
Net movement in Sundry Debtors			(112,065)
Community Loan Interest			(16,209)
Movement in Accrued Revenue			178,660
Gain/Loss on Sale & Disposal of Assets			(130,598)
Subsidies, Grants & Contributions (Not generated through operations)			(232,022)
GST receipts plus reimbursements			400,082
Revenue Variances			(248,468)
Net movement in employee provisions, Time In Lieu & RDO's			4,050
Net movement in expense accruals & creditors owing			(2,252,700)
Depreciation (Non-cash)			(2,451,392)
Prepayments			(185,592)
Increase in Receipting Cash Float			(200)
Opening Non_Current Asset transfers to Expense			(2,204)
GST Acquisitions			400,082
Expense Variances			(4,487,956)
Net Variance between Income Statement & Cash Flow Statement			4,239,488



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008



24(a) PROPERTY, PLANT AND EQUIPMENT

CATEGORIES	Note	Prior Year Audited Opening Gross	Prior Year Gross Adjustment	2007/2008 Opening Gross Value	Additions Gross Value	WIP Take-Ons Gross	WIP Transfers To Expense	Disposals Gross Value	Revaluation and/or Indexation	Closing Gross	Prior Year Audited Opening Accum. Deprec.	Prior Year Accum Deprec Adjustment	2007/2008 Opening Accum. Deprec.	Disposals Accumulated Depreciation	Revaluation or Indexation Accum.Dep.	Annual Depreciation	Closing Accumulated Depreciation	Written Down Value
LAND	(i)	2,118,311	2,176,689	4,295,000				-	859,000	5,154,000	-		-				-	5,154,000
BUILDINGS (Fair Value)	(v)	18,968,172	6,845,832	25,814,004		30,335			2,067,547	27,911,885	(7,396,638)	4,293,582	(3,103,055)		(263,405)	(189,508)	(3,555,968)	24,355,917
PLANT FLEET	(ii)	4,592,842		4,592,842	804,828			(481,439)		4,916,231	(2,251,443)		(2,251,443)	385,810		(401,497)	(2,267,131)	2,649,100
FURNITURE & EQUIPMENT	(ii)	1,769,340		1,769,340	30,723			(102,511)		1,697,553	(1,557,324)		(1,557,324)	102,511		(31,968)	(1,486,781)	210,771
STORM DRAINS	(iii)	1,054,582		1,054,582		109,436				1,164,018	(202,037)		(202,037)			(5,324)	(207,361)	956,657
AIRPORT	(iii)	2,192,131		2,192,131						2,192,131	(1,127,543)		(1,127,543)			(5,462)	(1,133,005)	1,059,126
CORPORATE CARPARKS	(iii)	165,234		165,234						165,234	(7,499)		(7,499)			(2,330)	(9,829)	155,405
ROADS	(iii)	67,292,837	(3,858,367)	63,434,470					6,343,448	69,777,917	(26,014,593)	21,459,707	(4,554,886)		(497,393)	(295,054)	(5,347,332)	64,430,585
		98,153,450	5,164,154	103,317,604	835,551	139,771	-	(583,950)	9,269,995	112,978,970	(38,557,077)	25,753,290	(12,803,787)	488,321	(760,798)	(931,144)	(14,007,408)	98,971,562
WATER INFRASTRUCTURE	(iv)	46,393,484		46,393,484					2,085,461	48,478,945	(19,230,406)		(19,230,406)		(864,434)	(797,283)	(20,892,123)	27,586,822
SEWERAGE INFRASTRUCTURE	(iv)	33,085,959		33,085,959					1,487,266	34,573,225	(17,673,054)		(17,673,054)		(794,431)	(722,965)	(19,190,450)	15,382,775
Sub-Total		177,632,893	5,164,154	182,797,047	835,551	139,771	-	(583,950)	12,842,722	196,031,140	(75,460,537)	25,753,290	(49,707,247)	488,321	(2,419,663)	(2,451,392)	(54,089,981)	141,941,159
Rounding		-								-								0
Work in Progress		870,730		870,730	868,747	(139,771)				1,599,706			-					1,599,706
NON-CURRENT ASSETS		178,503,623	5,164,154	183,667,776	1,704,299	-	-	(583,950)	12,842,722	197,630,847	(75,460,537)	25,753,290	(49,707,247)	488,321	(2,419,663)	(2,451,392)	(54,089,981)	143,540,866



CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008



24(a) PROPERTY, PLANT AND EQUIPMENT Continued - 2007 COMPARATIVE FIGURES

CATEGORIES	Note	Opening Gross Value	Contributed Gross Value	Provisional Adjustments	Additions Gross Value	WIP Take-Ons Gross	WIP Transfers To Expense	Disposals Gross Value	Write-offs Gross Value	Revaluation and/or Indexation	Closing Gross	Opening Accumulated Depreciation	Contributed Accumulated Depreciation	Provisional Accumulated Depreciation	Disposals Accumulated Depreciation	Write-Offs Accumulated Depreciation	Revaluation or Indexation Accum.Dep.	Annual Depreciation	Closing Accumulated Depreciation	Written Down Value
LAND	23(b)(i)	2,120,515						(2,204)			2,118,311	-							-	2,118,311
BUILDINGS (Fair Value)	23(b)(v)	18,968,172									18,968,172	(6,965,293)						(431,345)	(7,396,638)	11,571,535
PLANT FLEET	23(b)(ii)	4,819,366			636,831			(863,355)			4,592,842	(2,518,098)			778,522			(511,867)	(2,251,443)	2,341,399
FURNITURE & EQUIPMENT	23(b)(ii)	1,733,984			35,356						1,769,340	(1,500,467)						(56,857)	(1,557,324)	212,017
STORM DRAINS	23(b)(iii)	1,054,582									1,054,582	(195,465)						(6,572)	(202,037)	852,545
AIRPORT	23(b)(iii)	2,192,131									2,192,131	(1,119,794)						(7,749)	(1,127,543)	1,064,589
CORPORATE CARPARKS	23(b)(iii)	165,234									165,234	(4,195)						(3,305)	(7,499)	157,735
Sub-Total		31,053,985	-	-	672,187	-	-	(865,559)	-	-	30,860,613	(12,303,311)	-	-	778,522	-	-	(1,017,694)	(12,542,484)	18,318,129
ROADS	23(b)(iii)	62,320,139		(402,965)		1,970,218				3,405,445	67,292,837	(23,918,471)		210,041			(1,301,444)	(1,004,719)	(26,014,593)	41,278,244
WATER INFRASTRUCTURE	23(b)(iv)	44,164,253	228,390			66,692				1,934,149	46,393,484	(17,925,067)					(550,029)	(755,310)	(19,230,406)	27,163,078
SEWERAGE INFRASTRUCTURE	23(b)(iv)	31,741,356				18,236				1,326,367	33,085,959	(16,304,027)					(677,706)	(691,321)	(17,673,054)	15,412,905
Sub-Total		169,279,734	228,390	(402,965)	672,187	2,055,146	-	(865,559)	-	6,665,961	177,632,893	(70,450,876)	-	210,041	778,522	-	(2,529,179)	(3,469,044)	(75,460,537)	102,172,356
Rounding		-									-									0
Work in Progress	8, **	1,764,093			1,307,045	(2,055,146)	(145,262)				870,730									870,730
Internal Loans																				
NON-CURRENT ASSETS		171,043,827	228,390	(402,965)	1,979,233	-	(145,262)	(865,559)	-	6,665,961	178,503,623	(70,450,876)	-	210,041	778,522	-	(2,529,179)	(3,469,044)	(75,460,537)	103,043,086

** This total includes \$7,022 Water Development Works previously allocated as Private Works Receivable



CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



24. PROPERTY, PLANT AND EQUIPMENT Cont'd

24(b) Valuations of Non-Current Assets are determined as follows:

This note is to be read in conjunction with the table in Note 23(a).

(i) Land

Prior Year Adjustment - Valuation: An independent valuation was undertaken by Australia Pacific Valuers, registered valuers, resulting in change to existing valuations effective as at 30 June 2007. As the valuation data was supplied well after the 2006/2007 financial audit, it was necessary to reflect the revaluations as an adjustment to the opening figures. Therefore, the closing audited figures for 2006/2007 vary to the opening 2007/2008 figures by the valuation movement disclosed in the Valuation Report from the registered valuers.

Annual Indexation: For the period from 1 July 2007 to 14 March 2008, an index of **20%** was applied, as confirmed by the same registered valuers.

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

(ii) Plant, Furnishings & Equipment

Assets in this category are recorded at cost and depreciated on a straight line, based on their useful life. (See Note 1.g(vi)). Due to the regular replacement of these assets, and the immaterial value of the category, which represents only 2.5% of the overall written down value of council assets, independent valuations are not undertaken.

(iii) Roads & Drainage

Prior Year Adjustment - Valuation: An independent valuation was undertaken by Australia Pacific Valuers, registered valuers, resulting in change to existing valuations effective as at 30 June 2007. As the valuation data was supplied well after the 2006/2007 financial audit, it was necessary to reflect the revaluations as an adjustment to the opening figures. Therefore, the closing audited figures for 2006/2007 vary to the opening 2007/2008 figures by the valuation movement disclosed in the Valuation Report from the registered valuers.

Annual Indexation: For the period from 1 July 2007 to 14 March 2008, an index of **10%** was applied, as confirmed by the same registered valuers.

Depreciation methodology change: In conjunction with the above mentioned valuation effective as at 30 June 2007, the previous straight line depreciation method was altered to a consumption based approach, in accordance with the Prabhu-Edgerton Consumption Model. It is intended that this depreciation methodology will continue to be applied for the roadways herein represented, in conjunction with regular conditional based assessments.



CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



(iv) Water & Sewerage Infrastructure

Unit rates on each component are either recalculated annually, or indexed using applicable indexes as released by the Australian Bureau of Statistics.

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

(v) Buildings

Prior Year Adjustment - Valuation: An independent valuation was undertaken by Australia Pacific Valuers, registered valuers, resulting in change to existing valuations effective as at 30 June 2007. As the valuation data was supplied well after the 2006/2007 financial audit, it was necessary to reflect the revaluations as an adjustment to the opening figures. Therefore, the closing audited figures for 2006/2007 vary to the opening 2007/2008 figures by the valuation movement disclosed in the Valuation Report from the registered valuers.

Annual Indexation: For the period from 1 July 2007 to 14 March 2008, an index of **8%** was applied, as confirmed by the same registered valuers.

Depreciation methodology change: In conjunction with the above mentioned valuation effective as at 30 June 2007, the previous straight line depreciation method was altered to a consumption based approach, in accordance with the Prabhu-Edgerton Consumption Model. It is intended that this depreciation methodology will continue to be applied for the buildings herein represented, in conjunction with regular conditional based assessments.

24. PROPERTY, PLANT AND EQUIPMENT Cont'd

(c) Asset Revaluation Reserve

As mentioned in the above Note24(b), certified revaluations effective 30 June 2007, for land, roads and buildings, also resulted in the need to apply a prior year adjustment to the Asset Revaluation Reserve.

	Prior Year Balance	Prior Year Adjustment	Revised Opening Balance	Fair Value Adjustment	Closing Balance
Water	11,751,617		11,751,617	1,221,027	12,972,644
Sewerage	6,275,990		6,275,990	692,835	6,968,825
Roads	10,768,675	17,601,340	28,370,015	5,846,055	34,216,070
Buildings	3,209,781	11,139,414	14,349,195	1,804,142	16,153,337
Land	439,107	2,176,689	2,615,797	859,000	3,474,796
	<u>32,445,170</u>	<u>30,917,443</u>	<u>63,362,613</u>	<u>10,423,059</u>	<u>73,785,673</u>

25. CAPITAL WRITE-OFFS TO THE OPERATING STATEMENT

Movement is made up of brought forward Work in Progress that, when analysed for asset take-on, contained components of non-asset expenditure, relative to the asset project.



CHARTERS TOWERS CITY COUNCIL **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE PERIOD ENDED 14 MARCH 2008**



26. WORKING CAPITAL ADJUSTMENT

DESCRIPTION	OPENING	MOVEMENT	CLOSING
Petty Cash & Floats	3,482	(200)	3,282
Receivables	172,050	530,155	702,205
Prepayments	204,157	(185,592)	18,565
GST Receivable	-	-	-
Inventories	311,440	(9,424)	302,015
Accrued Revenue	182,581	(123,639)	58,942
Community Loan	57,012	(8,916)	48,096
Creditors	(14,330)	(134,620)	(148,950)
Unearned Revenue	(21,710)	(60,062)	(81,773)
Employee provisions	(1,070,642)	4,126	(1,066,516)
Accrual provisions	(251,156)	(246,265)	(497,421)
GST Liability & Group Tax	-	-	-
	(427,117)	(234,436)	(661,553)

27. DEPRECIATION

	2008	2007
Buildings	189,508	431,345
Plant Fleet	401,497	511,867
Furniture and Equipment	31,968	56,857
Storm Drains	5,324	6,572
Airport	5,462	7,749
Corporate Carparks	2,330	3,305
Roads	295,054	1,004,719
Water Infrastructure	797,283	755,310
Sewerage Infrastructure	722,965	691,321
TOTAL DEPRECIATION	2,451,392	3,469,045

28. UNFUNDED DEPRECIATION

No unfunded depreciation was required during the reporting period.

29. CAPITAL COMMITMENTS

At 14 March 2008, there were no Capital commitments to report.

30. CONTINGENT LIABILITIES

Workers' Compensation Insurance

Charters Towers City Council is a member of the Local Government Self-Insurance Scheme, Local Government Workcare. As a member of the scheme, the Council has provided a Bank Guarantee in the amount of \$113,156 to cover any bad debts which may remain should the self insurance licence be cancelled or insufficient funds be available to cover outstanding liabilities. Workcare Queensland is the only organisation which can call on the guarantee. Workcare may call on any part or all of the guarantee should the above circumstances arise.



CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



30. CONTINGENT LIABILITIES Cont.

Public Liability Insurance

Charters Towers City Council is a member of the Local Government Mutual Liability Self Insurance Pool, LGM Queensland. The Trust Deed and Scheme Rules of the Pool provide that any accumulated deficit will be met by individual Pool Members in the same proportion to the contributions of all other Pool Members as the initial contribution by the Pool Members to all other Pool Members for that Fund year. As at 30 June 2007, the Fund reported a surplus of funds of \$8,309,114.

At 14 March 2008, the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

31. RECURRENT REVENUE ANALYSIS

(a) Net Rate and Utility Charges

	2008	2007
General Rates	3,223,405	3,088,952
Prepaid Rates Movement	(110,499)	37,639
Fire Levy Commission	10,946	10,341
Cleansing / Refuse	485,734	445,185
Water Services	2,563,429	2,305,683
Water – Excess Allocation	380,042	271,847
Sewerage	2,054,650	1,864,104
Total Rates and Utility Charges Revenue	8,607,707	8,023,751
Less: Discounts	(853,011)	(792,494)
Pensioner Remissions	(127,585)	(121,137)
Net Rate and Utility Charges	7,627,111	7,110,120

(b) Fees and Charges

Cemetery Fees	43,931	62,302
Search Fees	33,507	60,182
Landfill Fees and Charges	40,191	40,862
Sewerage Licences and Permits	30,780	36,822
Water Connections	21,140	31,497
Other Fees and Charges	137,866	157,165
Total Fees and Charges	307,415	388,830

(c) Interest Income

Interest received on Investments	790,558	782,325
Interest received on Community Loans	1,243	2,050
Interest received on Overdue Rates and Charges	14,966	17,540
Total Interest Income	806,767	801,915

(d) Other Income

Sale of Land Held for Resale	825,909	553,636
Private Work reimbursements	73,766	112,534
Contract reimbursements	28,779	107,250
Special water sales	52,808	87,734
Other	159,026	261,012
Total Other Income	1,140,288	1,122,166



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



32. MATERIALS, SERVICES, MAINTENANCE & OTHER

	2008	2007
Audit Fees	51,942	44,254
Buildings	448,528	576,486
Plant Community Service Obligation (CSO)	285,900	492,133
Parks	647,110	755,656
Information Technology	190,380	77,444
Roadways	475,616	541,386
Other Maintenance	1,069,803	1,225,539
Sewerage	306,889	394,994
Tourism	222,944	265,893
Water	824,710	1,202,491
	4,523,822	5,576,276

33. RATES IN ADVANCE

Value of rate account payments received in advance towards next year's levies:	230,968	341,467
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34. EMPLOYEE WAGES & BENEFITS

Salaries and Wages	3,297,258	3,811,962
Councillor Fees	92,948	114,732
Leave Entitlements Paid	502,667	610,632
Statutory Holidays	90,123	163,668
Superannuation	310,347	425,334
GROSS PAYROLL COSTS	4,293,343	5,126,328

Employee Numbers	- Full-time	87	85
	- Casual	11	15
	- Councillors (incl. Mayor)	7	7

35. FINANCIAL INSTRUMENTS

- (a) **Bank Overdraft**
Council has no overdraft facility.
- (b) **Unsecured Borrowings**
Council has no unsecured borrowings.
- (c) **Secured Borrowings**
Council has no secured borrowings.
- (d) **Assets Pledged As Security**
No assets of the Council are pledged as security.



CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



35. FINANCIAL INSTRUMENTS Cont.

(e) Categorisation of Financial Instruments

Council has categorised the financial assets and financial liabilities held as:

Financial Assets	Category	
Cash		
Receivables	Loans to Community and receivables	(at nominal value)
Other Financial Assets	Receivables	(at nominal value)
Financial Liabilities		
Payables	Financial liability not at fair value through the Profit and Loss	(at nominal value)

Financial assets and financial liabilities are presented below; offsetting has not been applied.

	Note	Floating Interest Rate	Fixed Interest Maturing in 1 year or less	Non Interest Bearing	Effective Interest rate or Weighted Average effective Interest Rate	Total
2007/2008						
Cash at Bank	4	2,216,113			1.50%	2,216,113
Petty Cash & Floats	4			3,282		3,282
Deposits at Call	4	13,532,752			7.29%	13,532,752
Receivables	5		404,516	299,893	11.00%	704,409
Loans to Community	11	48,096			5.00%	48,096
Accrued Revenue	5a			58,942		58,942
Prepayments	6			18,565		18,565
Payables	12-14			1,096,956		1,096,956

	Note	Floating Interest Rate	Fixed Interest Maturing in 1 year or less	Non Interest Bearing	Effective Interest rate or Weighted Average effective Interest Rate	Total
2006/2007						
Cash at Bank	4	39,533			1.50%	39,533
Petty Cash & Floats	4			3,482		3,482
Deposits at Call	4	11,407,518			7.29%	11,407,518
Receivables	5		50,290	121,759	11.00%	172,049
Loans to Community	11		57,012		5.00%	57,012
Accrued Revenue	5a			182,581		182,581
Prepayments	6			204,157		204,157
Payables	12-14			696,277		696,277

(f) Financial Risk Management

Council activities expose it to a variety of financial risks – currency risk, interest rate risk, commodity risk, credit risk and liquidity risk.

Financial risk management is implemented in accordance with the Council's policy on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.



CHARTERS TOWERS CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14 MARCH 2008



35. FINANCIAL INSTRUMENTS Cont.

(g) Cash Flow and Fair Value Interest Rate Risk

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

Risk exposure	Measurement method	Risk Exposure	Measurement method
Interest rate risk	Sensitivity analysis	Liquidity risk	No exposure
Foreign exchange risk	No exposure	Credit Risk	Ageing analysis, earnings at risk

The Council is not currently exposed to interest rate risk, as there are currently no borrowings. The fair value interest rate risk in other areas is minimal.

Sensitivity analysis - The following sensitivity analysis relative to cash/investments, depicts the outcome to profit, should there be a 1% increase in market interest rates. The calculation assumes that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. If the rates decrease by 1%, the impact would be equal in amount in the reverse direction:

$$(2008 - 1\% \text{ of } \$15,748,865 = \$157,489) \quad (2007 - 1\% \text{ of } 11,447,052 = \$114,471)$$

(h) Credit Risk

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

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

In other cases Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk. Council is exposed to credit risk through investments with the Queensland Treasury Corporation (QTC) and deposits held with banks or other financial institutions. As at this date, investments are solely with QTC, with cash at bank held with the Commonwealth Bank of Australia. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated/regulated banks and financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment. No collateral is held as security relating to the financial assets held by Council.

The following table represents Council's maximum exposure to credit risk.

Financial Assets	2008	2007
Cash	15,748,865	11,447,052
Petty Cash and Floats	3,282	3,482
Receivables – Rates	404,516	50,290
Loans to Community Organisations	48,096	57,012
Other Debtors	299,893	121,759
Total	16,504,652	11,679,595



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**



35. FINANCIAL INSTRUMENTS Cont.

Past due or impaired Financial Assets

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired. They are stated at the carrying amounts as follows, and presented as to whether they are fully performing, past due or impaired.

Financial Assets	Performing	Current	30 days	60 days	90 days +	Impaired	Total
Cash	15,752,147						15,752,147
Receivables	703,146	29,937	14,640	-	4,782	-	752,505

(i) Liquidity Risk

Considering the level of cash reserves plus the current position of nil borrowings, Council considers it currently has no exposure Liquidity Risk.

(j) Foreign Exchange Risk

The Council operates locally and is not exposed to foreign exchange risk.



**CHARTERS TOWERS CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 14 MARCH 2008**




MANAGEMENT CERTIFICATE
For the year ended 14 March 2008

This general purpose financial report of Charters Towers City Council has been prepared by Charters Towers Regional Council pursuant to section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005*. Section 33 of the *Local Government Reform Implementation Regulation 2008* and other prescribed requirements.

We certify that:-

- (a) Charters Towers City Council considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (b) the financial statements For the Year Ended 14 March 2008 and supporting notes present Charters Towers City Council income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.

 Mayor

 Chief Executive Officer

10 September 2008

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Charters Towers Regional Council

Report on the Final Financial Report

I have audited the accompanying final financial report of the former Charters Towers City Council, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and cash flow statement for the final period ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Chief Executive Officer of the Charters Towers Regional Council

The New Regional Council's Responsibility for the Final Financial Report

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

In accordance with the *Local Government Act 1993* I have audited the former Council's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
 - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Charters Towers City Council for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

Emphasis of Matter – Local Government Amalgamation

Without qualification to the opinion expressed above, attention is drawn to Note 1 (a) in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Charters Towers City Council was amalgamated into the new Charters Towers Regional Council effective from 15 March 2008. All assets and liabilities of the former Council immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.



John Zabala
(as Delegate of the Auditor-General of Queensland)

10 September 2008

Townsville