



**CHARTERS TOWERS**  
REGIONAL COUNCIL

**FINANCIAL STATEMENTS**

**For the year ended**

**30 June 2019**



**CHARTERS TOWERS REGIONAL COUNCIL**  
**FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2019

	Note	2019	2018
<b>INCOME</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and Charges	3 (a)	22,682,019	21,851,268
Fees and Charges	3 (b)	2,738,523	2,266,172
Interest	3 (c)	1,046,826	1,071,506
Sales - Contract and Recoverable Works	3 (d)	14,932,747	10,328,319
Other Income		131,275	142,804
Grants, Subsidies, Contributions and Donations	4 (a)	13,273,628	7,299,872
<b>Total Recurrent Revenue</b>		<b>54,805,018</b>	<b>42,959,941</b>
<b>Capital Revenue</b>			
Gain on Sale of Non-Current Assets	5 (a)	186,283	909
Grants, Subsidies, Contributions and Donations	4 (b)	5,859,038	8,095,119
<b>Total Capital Revenue</b>		<b>6,045,321</b>	<b>8,096,028</b>
<b>TOTAL INCOME</b>		<b>60,850,339</b>	<b>51,055,969</b>
<b>EXPENSE</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	6	(19,061,471)	(20,002,392)
Materials, Services, Maintenance and Other	7	(23,319,880)	(17,559,036)
Depreciation	8 & 16(a)	(7,581,482)	(7,629,938)
Finance Costs	9	(225,843)	(78,845)
<b>Total Recurrent Expenses</b>		<b>(50,188,676)</b>	<b>(45,270,211)</b>
<b>Capital Expenses</b>			
Loss on Sale of Non-Current Assets	5 (b)	(148,864)	-
Non-Current Assets Write-Offs	5 (c)	(3,074,043)	(2,015,527)
Non-Current Asset Revaluation Decrement		(4,769,183)	-
<b>Total Capital Expenses</b>		<b>(7,992,090)</b>	<b>(2,015,527)</b>
<b>TOTAL EXPENSES</b>		<b>(58,180,766)</b>	<b>(47,285,738)</b>
<b>NET RESULT</b>		<b>2,669,573</b>	<b>3,770,231</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net result</b>			
Increase/(Decrease) in Asset Revaluation Surplus	20	(5,805,156)	(6,836,054)
<b>Total Other Comprehensive Income for the Year</b>		<b>(5,805,156)</b>	<b>(6,836,054)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(3,135,583)</b>	<b>(3,065,823)</b>

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2019**

	Note	2019	2018
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	10	35,928,179	38,092,014
Investments	11	1,000,000	1,000,000
Receivables	13 (a)	10,122,232	5,500,461
Inventories	14	600,804	634,670
<b>TOTAL CURRENT ASSETS</b>		<b>47,651,215</b>	<b>45,227,145</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	16 (a)	482,478,574	485,971,441
Receivables	13 (b)	19,612	31,733
<b>TOTAL NON-CURRENT ASSETS</b>		<b>482,498,186</b>	<b>486,003,174</b>
<b>TOTAL ASSETS</b>		<b>530,149,401</b>	<b>531,230,319</b>
<b>CURRENT LIABILITIES</b>			
Payables	17	7,542,743	5,532,170
Borrowings	18 (a)	140,901	137,236
Provisions	19 (a)	1,862,704	1,820,785
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,546,348</b>	<b>7,490,191</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	18 (b)	1,092,846	1,232,348
Provisions	19 (b)	875,671	737,660
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,968,517</b>	<b>1,970,008</b>
<b>TOTAL LIABILITIES</b>		<b>11,514,865</b>	<b>9,460,199</b>
<b>NET COMMUNITY ASSETS</b>		<b>518,634,536</b>	<b>521,770,120</b>
<b>COMMUNITY EQUITY</b>			
Retained Surplus		36,918,779	39,082,614
Council Capital		327,190,949	322,357,542
Asset Revaluation Surplus	20	154,524,808	160,329,964
<b>TOTAL COMMUNITY EQUITY</b>		<b>518,634,536</b>	<b>521,770,120</b>

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





**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2019**

Description of Movements	Retained Surplus (Deficiency)	Council Capital	Asset Revaluation Surplus	TOTAL
Notes:			20	
Balance as at 1 July 2018	39,082,614	322,357,542	160,329,964	521,770,120
<b>COMPREHENSIVE INCOME</b>				
Net Result	2,669,573			2,669,573
Increase/(Decrease) in Asset Revaluation Surplus			(5,805,156)	(5,805,156)
TOTAL Comprehensive Income for the Year				(3,135,583)
Transfers to/from Council Capital	(4,833,408)	4,833,408		
Balance as at 30 June 2019	36,918,779	327,190,949	154,524,808	518,634,536

Description of Movements	Retained Surplus (Deficiency)	Council Capital	Asset Revaluation Surplus	TOTAL
Notes:			20	
Balance as at 1 July 2017	37,538,969	320,130,956	167,166,018	524,835,943
<b>COMPREHENSIVE INCOME</b>				
Net Result	3,770,231			3,770,231
Increase/(Decrease) in Asset Revaluation Surplus			(6,836,054)	(6,836,054)
TOTAL Comprehensive Income for the Year				(3,065,823)
Transfers to/from Council Capital	(2,226,586)	2,226,586	-	-
Balance as at 30 June 2018	39,082,614	322,357,542	160,329,964	521,770,120

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2019**

	Note	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts From Customers		36,412,101	36,950,689
Payments to Suppliers and Employees		(40,413,386)	(39,533,105)
		(4,001,285)	(2,582,416)
Interest Received		1,045,489	1,069,559
Non Capital Grants and Contributions		13,273,628	7,299,872
Borrowing Costs	18 (c)	(36,537)	(40,255)
<b>Net Cash Inflow (Outflow) From Operating Activities</b>	25	<b>10,281,295</b>	<b>5,746,760</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments For Property, Plant and Equipment		(18,740,880)	(12,283,565)
Receivables-Community Loans		13,458	13,901
Proceeds From Sale of Property, Plant and Equipment	5	559,091	180,909
Capital Grants, Subsidies, Contributions and Donations		5,859,038	8,016,419
<b>Net Cash Inflow (Outflow) From Investing Activities</b>		<b>(12,309,293)</b>	<b>(4,072,336)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Loan Borrowings	18 (c)	(135,837)	(131,211)
<b>Net Cash Inflow (Outflow) From Financing Activities</b>		<b>(135,838)</b>	<b>(131,211)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(2,163,835)</b>	<b>1,543,213</b>
<b>Cash and Cash Equivalents at Beginning of the Financial Year</b>	10	<b>38,092,014</b>	<b>36,548,801</b>
<b>CASH and CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	10	<b>35,928,179</b>	<b>38,092,014</b>

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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# CHARTERS TOWERS REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 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 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). 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). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

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

#### b. New and Revised Accounting Standards

This year Charters Towers Regional Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018, Council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon council's future financial statements are:

**AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for Profit Entities**

Council will apply the standards from 1 July 2019.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**b. New and Revised Accounting Standards cont'd**

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations, these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year, it would have had the following impacts:

- Revenue would decrease due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).
- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- Net result would be lower on initial application as a result of decreased revenue.

A range of new disclosures will also be required by the new standards in respect of the Council's revenue.

**Transition method**

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (ie. 2018/2019), these also do not require restatement.

**AASB 16 Leases**

Date Council will apply the standard - 1 July 2019.

Council has undertaken a review in relation to AASB 16 and as Council does not currently hold any leases, it is anticipated that there will be no impact on its financial statements from 1 July 2019.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**c. Estimates and Judgements**

Where necessary, judgements, estimates and assumptions have been used in preparing these financial statements.

Those that have a potential significant effect or risk of causing an adjustment to council's assets or liabilities are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment – Note 16

Provisions – Note 19

Contingent liabilities – Note 23

Financial instruments – Note 27

**d. Rounding and Comparatives**

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1.

**e. Taxation**

The income of local government and public authorities 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.





## CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

### 2. ANALYSIS OF RESULTS BY FUNCTION

(a) The activities of the Council reported in Note 2(b) are as follows:

#### **CORPORATE & CUSTOMER SERVICES**

Corporate and Customer Services objective is to supply Council and the public with high quality administrative, financial and support services, such as records management, procurement and information technology. People and culture functions also falls within this activity. People and culture's function is to facilitate positive organisational culture, ensure council has and retains people that match the vision, mission and values of council and secure the health and safety of the workforce.

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

**Records** - Records Management

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

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

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

#### **GOVERNANCE (Office of the CEO)**

The objective of the functions; Councillors, Office of the CEO and Governance, is to provide for the good rule and government of its constituents.

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

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

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

#### **PLANNING & COMMUNITY SERVICES**

Objectives of Planning and Community Services include promoting economic and environmental viability and sustainability of the region and facilitating community development through promoting social and cultural growth whilst enabling the community to actively engage in recreational activities.

##### **Environmental Services**

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

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

##### **Planning and Development**

**Town Planning** – Land Use Planning, Heritage Management & Planning Act

##### **Building**

**Building and Plumbing Service** – Building Compliance

##### **Rural Services**

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

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

##### **Local Laws** – Regulation

**Animal Management** – Animal Related Customer Requests

##### **Economic Development**

**Economic Development** – Investment Attraction

**Climate Smart Business Initiative** – Energy Efficiency





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**2. ANALYSIS OF RESULTS BY FUNCTION Cont'd**

**PLANNING & COMMUNITY SERVICES Cont'd**

**Community Development**

**Library** – Library Services

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

**Youth Services** – Youth Related Activities

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

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

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

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

**FACILITIES FUNCTION**

The objective is to ensure the facilities provided by Council are accessible and equitable.

**INFRASTRUCTURE SERVICES**

The objectives of Council's Infrastructure Services activities are to ensure the road network stays accessible and safe, ensure the effective and efficient supply of water and sewerage services that satisfy customer requirements of the region, and undertake the servicing of parks, gardens and airport operations.

**Roads Infrastructure**

**Road Construction**

**Road Contracts** – Infrastructure Construction

**RPC Contracts** – Infrastructure Construction

**Survey** – Design

**Roads to Recovery** – Infrastructure Construction

**Road Maintenance**

**Road Maintenance** – Infrastructure Maintenance

**RMPC Contracts** – Infrastructure Maintenance

**Flood Damage Repairs** – Restorations of Assets

**Private Works** – Third Party Works

**Soils Laboratory**

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

**Quality Assurance**

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

**Water and Sewerage**

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

**Water Reticulation** – Distribution of Quality Water

**Sewerage Reticulation** – Maintain Network for Sewerage

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

**Waste Water Reuse** – Disposal of Wastewater

**FLEET SERVICES FUNCTION**

The workshops object is to facilitate Council's fleet maintenance programs.



# CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

## 2. ANALYSIS OF RESULTS BY FUNCTION Cont'd

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

Year ended 30 June 2019

FUNCTIONS	Gross program income				Elimination of inter-function transactions 2019	Total income 2019	Gross program expenses		Elimination of inter-function transactions 2019	Total expenses 2019	Net result from recurring operations 2019	Net result attributable to council within the reporting period 2019	Assets 2019
	Recurring 2019		Capital 2019										
	Grants	Other	Grants	Other									
Corporate & Governance Services	6,633,057	13,062,826	435,610	-	-	20,131,493	3,850,284	2,253	-	3,852,547	15,845,589	16,278,946	47,619,770
Planning & Community Services	133,775	1,848,365	-	-	-	1,982,140	4,689,637	350,526	-	5,040,163	(2,707,497)	(3,058,023)	31,446
Roads Infrastructure	5,791,908	14,556,765	3,373,717	-	-	23,722,390	23,812,000	2,663,347	-	26,475,347	(3,463,327)	(2,752,957)	325,705,689
Fleet	-	7,988	-	186,283	-	194,271	(240,976)	155,154	-	(85,822)	248,964	280,093	8,986,394
Water	353,928	6,734,677	570,069	(9,355)	-	7,649,319	6,245,441	47,531	-	6,292,972	843,164	1,356,347	62,895,572
Sewerage	-	3,574,741	-	2,800	-	3,577,541	2,739,835	3,583	-	2,743,418	834,906	834,123	20,665,975
Facilities	50,675	2,056,313	1,486,197	-	-	3,593,185	9,092,445	4,769,696	-	13,862,141	(6,985,457)	(10,288,956)	64,243,555
Total Council	12,963,343	41,841,675	5,865,593	179,728	-	60,850,339	50,188,676	7,992,090	-	58,180,766	4,616,342	2,669,573	530,149,401

Year ended 30 June 2018

FUNCTIONS													
	Gross program income				Elimination of inter-function transactions 2018	Total income 2018	Gross program expenses		Elimination of inter-function transactions 2018	Total expenses 2018	Net result from recurring operations 2018	Net result attributable to council within the reporting period 2018	Assets 2018
	Recurring 2018		Capital 2018				Recurring 2018	Capital 2018					
	Grants	Other	Grants	Other									
Corporate & Governance Services	6,150,867	12,403,501	322,294	79,610	-	18,956,272	3,554,026	-	-	3,554,026	15,000,342	15,402,246	66,323,006
Planning & Community Services	120,816	2,905,735	75,000	-	-	3,101,551	7,529,331	-	-	7,529,331	(4,502,780)	(4,427,780)	11,799,819
Roads Infrastructure	278,320	10,410,772	3,748,520	-	-	14,437,612	18,368,317	1,588,686	-	19,957,003	(7,679,225)	(5,519,391)	302,354,832
Fleet	123,248	614	-	-	-	123,862	102,679	3,000	-	105,679	21,183	18,183	10,048,201
Water	286,500	6,314,263	2,655,282	305	-	9,256,350	6,312,715	114,710	-	6,427,425	288,048	2,828,925	48,199,711
Sewerage	-	3,414,042	173,248	394	-	3,587,685	2,996,704	5,799	-	3,002,503	417,338	585,181	17,526,067
Facilities	30,150	521,113	878,625	162,750	-	1,592,638	6,406,439	303,332	-	6,709,771	(5,855,176)	(5,117,133)	74,978,683
Total Council	6,989,901	35,970,040	7,852,969	243,059	-	51,055,969	45,270,211	2,015,527	-	47,285,738	(2,310,270)	3,770,231	531,230,319





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**3. REVENUE ANALYSIS**

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

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

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

	2019	2018
General Rates	12,419,877	12,110,923
Cleansing / Refuse	1,284,282	1,234,965
Water Services	6,291,342	5,936,777
Water – Excess Allocation	502,569	431,156
Sewerage	3,652,999	3,499,526
<b>Total Rates, Levies and Charges Revenue</b>	<b>24,151,069</b>	<b>23,213,347</b>
Less: Discounts	(1,176,431)	(1,078,032)
Pensioner Remissions	(292,619)	(284,047)
<b>Net Rates, Levies and Charges</b>	<b>22,682,019</b>	<b>21,851,268</b>

**(b) Fees and Charges**

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

Animal Control Fees and Charges	129,469	111,853
Cemetery Fees and Charges	70,526	86,332
Landfill Fees and Charges	275,762	165,166
Reserve Rental	42,714	30,848
Saleyards Fees and Charges	1,527,662	1,214,876
Search Fees	39,686	37,409
Water Services	37,542	39,672
World Theatre Fees and Charges	318,084	294,122
Other Regulatory Fees and Charges	107,249	112,105
Other Rental/Hire Fee and Charges	91,974	111,152
Other Fees and Charges	97,855	62,637
<b>Total Fees and Charges</b>	<b>2,738,523</b>	<b>2,266,172</b>





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**3. REVENUE ANALYSIS Cont'd**

**(c) Interest**

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

	2019	2018
Interest received on Investments	904,965	882,639
Interest received on Community Loans	1,337	1,947
Interest received on Overdue Rates and Charges	140,524	186,920
<b>Total Interest Income</b>	<b>1,046,826</b>	<b>1,071,506</b>

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

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

The amount recognised as revenue for contract sales during the period is the value of works undertaken in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

Private Works	371,188	69,979
Main Roads Contract	14,365,333	10,113,892
Other	196,226	144,448
<b>Total Sales Income</b>	<b>14,932,747</b>	<b>10,328,319</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**4. GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Unspent non-reciprocal capital grants are recognised as restricted cash and disclosed in Note 10.

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

Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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

**(a) Recurrent**

	<b>2019</b>	<b>2018</b>
General Purpose Grants	6,390,057	5,905,226
Government Grants and Subsidies	6,692,942	1,084,675
Contributions	190,629	309,971
<b>Total Recurrent Grants, Subsidies and Contributions</b>	<b>13,273,628</b>	<b>7,299,872</b>

**(b) 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.

Government Grants and Subsidies	5,854,582	7,852,969
Contributions	4,456	242,150
<b>Total Capital Grants, Subsidies and Contributions</b>	<b>5,859,038</b>	<b>8,095,119</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. CAPITAL INCOME AND EXPENDITURE**

**(a) Gain on Sale of Non-Current Assets**

	2019	2018
Proceeds from Sale of Assets	299,318	180,909
Less: Written Down Value of Sold Assets	(113,035)	(180,000)
<b>TOTAL GAIN ON SALE</b>	<b>186,283</b>	<b>909</b>

**(b) Loss on Sale of Non-Current Assets**

Proceeds from Sale of Assets	259,773	-
Less: Written Down Value of Sold Assets	(408,637)	-
<b>TOTAL LOSS ON SALE</b>	<b>(148,864)</b>	<b>-</b>

**(c) Non-Current Assets Write-Offs**

Gross Value of Write-offs	(4,242,760)	(3,297,182)
Add: Accumulated Depreciation of Write-offs	1,168,717	1,281,655
<b>TOTAL NON-CURRENT ASSETS WRITE-OFFS</b>	<b>(3,074,043)</b>	<b>(2,015,527)</b>

**6. EMPLOYEE BENEFITS**

Total Staff Salaries and Wages	15,925,234	16,492,976
Councillors' Remuneration	423,082	397,055
Annual, Sick and Long Service Leave Entitlements	1,358,997	1,592,666
Superannuation	1,721,602	1,818,298
<b>Total Direct Employee Costs</b>	<b>19,428,915</b>	<b>20,300,995</b>
Other Employee Costs	600,816	593,861
	<b>20,029,731</b>	<b>20,894,856</b>
<b>Less: Capitalised Employee Expenses</b>	<b>(968,260)</b>	<b>(892,464)</b>
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>19,061,471</b>	<b>20,002,392</b>

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

Employee Numbers	- Full-time Equivalents	197	209
as at 30 June	- Casual	19	24
	- Councillors (incl. Mayor)	7	7





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

	<b>2019</b>	<b>2018</b>
Advertising and Marketing	110,189	99,322
Administration Supplies and Consumables	128,990	129,642
Audit of Annual Financial Statements by the Auditor-General of Queensland	62,149	61,501
Audit Fees – Internal	238,935	115,779
Communications and IT	1,227,917	821,331
Consultants	492,860	333,479
Contractors	371,697	373,899
Donations Paid	358,085	356,847
Repairs and Maintenance and Other Materials	4,570,956	4,317,969
Flood Events Materials & Services	1,253,939	150,275
RPC Materials & Services	8,989,314	5,066,794
Sewerage Repairs and Maintenance	1,510,502	1,715,148
Subscriptions and Registrations	174,615	137,915
Water Repairs and Maintenance	3,829,732	3,879,135
<b>TOTAL MATERIALS, SERVICES, MAINTENANCE AND OTHER</b>	<b>23,319,880</b>	<b>17,559,036</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**8. DEPRECIATION**

	2019	2018
Buildings and Structures	1,711,325	1,480,959
Plant	1,004,633	1,249,308
Equipment	308,068	312,885
Road Infrastructure	2,816,652	2,762,855
Water Infrastructure	1,140,270	1,187,469
Sewerage Infrastructure	600,534	609,282
Landfill Rehabilitation	-	27,180
<b>TOTAL DEPRECIATION</b>	<b>7,581,482</b>	<b>7,629,938</b>

**9. FINANCE COSTS**

Finance Costs Charged by Queensland Treasury Corporation	36,537	40,255
Bank Charges	38,577	38,590
Landfill Restoration	150,729	-
<b>TOTAL FINANCE COSTS</b>	<b>225,843</b>	<b>78,845</b>

**10. CASH AND CASH EQUIVALENTS**

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

Cash at Bank	380,887	358,050
Deposits at Call	35,537,892	37,724,564
	35,918,779	38,082,614
Working Capital Floats	9,400	9,400
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>35,928,179</b>	<b>38,092,014</b>

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**10. CASH AND CASH EQUIVALENTS Cont'd**

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

\*Internally imposed expenditure restrictions at the reporting date:

	2019	2018
Infrastructure	21,490,421	22,325,093
Plant	2,549,623	3,437,623
Long Service Leave	1,500,000	1,500,000
Special Projects	7,887,075	5,351,204
Information Technology	873,234	1,111,659
<b>TOTAL UNSPENT RESTRICTED CASH</b>	<b>34,300,353</b>	<b>33,725,579</b>

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

Grants for expenditure on infrastructure:		
Local Government Grants and Subsidies Programme	-	131,804
Roads to Recovery	-	175,984
Works For Queensland Programme	1,485,000	774,258
	<b>1,485,000</b>	<b>1,082,046</b>





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**11. INVESTMENTS**

Term deposits in excess of three months are reported as investments, with deposits at call and term deposits with a short maturity of three months or less are treated as cash equivalents. At 30 June 2019, Council held an investment with a term greater than three months.

	2019	2018
Term Deposits	1,000,000	1,000,000
<b>TOTAL INVESTMENTS</b>	<b>1,000,000</b>	<b>1,000,000</b>

A single Term Deposit is held with Queensland Country Credit Union, which is an unrated Credit Union.

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

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.

Monies Held in Trust are as Follows:		
Sundries	6,782	13,543
Animal Trap Deposits	245	175
Relocation of Buildings	30,207	13,909
Subdivision – Roadworks	105,871	144,928
Subdivision – Water Connections	34,893	44,856
Subdivision – Sewerage Connections	15,000	15,000
Facility Hire Security Deposits	5,728	6,205
Cemetery/Monument Works	356	356
<b>TOTAL TRUST FUNDS HELD</b>	<b>199,082</b>	<b>238,972</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**13. RECEIVABLES**

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

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

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

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

**(a) Current**

	<b>2019</b>	<b>2018</b>
Rateable Revenue and Utility Charges	1,388,883	1,227,415
Prepayments	291,847	436,441
Other Debtors	8,441,502	3,836,605
<b>TOTAL CURRENT</b>	<b>10,122,232</b>	<b>5,500,461</b>

**(b) Non-Current**

Loans to Community Organisations:		
Towers Players	884	5,596
Pentland Race Club	5,173	6,735
CT Rugby Club	13,555	19,402
<b>TOTAL NON-CURRENT</b>	<b>19,612</b>	<b>31,733</b>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges and fees.

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**14. INVENTORIES**

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

Inventories held for distribution are:

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

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

	2019	2018
<b>Inventories Held for Sale</b>		
World Theatre Candy Bar	11,242	8,516
Visitor Information Gift Shop	20,203	37,785
<b>Inventories Held for Distribution</b>		
Works Depot Stores	569,359	588,369
<b>TOTAL INVENTORIES</b>	<b>600,804</b>	<b>634,670</b>

**15. OTHER FINANCIAL ASSETS**

Other financial assets are recognised at cost. No other financial assets were recognised in the current year.





# CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

## 16(a). PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2019

CATEGORIES	Note	Opening Gross Value As at 1 July 2018	Recognised Assets Gross Value	Additions At Cost	WIP Take-Ons Gross	WIP Transfers To Expense	Sales Gross Value	Write-offs Gross Value	Revaluation Adjustments to Income	Revaluation Adjustments to Revaluation Surplus	Revaluation Adjustments Accum. Dep. to Income	Write-offs Accumulated Depreciation	Revaluation Adjustments Accum. Dep. to Revaluation Surplus	Annual Depreciation	Accumulated Depreciation As at 30 June 2019	Written Down Value As at 30 June 2019	Residual Value
LAND BUILDINGS & STRUCTURES	16(0)(i)	13,003,500	-	323,927	-	-	-	-	-	-	-	-	-	-	-	9,342,000	-
PLANT	16(0)(ii)	99,872,311	-	228,746	181,465	-	-	-	(3,147,061)	(23,354,067)	(3,147,061)	-	-	(1,711,325)	(38,395,811)	47,316,212	-
EQUIPMENT	16(0)(iii)	21,847,816	-	510,013	-	-	(1,674,867)	(11,591)	-	-	-	5,300	-	(1,004,633)	(11,532,844)	8,938,327	4,116,114
ROAD INFRASTRUCTURE	16(0)(iv)	4,317,673	-	258,729	38,205	-	(430,900)	(430,900)	-	-	-	428,134	-	(398,068)	(2,775,203)	1,407,504	-
WATER INFRASTRUCTURE	16(0)(v)	377,800,146	-	3,822,230	1,478,887	-	(3,289,560)	(3,289,560)	-	18,042,567	-	626,213	-	(2,816,652)	(72,600,835)	323,353,534	-
SEWERAGE INFRASTRUCTURE	16(0)(vi)	84,552,215	-	427,010	1,043,109	-	(127,842)	(127,842)	-	19,694,654	-	80,311	-	(1,140,270)	(53,466,367)	52,132,779	-
LANDFILL REHABILITATION	16(0)(vii)	39,630,381	-	9,619	144,624	-	(5,161)	(5,161)	-	333,659	-	1,579	-	(600,534)	(19,466,559)	20,646,363	-
Sub-Total Rounding		641,241,548	-	5,673,274	2,884,390	-	(1,674,867)	(4,242,760)	(1,621,522)	20,114,675	(3,147,061)	27,180	(30,000)	(7,581,482)	(198,238,020)	463,138,719	4,116,114
Work in Progress		9,640,850	-	13,067,606	(2,884,390)	(482,211)	-	-	-	-	-	-	-	-	-	19,341,855	-
TOTAL Property, Plant & Equipment		650,882,398	-	18,740,880	-	(482,211)	(1,674,867)	(4,242,760)	(1,621,522)	20,114,675	(3,147,061)	1,168,717	(25,919,832)	(7,581,482)	(198,238,020)	482,478,574	4,116,114

ADDITIONS COMPRISE	RENEWALS	OTHER ADDITIONS	TOTAL
LAND	-	323,927	323,927
BUILDINGS AND STRUCTURES	724,089	342,486	1,066,575
PLANT	516,851	-	516,851
EQUIPMENT	130,607	3,009,315	3,139,922
ROAD INFRASTRUCTURE	4,718,469	15,619	4,734,088
WATER INFRASTRUCTURE	5,310,307	3,639,591	8,949,898
SEWERAGE INFRASTRUCTURE	9,619	-	9,619
TOTAL	11,409,942	7,330,938	18,740,880



# CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

## 16(a). PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2018

CATEGORIES	Note	Opening Gross Value As at 1 July 2017	Recognised Assets Gross Value	Transfer between Classes	Additions At Cost	WIP Take-Ons Gross	WIP Transfers To Expense	Sales Gross Value	Write-offs Gross Value	Revaluation Adjustments Asset Revaluation Surplus	Closing Gross Value As at 30 June 2018	Opening Balance As at 1 July 2017 Accumulated Depreciation	Transfers Between Asset Classes	Sales Accumulated Depreciation	Write-offs Accumulated Depreciation	Revaluation Adjustments Accum Dep. to Revaluation Surplus	Annual Depreciation	Accumulated Depreciation As at 30 June 2018	Written Down Value As at 30 June 2018	Residual Value
LAND	16(i)(i)	13,183,500	-	-	-	-	-	(180,000)	-	-	13,003,500	-	-	-	-	-	-	-	13,003,500	-
BUILDINGS & STRUCTURES	16(i)(ii)	96,603,079	78,700	-	1,245,421	269,382	-	-	(481,394)	2,167,124	99,872,311	(11,291,305)	-	-	188,082	1,401,435	(1,489,959)	(11,182,787)	88,689,544	-
PLANT	16(i)(iii)	21,613,772	-	-	162,694	-	-	-	(128,150)	-	21,647,616	(10,583,549)	-	-	128,150	-	(1,249,308)	(11,088,707)	9,969,909	4,252,270
EQUIPMENT	16(i)(iv)	4,269,567	-	-	56,307	13,162	-	-	(21,363)	-	4,317,673	(2,893,747)	-	-	21,363	-	(312,885)	(2,885,269)	1,422,404	-
CITY ROADS & DRAINAGE	16(i)(v)	121,238,780	-	-	2,114,677	1,825,775	-	-	(1,570,042)	606,720	124,216,110	(14,522,748)	-	-	273,884	(1,275,210)	(964,635)	(16,889,709)	107,326,401	-
RURAL ROADS	16(i)(v)	255,331,498	-	-	939,842	383,553	-	-	(861,212)	(2,269,645)	253,584,036	(49,413,779)	-	-	508,684	(8,085,079)	(1,798,220)	(58,788,394)	194,795,642	-
WATER INFRASTRUCTURE	16(i)(vi)	81,973,618	-	-	714,885	61,953	-	-	(276,344)	2,088,293	84,562,215	(38,034,276)	-	-	161,634	(1,758,282)	(1,187,469)	(40,816,393)	43,743,822	-
SEWERAGE INFRASTRUCTURE	16(i)(vi)	38,676,738	-	-	227,883	55,720	-	-	(7,677)	677,707	39,630,381	(21,596,016)	-	-	1,878	(419,118)	(608,282)	(22,622,538)	17,007,843	-
LANDFILL REHABILITATION	16(i)(vi)	600,000	-	-	-	-	-	-	-	(192,294)	407,706	(30,000)	-	-	-	30,000	(27,180)	(27,180)	380,526	-
Sub-Total		633,498,551	78,700	-	5,462,699	2,608,585	-	(180,000)	(3,297,182)	3,077,985	641,241,548	(148,456,421)	-	-	1,281,655	(10,106,254)	(7,629,938)	(164,910,957)	476,330,591	4,252,270
Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In Progress		6,324,101	-	-	6,821,556	(2,608,585)	(895,241)	-	-	-	9,640,850	-	-	-	-	-	-	-	9,640,850	-
TOTAL Property, Plant & Equipment		639,814,652	78,700	-	12,283,655	-	(895,241)	(180,000)	(3,297,182)	3,077,985	650,882,398	(148,456,421)	-	-	1,281,655	(10,106,254)	(7,629,938)	(164,910,957)	485,971,441	4,252,270



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(b) Recognition**

Items of property, plant and equipment with a value less than the thresholds listed below, that are not included as network assets, are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

	Threshold
Land	Nil
Buildings & Structures	\$10,000
Plant	\$5,000
Equipment	\$5,000
Road Infrastructure	\$7,500
Water Infrastructure	\$7,500
Sewerage Infrastructure	\$7,500

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery 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.

Land Under Roads

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

**(c) Measurement**

Acquisitions of assets are initially recorded at cost. Subsequently, each class of asset 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 the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

**(d) Depreciation**

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of Council assets.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(d) Depreciation cont'd**

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

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

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

Details of the range of useful lives, for each class of asset, are as follows:

	Years
Land	N/A
Buildings & Structures	10 to 120
Plant	3 to 50
Equipment	3 to 50
Road Infrastructure	15 to 500
Water Infrastructure	5 to 152
Sewerage Infrastructure	10 to 160

**(e) Impairment**

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

**(f) Valuation**

Land, buildings and structures, roads infrastructure, water and sewerage infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(f) Valuation cont'd**

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

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

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

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

**i. Land**

Land assets have been included at fair value as at 30 June 2019 as determined independently by AssetVal by way of a comprehensive valuation.

Land valuations have been based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Where necessary adjustments are made for differences in key attributes such as property size, zoning, location, topography and exposure characteristics.

**ii. Buildings & Structures**

Council buildings and structures are recognised at fair value. Building and structures have been included at their written down current replacement value at 30 June 2019 as determined independently by AssetVal, by way of a comprehensive valuation. This involved determining a replacement cost for the asset and making an assessment on the condition, age and remaining life of the asset.

For the Council owned residential properties, of which there are two, the direct comparison market approach (level 2), has been taken. In this instance, the properties held by Council have been compared to recent market sales transactions and adjustments based on land size, shape topography and building size, condition, construction materials, with an apportionment between land and building values.

**iii. Plant Fleet**

Plant Fleet is measured at original cost less accumulated depreciation.

**iv. Equipment**

Equipment is measured at original cost less accumulated depreciation.

**v. Road Infrastructure**

Council road infrastructure assets are recognised at fair value and have been included at their written down current replacement value at 30 June 2019 as determined independently by APV Valuers and Asset Management, by way of a comprehensive valuation. The written down valuation of each asset is determined by assessing the replacement value of each of the components, adjusted to reflect the assessed condition.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(f) Valuation cont'd**

**vi. Water & Sewerage Infrastructure**

Water infrastructure assets and sewerage infrastructure assets are recognised at fair value and have been recorded at their written down current replacement value at 30 June 2019, as determined independently by AssetVal by way of a comprehensive valuation.

**(g) Fair Value Measurement**

**i. Recognised fair value measurements**

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

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

Property, plant and equipment

- Land
- Buildings and Structures
- Roads Infrastructure
- Water Infrastructure
- Sewerage Infrastructure

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

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

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

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

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs. The table presents the Council's assets measured and recognised at fair value at 30 June 2019.





**CHARTERS TOWERS REGIONAL COUNCIL**  
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**16. PROPERTY, PLANT AND EQUIPMENT Cont'd**

**(g) Fair Value Measurement cont'd**

**i. Recognised fair value measurements cont'd**

**At 30 June 2019**

Recurring fair value measurements	Level 2 (Significant other observable inputs)		Level 3 (Significant unobservable inputs)		TOTAL	
	2019	2018	2019	2018	Total 2019	Total 2018
Land	5,302,000	13,003,500	4,040,000	-	9,342,000	13,003,500
Land Rehabilitation			-	380,526	-	380,526
Buildings and Structures	363,573		46,952,639	88,689,544	47,316,212	88,689,544
Road Infrastructure			323,353,534	302,122,043	323,353,534	302,122,043
Water Infrastructure			52,132,779	43,743,822	52,132,779	43,743,822
Sewerage Infrastructure			20,646,363	17,007,843	20,646,363	17,007,843
<b>TOTAL</b>	<b>5,665,573</b>	<b>13,003,500</b>	<b>447,125,315</b>	<b>451,943,778</b>	<b>452,790,888</b>	<b>464,947,278</b>

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

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

**Land (level 2 and 3)**

Independent valuers AssetVal have utilised level 2 and 3 inputs to determine the fair value measurement of land assets.

Where an active market can be established and there are no unreasonable restrictions as to use and/or sale of land, level 2 valuation inputs have been used.

Level 3 inputs are used to measure fair value where land is assessed as being subject to restrictions for use and/or sale and has no active market. The unobservable input applied to the asset is the rate per square metre.

**Buildings and Structures (level 3)**

All buildings and structures assets have been valued by external independent valuers, AssetVal.

Due to the predominantly specialised nature of Local Government Assets, infrastructure, building and other asset valuations are undertaken on a Cost Approach (Current Replacement Cost), an accepted valuation methodology under AASB 13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(g) Fair Value Measurement cont'd**

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

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised 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 the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, the Valuer has disaggregated into significant components which exhibit different patterns of consumption (useful lives).
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

The consumption rating inputs can be defined in the following table, noting that the condition assessments for Council have been applied in 0.5 intervals:

	Description	Percentage of Remaining Life
0	Brand new or rehabilitated to new	100%
1	Near new with no visible deterioration	90%
2	Excellent overall condition early stages of deterioration	80%
3	Very good overall condition with obvious deterioration evident	70%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5	Fair overall condition, obvious deterioration, serviceability loss	50%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance cost	30%
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
9	Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10	Failed asset, no longer serviceable. Should not remain in service	0%

**Road Infrastructure (Level 3)**

Road infrastructure assets were valued by external independent valuers, APV Valuers and Asset Management, using level 3 valuation inputs using the cost approach. The approach estimated the current replacement cost (CRC) for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant and adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(g) Fair Value Measurement cont'd**

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

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. While these could be classified as valued at level 2, given the low proportion of the total portfolio that these represented and the likelihood that in future valuation they would most likely be valued at level 3, a policy that all road, water and sewer infrastructure assets are deemed to be valued at level 3.

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

Condition Score	Assessment
0.00 to 0.99	New or very good condition – very high level of remaining service potential.
1.00 to 1.99	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2.00 to 2.99	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.
3.00 to 3.99	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.
4.00 to 4.99	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.
5.00	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.

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

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





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

**(g) Fair Value Measurement cont'd**

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

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

Water and sewerage infrastructure assets were valued by external independent valuers, AssetVal. 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 componentising the assets into significant parts with different useful lives 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. Asset condition for above ground active assets was obtained through inspections whilst condition assessment for below ground and minor active assets were estimated using the current age of the asset, documented repairs or capital works and surrounding environmental factors.

**iii. Valuation processes**

Council's valuation policies and procedures are set by Council as part of the annual budget process.

This is done after appropriate consultation with the Director of Corporate and Customer Services, members of the Audit and Risk Committee and relevant finance staff. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**17. PAYABLES**

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

A liability is recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employee up to the reporting date. The liability is calculated using the present value of wage and salary levels that will be paid when the liability is expected to be settled and includes related employment on-costs.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

	2019	2018
Sundry Creditors, including Contract Retentions	5,141,710	3,195,359
Employee Benefits – Annual Leave	2,348,821	2,281,023
Employee Benefits – RDO & TOIL	52,212	55,788
<b>TOTAL PAYABLES</b>	<b>7,542,743</b>	<b>5,532,170</b>

The State government made an advance payment of \$577,275 to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which takes effect from 1 July 2019. Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**18. BORROWINGS**

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

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

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

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

**(a) Current**

	2019	2018
Loans – Queensland Treasury Corporation	140,901	137,236
<b>TOTAL CURRENT</b>	<b>140,901</b>	<b>137,236</b>

**(b) Non-Current**

Loans – Queensland Treasury Corporation	1,092,846	1,232,348
<b>TOTAL NON-CURRENT</b>	<b>1,092,846</b>	<b>1,232,348</b>

**(c) Loan Summary – Queensland Treasury Corporation**

Opening Balance at Beginning of Financial Year	1,369,584	1,500,795
Loans Raised	-	-
Repayments	(172,374)	(171,466)
Interest	36,537	40,255
<b>BOOK VALUE AT PERIOD END</b>	<b>1,233,747</b>	<b>1,369,584</b>

The loan market value at 30 June 2019 was \$1,288,720. 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). Borrowings are all in Australian dollar denomination amounts. Expected final repayment date is 15 June 2027.





**CHARTERS TOWERS REGIONAL COUNCIL**  
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**19. PROVISIONS**

**Long-Service Leave**

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

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

**Landfill 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. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

As the landfill site is on a State Reserve which Council does not control, changes in the provision are treated as an expense or income.

**(a) Current**

	2019	2018
Long Service Leave	1,862,704	1,820,785
<b>TOTAL CURRENT</b>	<b>1,862,704</b>	<b>1,820,785</b>

**(b) Non-Current**

Long Service Leave	317,236	329,954
Landfill Rehabilitation	558,435	407,706
<b>TOTAL NON-CURRENT</b>	<b>875,671</b>	<b>737,660</b>

**(c) Long-Service Leave Summary**

Balance at Beginning of Financial Year	2,150,739	2,054,490
Long Service Leave Entitlement Arising	297,882	487,283
Long Service Leave Entitlement Paid	(268,681)	(391,034)
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>2,179,940</b>	<b>2,150,739</b>





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**19. PROVISIONS Cont'd**

**(d) Landfill Rehabilitation Summary**

Balance at Beginning of Financial Year	407,706	600,000
Increase/(decrease) in provision	150,729	(192,294)
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>558,435</b>	<b>407,706</b>

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 projected cost is \$815,297 and this cost is expected to be incurred in 2030.

**20. ASSET REVALUATION SURPLUS**

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

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

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

	2019	2018
<b>Movements in the Asset Revaluation Surplus were as follows:</b>		
Balance at beginning of financial year	160,329,964	167,166,018
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Water Infrastructure	8,106,639	330,011
Sewerage Infrastructure	4,088,394	258,589
Road Infrastructure	21,310,273	(11,023,213)
Buildings & Structures	(35,295,035)	3,568,559
Land	(3,985,427)	-
Landfill Rehabilitation	(30,000)	30,000
Sub Total of Annual Movement	(5,805,156)	(6,836,054)
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>154,524,808</b>	<b>160,329,964</b>

<b>Asset Revaluation Surplus Analysis</b>		
The closing balance of the Asset Revaluation Surplus comprises the following asset categories:		
Water Infrastructure	23,849,695	15,743,056
Sewerage Infrastructure	9,764,845	5,676,451
Road Infrastructure	119,800,358	98,490,085
Buildings & Structures	-	35,295,035
Land	1,109,910	5,095,337
Landfill Rehabilitation	-	30,000
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<b>154,524,808</b>	<b>160,329,964</b>



**CHARTERS TOWERS REGIONAL COUNCIL**  
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**21. RESERVES**

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

The internal restrictions that are now placed on Council's cash and cash equivalents are disclosed in Note 10.

**22. COMMITMENTS FOR EXPENDITURE**

Capital and operating commitments at the end of the financial year but not recognised in the financial statements are as follows:

	2019	2018
Capital		
Information Technology	280,226	348,545
Plant	0	504,028
Building Infrastructure	61,571	441,121
Roads Infrastructure	202,292	441,037
Water Infrastructure	5,352,750	13,914,577
Operating		
Landfill Services Contract	262,815	250,909
Roads Infrastructure Works	5,828,570	3,903,637
Saleyard Services Contract	252,646	181,818
Planning Scheme	53,068	97,984
<b>TOTAL</b>	<b>12,293,938</b>	<b>20,083,656</b>

**23. CONTINGENT LIABILITIES**

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

**Local Government Workcare**

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover any bad debts which may remain should the self-insurance licence be cancelled or insufficient funds be available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$530,848 (2018: \$484,932).

**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 2019, the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**24. SUPERANNUATION – REGIONAL DEFINED BENEFIT FUND**

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in change to the contribution rate, but has not been recognised as an asset or liability of Charters Towers Regional Council.

Technically Charters Towers Regional Council can 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 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The 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 assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is no due until 1 July 2021.

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

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

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

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Charters Towers Regional Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

	Note	2019	2018
Superannuation contributions made to the Regional Defined Benefits Fund		107,544	124,206
Other superannuation contributions for employees		1,614,058	1,694,092
<b>Total superannuation contributions paid by Council for employees:</b>	<b>6</b>	<b>1,721,602</b>	<b>1,818,298</b>

The contributions council expects to make to the Regional Defined Benefit Fund for 2019-20 is \$109,078.





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**25. RECONCILIATIONS**

**(a) Reconciliation of Net Result for the Year to the Net Cash Inflow (Outflow) From Operating Activities**

	2019	2018
Net Result	2,669,573	3,770,231
Non-cash Operating Items:		
Depreciation	7,581,482	7,629,938
Write-offs of Property, Plant and Equipment	7,843,226	2,015,527
Opening WIP Moved to Expense	482,211	895,241
Community Loan Interest Charged	(1,337)	(1,947)
	15,905,582	10,538,759
Investing and Development Activities:		
Net (Profit) Loss on Disposal of Non Current Assets	(37,419)	(909)
Capital Grants, Subsidies, Contributions & Donations	(5,859,038)	(8,095,119)
	(5,896,457)	(8,096,028)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Receivables	(4,621,772)	(441,695)
(Increase) Decrease in Inventories	33,866	(44,408)
Increase (Decrease) in Payables	2,010,573	(76,349)
Increase (Decrease) in Provisions	179,930	96,250
	(2,397,403)	(466,202)
<b>Net Cash Inflow (Outflows) from Operating Activities</b>	<b>10,281,295</b>	<b>5,746,760</b>

**(b) Reconciliation of Liabilities Arising From Finance Activities**

2019	As at 30 June 2018	Cash flows	Non-cash changes	As at 30 June 2019
Loans 18	1,369,584	(135,837)	-	1,233,747

2018	As at 30 June 2017	Cash flows	Non-cash changes	As at 30 June 2018
Loans 18	1,500,795	(131,211)	-	1,369,584

**26. EVENTS AFTER BALANCE DATE**

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

## 27. FINANCIAL INSTRUMENTS

Council's activities expose it to the financial risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

### Financial Risk Management

Charters Towers Regional 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 approves policies for overall risk management. These policies focus on identifying and analysing the risks faced, setting appropriate limits and controls and monitoring the risks and adherence to limits.

Council's Audit and Risk Committee oversee how management monitors compliance with Council's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by Council. Council's Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes regular review of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

#### i. Credit Risk

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

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

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

	Note	2019	2018
<b>Financial Assets</b>			
Cash and Cash Equivalents	10	35,928,179	38,092,014
Investments	11	1,000,000	1,000,000
Receivables – Rates	13(a)	1,388,883	1,227,415
Loans to Community Organisations	13(b)	19,612	31,733
Other Debtors	13(a)	8,441,502	3,836,605
<b>Other Credit Exposures</b>			
Bank Guarantee	23	530,848	484,932
<b>TOTAL</b>		<b>47,309,024</b>	<b>44,672,699</b>

### Cash and Cash Equivalents

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

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





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**20. FINANCIAL INSTRUMENTS Cont'd**

**i. Credit Risk Cont'd**

**Receivables**

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

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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

The Council does not require collateral in respect of receivables. The Council does not have receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for receivables by type of counterparty was as follows:

	2019	2018
Property Charges	1,388,883	1,227,415
Community Organisations	19,612	31,733
Other	8,441,502	3,836,605
<b>TOTAL</b>	<b>9,849,997</b>	<b>5,095,753</b>

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

	Not Past Due	Past Due			Impaired	Total
		30-60 Days	61-90 Days	More than 90 Days		
<b>2019</b>						
Not credit-impaired	9,349,764	135,780	269,232	95,221	-	<b>9,849,997</b>
<b>2018</b>						
Not credit-impaired	4,677,936	328,886	14,416	74,515	-	<b>5,095,753</b>

**ii. Liquidity Risk**

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 Council's reputation.

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





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**27. FINANCIAL INSTRUMENTS Cont'd**

**ii. Liquidity Risk Cont'd**

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

**Contractual Maturity of Financial Liabilities**

Financial Liabilities	0 to 1 year	1 to 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	5,141,710	-	-	5,141,710	5,141,710
Loans - QTC	172,374	689,496	517,122	1,378,992	1,233,747
	5,314,084	689,496	517,122	6,520,702	6,375,457
<b>2018</b>					
Payables	3,195,359	-	-	3,195,359	3,195,359
Loans - QTC	172,374	689,496	689,496	1,551,366	1,369,584
	3,367,733	689,496	689,496	4,746,725	4,564,943

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

**iii. Market Risk**

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

**Interest Rate Risk**

Council is exposed to interest rate risk through 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.

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

**Interest Rate Sensitivity Analysis**

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management as to what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculations assume that the change in interest rates would be held constant over the period.



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**27. FINANCIAL INSTRUMENTS Cont'd**

**iii. Market Risk Cont'd**

**Interest Rate Sensitivity Analysis**

	Carrying Value 2019	Profit		Equity	
		1% Increase	1% Decrease	1% Increase	1% Decrease
Financial Assets	36,928,179	369,282	(369,282)	369,282	(369,282)
<b>Net</b>	<u>36,928,179</u>	<u>369,282</u>	<u>(369,282)</u>	<u>369,282</u>	<u>(369,282)</u>
<b>2018</b>					
Financial Assets	39,092,014	390,920	(390,920)	390,920	(390,920)
<b>Net</b>	<u>39,092,014</u>	<u>390,920</u>	<u>(390,920)</u>	<u>390,920</u>	<u>(390,920)</u>

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

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



**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

**28. TRANSACTIONS WITH RELATED PARTIES**

This year council's statutory policy on Related Party Disclosure was revised, resulting in the definition of key management personnel being refined and therefore a reduction in the value of transactions disclosed.

**(a) Transactions with Key Management Personnel (KMP)**

KMP include the Mayor, Councillors, council's Chief Executive Officer and Senior Executive Officers. The compensation paid to KMP comprises:

	2019	2018
Short-term Employee Benefits	1,239,446	2,228,639
Post-employment Benefits	98,107	211,103
Long-term Benefits	101,937	140,203
Termination Benefits	58,846	205,213
<b>TOTAL</b>	<b>1,498,336</b>	<b>2,785,158</b>

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 the KMP's children and spouse or domestic partner; children of the KMP's spouse or domestic partner; or dependants of the KMP's or the KMP's spouse or domestic partner.

Details of Transactions:

	Additional Information		
Fees and charges charged to entities controlled by KMP	28(b)(i)	4,976	7,545
Employee expenses for close family members of KMP	28(b)(ii)	225,647	402,440
Purchase of materials and services from entities controlled by KMP	28(b)(iii)	30,698	108,029
<b>TOTAL</b>		<b>261,321</b>	<b>518,014</b>

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	\$
Venue Hire	Venue hire fees incurred by Power Up Dance & Fitness; an entity controlled by a child of councillor Mike Power. The hire occurred in accordance with council's normal terms and conditions	2,420
Other fees & charges	Various other related parties	2,556
	<b>TOTAL</b>	<b>4,976</b>





**CHARTERS TOWERS REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

**28. TRANSACTIONS WITH RELATED PARTIES Cont'd**

- 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 223 staff of which only 3 are close family members of key management personnel with all 3 being employed before KMP were employed.

- iii. The purchase of material and services from entities that are controlled by members of KMP. All purchases were at arm's length and were in the normal course of council operations:

	2019	2018
Tyres	\$ 30,698	\$ 104,272
Vehicle repairs & towing	-	\$ 3,015
Employee training	-	\$ 742
<b>TOTAL</b>	<b>\$ 30,698</b>	<b>\$ 108,029</b>

Included in the above are tyres purchased from Barr's Batteries & Tyres amounting to \$30,698 during 2018-19. During this time Councillor Alan Barr was the owner of this business. All purchases were at arm's length, on normal terms & conditions and were in the normal course of council's operations.

**(c) Outstanding Balances**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2019	2018
Past due 30-60 days	-	-
Past due 61-90 days	-	-
More than 90 days	-	1,186
<b>TOTAL</b>	<b>-</b>	<b>1,186</b>

**(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
- Animal Registration
- Borrowing books from council library

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



**CHARTERS TOWERS REGIONAL COUNCIL  
MANAGEMENT CERTIFICATE  
For the year ended 30 June 2019**

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 44, 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

Elizabeth Schmidt

Date: 29 November 2019

Chief Executive Officer

Aaron Johansson

Date: 29 November 2019



## 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 accompanying financial report of Charters Towers Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, 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 of Queensland 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 of Queensland 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 the information included in Charters Towers Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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 council for the financial report**

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

The council is 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.

### **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 2019:

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



Sri Narasimhan  
as delegate of the Auditor-General

29 November 2019

Queensland Audit Office  
Brisbane



**CHARTERS TOWERS REGIONAL COUNCIL**  
**CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT**  
**For the year ended 30 June 2019**

**Current-year Financial  
Sustainability Statement  
For the year ended 30 June 2019**

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	8%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	172%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-66%	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 2019.

**Certificate of Accuracy**  
For the year ended 30 June 2019

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**  
**Elizabeth Schmidt**

Date: 29 November 2019

**Chief Executive Officer**  
**Aaron Johansson**

Date: 29 November 2019



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Charters Towers Regional Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Charters Towers Regional Council (the council) for the year ended 30 June 2019, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 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 2019 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Charters Towers Regional Council's annual report for the year ended 30 June 2019 but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the current year financial sustainability statement**

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

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

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

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

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

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



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



Sri Narasimhan  
as delegate of the Auditor-General

29 November 2019

Queensland Audit Office  
Brisbane



# CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

## Unaudited Long-Term Financial Sustainability Statement Prepared as at 30 June 2019

Measures of Financial Sustainability	How the measure is calculated	Target	Actuals at 30 June 2019	Projected for the year ended								
				30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28
Council												
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	8%	-10%	-8.8%	-13.7%	-12.8%	-11.8%	-10.9%	-10%	-6.4%	-5.6%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	172%	133%	106%	97%	83%	68%	74%	66%	142%	120%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-66%	-42.0%	-30.5%	-40.1%	-34.6%	-33.0%	-30.4%	-29.3%	-18.6%	-12.2%

## Charters Towers Regional Council Financial Management Strategy

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

## Certificate of Accuracy

### For the long-term financial sustainability statement prepared as at 30 June 2019

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

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

Mayor  
Elizabeth Schmidt

Chief Executive Officer  
Aaron Johansson

Date: 29 November 2019

Date: 29 November 2019