



***CHARTERS TOWERS REGIONAL
COUNCIL***

FINANCIAL STATEMENTS

***For the Period 15 March 2008 to
30 June 2009***



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**



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CHARTERS TOWERS REGIONAL COUNCIL
INCOME STATEMENT
For the period 15 March 2008 to 30 June 2009



	Note	Council 2009
INCOME		
Recurrent Income		
Net Rates and Utility Charges	3 (a)	12,647,152
Fees & Charges	3 (b)	2,586,448
Interest Income	3 (c)	1,890,901
Sales - Contract and recoverable works	3 (d)	12,905,823
Other		250,848
Grants, Subsidies, Contributions & Donations	4	21,166,989
Total Recurrent Revenue		51,448,161
Capital Income		
Gain on sale of non-current assets	6	300,758
Grants, Subsidies, Contributions & Donations	4	3,186,986
Total Capital Revenue		3,487,744
TOTAL INCOME		54,935,905
EXPENSES		
Recurrent Expense		
Employee Benefits	7	(18,968,669)
Materials, Services, Maintenance & Other	8	(23,490,526)
Depreciation	9	(7,037,616)
Finance Costs	10	(92,295)
Total Recurrent Expenses		(49,589,106)
Capital Expense		
Non-Current Asset Write Off		(870,403)
Total Capital Expenses		(870,403)
TOTAL EXPENSES		(50,459,509)
Net Operating result within the reporting period before Gain on restructure of Local Government	5 (c)	4,476,396
OPENING CAPITAL INCOME for the Regional Council		
Add Gain on restructure of Local Government	5 (a)	338,407,969
NET RESULT ATTRIBUTABLE TO COUNCIL		342,884,365



CHARTERS TOWERS REGIONAL COUNCIL

BALANCE SHEET

As at 30 June 2009



	Note	Council 2009
CURRENT ASSETS		
Cash and Cash Equivalents	11	23,153,700
Trade and Other Receivables	12 (a)	7,943,526
Other Financial Assets	13	263,924
Inventories	14	889,706
TOTAL CURRENT ASSETS		32,250,855
NON-CURRENT ASSETS		
Property, Plant & Equipment	15 (a)	351,791,215
Receivables	12 (b)	197,100
TOTAL NON-CURRENT ASSETS		351,988,315
TOTAL ASSETS		384,239,171
CURRENT LIABILITIES		
Trade and other payables	16 (a)	3,507,381
Borrowings	17 (a)	189,585
Provisions	18 (a)	100,000
TOTAL CURRENT LIABILITIES		3,796,966
NON-CURRENT LIABILITIES		
Trade and other payables	16 (b)	470,503
Borrowings	17 (b)	385,667
Provisions	18 (b)	1,417,167
TOTAL NON-CURRENT LIABILITIES		2,273,337
TOTAL LIABILITIES		6,070,303
NET ASSETS		378,168,868
COMMUNITY EQUITY		
Retained Surplus	19	5,964,747
Council Capital	20	332,537,290
Asset Revaluation Reserve	21	35,284,502
Other Reserves	22	4,382,329
TOTAL COMMUNITY EQUITY		378,168,868



CHARTERS TOWERS REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the period 15 March 2008 to 30 June 2009



Description of Movements	Retained Surplus	Council Capital	Asset Revaluation Reserve	Capital Reserves		Recurrent Reserves			TOTAL
				Future Capital Works Reserve	Contrained Works Reserve	Long Service Leave Reserve	Special Projects & Financial Reform Reserve	Technology and Geographical Information System Reserves	
Notes:	1(w)(vi) & 19	1(w)(i) & 20	1(w)(ii) & 21	1(w)(iii)	1(w)(iv)	1(w)(v)	1(w)(v)	1(w)(v)	
	30/06/09	30/06/09	30/06/09	30/06/09	30/06/09	30/06/09	30/06/09	30/06/09	30/06/09
Opening Balance at Amalgamation	-	-	-	-	-	-	-	-	-
Gain on Restructure									
Assets and liabilities transferred from abolished Councils	338,403,569		-						338,403,569
Correction to liabilities**	4,400								4,400
Total Gain on Restructure	338,407,969	-	-	-	-	-	-	-	338,407,969
Increase in Operating Capability within the Reporting Period	4,476,396								4,476,396
Revaluation of Property, Plant and Equipment			35,284,502						35,284,502
Transfers to/from Council Capital	(332,537,290)	332,537,290							-
Reserve transfers for future expenditure	(4,536,009)			1,845,000	86,233	580,000	1,656,756	368,020	-
Reserve funds expended in the period	153,680				(13,500)		(140,180)		-
CLOSING BALANCE	5,964,747	332,537,290	35,284,502	1,845,000	72,733	580,000	1,516,576	368,020	378,168,868

**Note: An incoming Liability to State Fire Services was overstated. When corrected, this resulted in an increase to Equity.



CHARTERS TOWERS REGIONAL COUNCIL
CASH FLOW STATEMENT
For the period 15 March 2008 to 30 June 2009



	Note	Council 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers		21,428,255
Payments to suppliers and employees		(41,227,241)
		(19,798,986)
Interest received		1,870,010
Rental Income		103,246
Non capital grants and contributions	4	21,166,989
Net cash inflow (outflow) from operating activities	23	3,341,258
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment		(9,555,450)
Receivables-Community Loan Repayments		85,703
Proceeds from sale of property, plant and equipment		446,476
Capital Grants, subsidies, contributions and donations	4	3,186,986
Net cash inflow (outflow) from Investing Activities		(5,836,285)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loan Borrowings		(276,385)
Net cash inflow from financing activities		(276,385)
NET INCREASE (DECREASE) IN CASH HELD		(2,771,412)
Cash flow arising from restructure of local government	5 (a)	25,925,112
Cash at end of reporting period	11	23,153,700



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 1993*, the *Local Government Reform Implementation Regulation 2008* and the *Local Government Finance Standard 2005*.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Charters Towers City Council and Dalrymple Shire Council be amalgamated to form the Charters Towers Regional Council (CTRC). Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the CTRC was formed on the 15 March 2008.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No. 1) 2008* transferred the assets and liabilities of the former Charters Towers City Council and Dalrymple Shire Council to the Charters Towers Regional Council as at changeover date.

Pursuant to section 159YQ of the *Local Government Act 1993* and sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements have been prepared for the period starting on 15 March 2008 and ending on 30 June 2009. Future periods will be for twelve month periods starting 1 July and ending on 30 June.

Assets and liabilities of the former councils have been recognised by Charters Towers Regional Council on 15 March 2008 at the previous book values of the transferor local governments. This is shown as income in the Income Statement and details are disclosed in Note 5.

Charters Towers Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008. These accounting policy alignment adjustments are shown in the Income Statement and details are disclosed in Note 5.

This financial report has been prepared under the historical cost convention except for the revaluation of certain Non-Current Assets.

(b) Statement of Compliance

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

- the offsetting of revaluation and impairment gains and losses within a class of assets
- the recognition of assets and liabilities of the former councils at the amounts at which they were recognised by the transferor local governments.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(c) Adoption of new Accounting Standards

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the period ending 30 June 2009 and have not been applied:

- AASB3 Business Combinations (March 2008)
- AASB8 Operating Segments (Feb 2007)
- AASB101 Presentation of Financial Statements (September 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)
- AASB1039 Concise Financial Reports (August 2008)
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB 2007-10 Further Amendments to Australian Accounts Standards arising from AASB 101
- AASB 2008-1 Amendments to Australian Accounting Standard – Shared-based Payments: Vesting Conditions and Cancellations (February 2008)
- AASB 2008-2 Amendments to Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
- AASB 2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (July 2008)
- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (August 2008)
- AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (September 2008)
- AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3] (November 2008)
- AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners (December 2008) [AASB 5 & AASB 110]
- Interpretation 15 – Agreements for the construction of Real Estate (August 2008)
- Interpretation 16 – Hedges of a Net Investment in a Foreign Operating (August 2008)
- Interpretation 17- Distributions of Non-cash Assets to Owners (December 2008)

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

(d) Constitution

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



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(e) Critical Accounting Estimates

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

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

(f) Currency

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

(g) Date of Authorisation

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

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

(h) Changes to Accounting Policies

Unless otherwise stated, accounting policies have been consistently applied throughout the period.

(i) Trust Fund Held for Outside Parties

A separate bank account and separate accounting record is maintained for the Trust Fund being monies held in trust in a custodial role such as securities. As such monies cannot be used for Council purposes, they are not considered revenue, nor brought into account in these financial statements. However, they are disclosed in Note 24 to the financial statements for information purposes only.

(j) Rates, Grants and Other Revenue

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

(i) Rates

Control over assets acquired from rates is obtained at the commencement of the rating period. Where rate monies are received in advance of a rating period, the amount is recognised as revenue at the time of receipt. See Note 3.

(ii) Grants and Subsidies

Control over granted assets is obtained upon their receipt or upon prior notification that a grant has been secured.

(iii) Non-Cash Contributions

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

(iv) Other Revenue Including Contributions

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(k) Cash and Cash Equivalents

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

(l) Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and, if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced with provision being made for impairment. The loss is recognised in other expenses.

Credit Risk Receivables

The maximum credit risk exposure of Receivables as at 30 June 2009 is the carrying amount of these assets as shown in Note 12 and Note 29.

(m) Other Financial Assets

Other Financial Assets are recognised at cost.

(n) Judgements and Assumptions

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

(o) Financial Assets and Financial Liabilities

Categorisation

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

Financial Assets	Categorisation
Cash	
Trade and Other Receivables	Loans and receivables (at amortised cost)
Other Financial Assets	At Cost
Financial Liabilities	Categorisation
Trade and Other Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

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

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

All borrowings are in Australian dollar denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately.

(p) Inventories

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

Inventories held for distribution are:

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

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

(q) Investments

Financial institution deposits at call and term deposits with a short maturity of three months or less are treated as cash equivalents.

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

(r) Property, Plant & Equipment

(i) Non-Current Assets Threshold

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of property, plant & equipment with a value less than \$5,000, except for land, infrastructure assets and fleet items, are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(ii) Capital and Operating Expenditure

As a general rule, material expenditure incurred in the purchase or development of assets is treated as capital expenditure. Expenditure to maintain the operational capacity and lifespan of the non-current asset, is considered maintenance, and is treated as an expense.

(iii) Acquisition

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

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

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

Assets transferred from the former Charters Towers City Council and Dalrymple Shire Council, as a result of a Government restructure, were initially recognised at the amount at which they were recognised by the former councils as at the changeover date as disclosed in Note 1(a) and Note 5.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(iv) Valuation

Land, buildings, storm drains, city roads, rural roads, water and sewerage infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the *Local Government Finance Standard 2005*. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index. Details of valuers and methods of valuations are disclosed in Note 15(b).

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

(v) Asset Revaluation Reserve

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

(vi) Depreciation of Property, Plant & Equipment

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

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

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

	<u>Years</u>
• Land – Not Depreciated	N/A
• Buildings (consumption-based)	10-60
• Plant Fleet	3-50
• Equipment	3-50
• Storm Drains	100
• City Roads (consumption-based)	10-100
• Rural Roads	15-200
• Water Infrastructure	20-100
• Sewerage Infrastructure	10-60



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(vii) Unfunded Depreciation

Charters Towers Regional Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works. No unfunded depreciation was required during the reporting period.

(viii) Impairment of Non-Current Assets

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

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

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

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

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

(ix) Major Plant

It is the policy of Charters Towers Regional Council that only plant and equipment that has a cost of greater than \$1,000,000 is considered to be of high value for the purposes of defining Major Plant.

(x) 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 has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* and 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.

(s) Capital Work in Progress

The cost of property plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(t) Employee Benefits

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

(i) Wages and Salaries

A liability for wages and salaries is recognised, and measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date. This liability is treated as a payable and is reported at Note 16.

(ii) Long Service Leave

A liability for Long Service Leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment 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 attaching, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases, and includes related employee on-costs. This liability is reported in Note 18 as a provision.

(iii) Annual Leave

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is treated as a payable and not as a provision and is reported at Note 16.

(iv) Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution made by the local government to the employees superannuation plan. Details of arrangements are set out in Note 26.

(u) Trade and Other Payables

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



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(v) Borrowings

Loans payable 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.

Borrowings costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise 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.

Loans and borrowings have been recognised as a liability for the year ended 30 June 2009 at their amortised cost.

(w) Components of Equity

(i) Capital

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

(ii) Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve. See Note 21 for further information.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, the decrease is offset against the amount remaining in the asset revaluation reserve, for that class. Any excess is treated as an expense. Disposals are reflected in the same manner.

(iii) Future Capital Works Reserves

Contains funding set aside for additional Capital Work infrastructure. See Equity Statement.

(iv) Constrained Works Reserve

Developer Contributions received towards works pending.

(v) Other Non-Capital Reserves

See Equity Statement for Values. A **Special Projects Reserve** funding identified projects to be actioned in future years. The **Information Technology (IT) Reserve** holds funds sufficient to meet all future IT non-capital replacements. The **Geographical Information System (GIS) Reserve** is progressively building to provide funds for activities such as aerial photography and digitisation of infrastructure assets. The **Long Service Leave Reserve** holds cash for accrued long service leave payouts.

(vi) Retained Surplus/(Deficiency)

This account represents either Council's net cash funds not required to meet immediate requirements or specific future needs, or contains operational project subsidies which have expenditure that crosses into the following year. The balance of this account at the end of each financial year represents the amount available to Council to be offset against expenditure in the following year or, if a deficit, represents the additional amount of revenue needed to be raised in the following year.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(x) National Competition Policy

The Charters Towers Regional Council has reviewed its activities and has not identified any activities that are Type 1 or Type 2 business activities.

Council has identified and applied the Code of Competitive Conduct to its open tenders in respect of a Roads Business Activity; for work involving the construction or maintenance of State-controlled roads for which Council submits an offer to carry out works in response to a tender invitation other than through sole supplier arrangements. To date this has only had application to tenders submitted, as Council has not been successful in winning an open tender contract.

Relative to Section 763A of the Queensland Local Government Act, while Council does offer a Building Certification service, it is provided as a means of meeting Council's statutory duty of service, not a competitive business activity.

(y) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1.

Comparative figures have not been provided as Charters Towers Regional Council commenced operation on 15 March 2008 and the financial statements cover the period 15 March 2008 to 30 June 2009.

(z) Financial Risk Management

The Council minimises its exposure to financial risk in the following way:
Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia, and are for a period of less than one year.

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

When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982. Details of the financial instruments and the associated risks are shown at Note 29.

(aa) Taxation

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



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT

(a) ANALYSIS BY FUNCTION

FUNCTIONS	Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result attributable to council within the reporting period	Assets
	Recurring 2009 \$	Capital 2009 \$			Recurring 2009 \$	Capital 2009 \$					
Corporate & Governance Services	19,564,014	63,507	-	19,627,521	3,030,668	690,449	-	3,721,117	16,533,346	15,906,404	56,042,694
Regulatory Services	2,314,725		-	2,314,725	2,888,946	253	-	2,889,199	(574,221)	(574,474)	6,322,705
Engineering Services Works	22,560,800	1,732,916		24,293,716	25,839,254	-	-	25,839,254	(3,278,454)	(1,545,538)	213,362,809
Fleet	217,974	237,250		455,225	4,308,266	40,614	-	4,348,880	(4,090,292)	(3,893,655)	20,361,363
Water	3,376,449	493,309	-	3,869,758	5,263,702	68,843	-	5,332,545	(1,887,253)	(1,462,787)	34,644,350
Sewerage	2,060,811	110,625	-	2,171,436	1,602,610	5,036	-	1,607,646	458,201	563,790	15,807,421
Community Services	1,353,387	850,136	-	2,203,523	6,655,660	65,208	-	6,720,868	(5,302,273)	(4,517,345)	37,697,829
Total Council	51,448,161	3,487,744	-	54,935,905	49,589,106	870,403	-	50,459,509	1,859,055	4,476,396	384,239,171



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



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

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

	2009
Current Assets	32,250,855
Non-Current Assets	351,988,316
	<hr/> 384,239,171 <hr/>

- (c) The activities of the Council are categorised into four Directorates. The functions of each Directorate are summarised below.

CORPORATE & GOVERNANCE SERVICES DIRECTORATE

To provide good government for the citizens residing and working within the Charters Towers Region.

General Administration

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

Financial and Business Services

To facilitate the business of Council in a timely and professional manner to ensure that the financial resources of Council are effectively reported and efficiently utilised. Functions include Financial Operations, Assets, Insurance and Procurement.

Information Technology

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

Human Resource Management

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

REGULATORY SERVICES DIRECTORATE

Health Services

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

Community Development

To encourage community development in a fair and rational manner and to implement planning strategies within the framework of government legislation. Functions include Heritage Management and the implementation of the Integrated Development Assessment Scheme.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



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

ENGINEERING SERVICES DIRECTORATE

Works

To provide and maintain a transport system within the Region to a standard which meets the objectives of safety and need within the financial framework of Council's Works Program. To maintain a five year works program to ensure the adequacy of the roads system and to service all parts of the Region.

Fleet

To provide well maintained plant and equipment and ensure resources of plant and equipment are well managed.

Water

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

Sewerage

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

COMMUNITY SERVICES DIRECTORATE

Recreation/Cultural Services

To provide and maintain public open space, recreational and sporting facilities that meet the needs of the community. To recognise in policy, the need to preserve cultural values, by facilitating programs and supporting initiatives which are directed at enhancing local history and culture, and to promote these ideas to the community. Functions include Culture, Youth, Seniors, Theatre, Library, Pools, Community Buildings, Parks, Gardens and Play Areas.

Area Promotion

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



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



3. RECURRENT REVENUE ANALYSIS

(a) Net Rate and Utility Charges

	Council 2009
General Rates	7,739,860
Cleansing / Refuse	653,617
Water Services	3,254,595
Water – Excess Allocation	365,672
Sewerage	2,244,147
Total Rates and Utility Charges Revenue	14,257,891
Less: Discounts	(1,442,078)
Pensioner Remissions	(168,661)
Net Rate and Utility Charges	12,647,152

(b) Fees and Charges

	Council 2009
Animal Control Fees and Charges	109,105
Cemetery Fees and Charges	90,531
Landfill Fees and Charges	46,457
Reserve Rental	15,253
Saleyards Fees and Charges	1,618,099
Search Fees	57,977
Water Services	103,781
World Theatre Fees and Charges	69,356
Other Regulatory Fees and Charges	219,962
Other Rental/Hire Fee and Charges	130,814
Other Fees and Charges	125,113
Total Fees and Charges	2,586,448

(c) Interest Income

	Council 2009
Interest received on Investments	1,803,568
Interest received on Community Loans	20,892
Interest received on Overdue Rates and Charges	66,442
Total Interest Income	1,890,902

(d) Sales – Contract and Recoverable Works

	Council 2009
Private Work reimbursements	256,676
Main Roads Contract reimbursements	12,505,196
Other	143,951
Total Other Income	12,905,823

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



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



4(a). GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS

	Note	Council 2009
1) Recurrent		
General Purpose Grants		10,276,755
Government Grants and subsidies		10,844,130
Contributions		40,559
Donations		5,545
Total Recurrent Grants, Subsidies, Contributions & Donations		21,166,989
2) Capital		
Government Grants and subsidies	4(b)	2,290,921
Contributions	4(c)	896,065
Total Capital Grants & Subsidies		3,186,986
Total Grants, Subsidies, Contributions and Donations		24,353,975
Reconciles to:		
Grants & Subsidies Total	4(b)	23,411,806
Contributions Total	4(c)	936,624
Donations		5,545
		24,353,975



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



4(b). GRANTS & SUBSIDIES DETAIL

	Council 2009
Corporate Services	
Emergency Services (SES Operations)	3,600
Staff Training & Development	455,421
Sub-total	459,021
Regulatory Services	
Animal Management	27,508
Land Management	16,000
Sub-total	43,508
Engineering Services	
Roads - Flood Damage	8,431,863
State Fuel Subsidy	55,154
Energy Grants Scheme	179,267
Roads - Transport Infrastructure Development Scheme (TIDS)	405,712
Roads - Roads to Recovery	2,116,115
Sub-total	11,188,110
Water	
Water Augmentation	120,100
Weir Boat Ramp	102,273
Sub-total	222,373
Community Services	
Cultural/Heritage	126,794
Youth Development	106,981
Health and Community Care	140,208
Community Development	848,056
Sub-total	1,222,039
General Purpose Grants	10,276,755
Total Grant & Subsidy Revenue	23,411,806
LESS Grant & Subsidy Debtors (yet to be paid)	2,681,353
Grant Funding Cash Received	20,730,453

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

NIL

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

NIL

Analysis of Capital Grants and Subsidies included in Above Note

TIDS Program	405,712
Commonwealth Roads to Recovery	826,010
Water Augmentation	120,100
Weir Boat Ramp	102,273
Cultural/Heritage	25,000
Community Development	811,826
Total Capital Grants and Subsidies	2,290,921



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



4.(c) CONTRIBUTIONS DETAIL

	Council 2009
Engineering Services	
Road Infrastructure Contributions	401,998
Drum Muster Contribution	3,968
Sub-total	405,966
Water	
Water Headworks	270,936
Sub-total	270,936
Sewerage	
Sewerage Headworks	110,625
Sub-total	110,625
Community Services	
Community Development	125,106
Cultural/Heritage	23,310
Youth Development	682
Sub-total	149,098
Total Contributions	936,624
LESS Contributions Debtors (yet to be paid)	8,636
Contribution Cash Received	927,988

Analysis of Capital Contributions included in Above Note

World Theatre Projector	13,310
Water Headworks	270,936
Roads Infrastructure contributions	389,361
Sewerage Headworks	110,625
Aerodrome Runway	111,833
Total Capital Contributions	896,065



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



5(a). GAIN ON RESTRUCTURE OF LOCAL GOVERNMENT

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Charters Towers City and Dalrymple Shire Councils be amalgamated to form the Charters Towers Regional Council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Reform Implementation Regulation 2008, the amalgamation was effective from the changeover date of 15 March 2008.

The Local Government Reform Implementation Regulation 2008 and Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of the former Charters Towers City and Dalrymple Shire Councils to the Charters Towers Regional Council as at changeover date.

The assets and liabilities of the former councils have been recognised at the amounts at which they were recognised by the transferor local government as at the changeover day. Charters Towers Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008.

Details are as follows:

	Charters Towers City Council 14-March-2008	Dalrymple Shire Council 14-March-2008	Total assets and liabilities recognised by Charters Towers Regional Council 15-March-2008	Adjustments due to accounting policy alignment 2009	Gain on restructure of local government 2009
CURRENT ASSETS					
Cash and cash equivalent	15,752,147	10,172,965	25,925,112	0	25,925,112
Trade and Other Receivables	763,351	359,476	1,122,827	0	1,122,827
Other Financial Assets	18,565	204,469	223,034	0	223,034
Inventories	299,811	494,494	794,305	0	794,305
	16,833,874	11,231,404	28,065,278	0	28,065,278
Non-current assets classified as held for sale	0	0	0	0	0
TOTAL CURRENT ASSETS	16,833,875	11,231,404	28,065,279	0	28,065,279
NON-CURRENT ASSETS					
Work in Progress	1,599,706	1,551,549	3,151,255	0	3,151,255
Property, Plant & Equipment	32,369,789	42,853,779	75,223,568	0	75,223,568
Infrastructure	109,571,370	127,204,443	236,775,813	0	236,775,813
	143,540,865	171,609,771	315,150,636	0	315,150,636
Loans and advances to community organisations	48,096	216,103	264,199	0	264,199
TOTAL NON-CURRENT ASSETS	143,588,962	171,825,874	315,414,836	0	315,414,836
TOTAL ASSETS	160,422,837	183,057,278	343,480,115	0	343,480,115
CURRENT LIABILITIES					
Trade and other payables	1,084,278	1,374,577	2,458,855	(4,400)	2,454,455
Borrowings	0	276,385	276,385	0	276,385
Provisions	12,678	100,000	112,678	0	112,678
TOTAL CURRENT LIABILITIES	1,096,956	1,750,962	2,847,918	(4,400)	2,843,518
NON-CURRENT LIABILITIES					
Trade and other payables	139,280	157,862	297,142	0	297,142
Borrowings	0	521,917	521,917	0	521,917
Provisions	558,423	851,146	1,409,569	0	1,409,569
TOTAL NON-CURRENT LIABILITIES	697,703	1,530,925	2,228,628	0	2,228,628
TOTAL LIABILITIES	1,794,659	3,281,887	5,076,546	(4,400)	5,072,146
NET ASSETS TRANSFERRED FROM ABOLISHED COUNCILS	158,628,178	179,775,391	338,403,569	(4,400)	338,407,969

5(b). Adjustment due to accounting policy alignment

An OPENING LIABILITY ADJUSTMENT was required to remove an incorrectly stated Liability to State Fire Services.

5(c). Net result attributable to Council before net assets transferred from abolished Councils

(4,400)	Net result attributable to Council	342,884,365
	Gain on restructure of local government	338,407,969
	Net result attributable before Gain on restructure	4,476,396



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



6. GAIN ON SALE OF NON-CURRENT ASSETS

	Council 2009
Sale Proceeds	446,476
Less: Written Down Value	(145,718)
	300,758

7. EMPLOYEE BENEFITS

	Council 2009
Total Staff Salaries and Wages	15,601,843
Councillors' Remuneration	443,771
Annual, sick and long service leave entitlements	1,484,068
Superannuation	1,720,105
Total Direct Employee Costs	19,249,787
Other Employee Costs	95,184
	19,344,971
Less: Capitalised Employee Expenses	(376,302)
Total Employee Costs	18,968,669

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

Employee Numbers	- Full-time equivalents	260
	- Casual	22
	- Councillors (incl. Mayor)	7

8. MATERIALS, SERVICES, MAINTENANCE & OTHER

	Council 2009
Advertising and marketing	57,387
Administration supplies and consumables	58,982
Audit Fees	86,468
Communications and IT	667,413
Consultants	87,324
Contractors	242,624
Donations paid	300,975
Power	70,365
Repairs and maintenance and Other materials	21,916,475
Town Plant	2,513
	23,490,526



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



9. DEPRECIATION

	Council 2009
Buildings	925,262
Plant Fleet	2,203,798
Equipment	243,890
Storm Drains	9,787
City Roads	630,590
Rural Roads	1,229,066
Water Infrastructure	1,039,411
Sewerage Infrastructure	755,812
TOTAL DEPRECIATION	7,037,616

10. FINANCE COSTS

	Council 2009
Finance costs charged by Queensland Treasury Corporation	53,335
Bank Charges	38,960
TOTAL FINANCE COSTS	92,295



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



	Council 2009
11. Cash & Cash Equivalents	
Cash at bank	405,317
Working Capital Floats	5,491
Deposits at call	21,742,891
Term Deposits	1,000,000
	23,153,700
<p>Cash at bank is held with the Commonwealth Bank in a normal business account with a credit ratings of AA. Deposits at call are held with Queensland Treasury Corporation Cash Fund. A single Term Deposit is held with Queensland Country Credit Union, which is an unrated Credit Union.</p>	
12. Trade and Other Receivables	
(a) Current	
Rateable revenue and utility charges	182,530
Loan and advances to community organisations	35,050
Other debtors	7,725,945
	7,943,526
(b) Non-Current	
Long Term Community Loans	
Charters Towers & Dalrymple Archives Group	320
Charters Towers Mens' Bowling Club	11,275
Charters Towers Netball Association	21,495
NQ Soaring Club	-
Towers Players	-
Blackheath and Thornburgh College	164,010
	197,101
<p>Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges and fees, however much of the other debtors receivable balance is comprised of \$6,005,547 owed from the Department of Main Roads for various road contracts and \$1,326,382 owed from the Department of Local Government Services for Flood Damage monies.</p> <p>Loans relate to advances made to various sporting bodies, community groups and a School. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.</p>	
13. Other Financial Assets	
Prepayments	263,924
	263,924
14. Inventories	
Inventories Held for Sale	
Visitor Information Gift Shop	44,828
	44,828
Valued at lower of cost of net realisable value	
Inventories Held for Distribution	
Works Depot Stores	844,878
	844,878
Valued at cost, adjusted when applicable for any loss of service potential	
	889,706



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009



15(a). PROPERTY, PLANT AND EQUIPMENT

CATEGORIES	Note	A - B Net Value Transferred from Abolished Councils	A Gross Value Reported at close of Abolished Councils	Additions At Cost	WIP Take-Ons at Cost	WIP Transfers To Expense	Disposals Gross Value	Write-offs Gross Value	Revaluation and/or Indexation	Closing Gross	B Accum Dep'n Reported at close of Abolished Councils	Disposals Accumulated Depreciation	Write-Offs Accumulated Depreciation	Revaluation or Indexation Accum.Dep.	Annual Depreciation	Closing Accumulated Depreciation	Closing Written Down Value	Residual Value
		See Note 5(a)																
LAND	15(b)(i)	8,288,969	8,288,969	-	396,038		(26,000)	-	3,564,994	12,224,000	-	-	-	-		-	12,224,000	12,224,000
BUILDINGS	15(b)(ii)	55,313,172	68,510,572	13,478	761,541	-	-	(494,146)	774,143	69,565,588	(13,197,400)	-	97,650	6,531,537	(925,262)	(7,493,475)	62,072,113	12,491,000
PLANT FLEET	15(b)(iii)	10,232,344	22,235,174	4,389,418	-	-	(1,174,860)	(2,792,201)	-	22,657,531	(12,002,830)	1,055,142	2,407,933	-	(2,203,798)	(10,743,554)	11,913,978	1,829,050
EQUIPMENT	15(b)(iv)	1,211,446	4,322,745	55,790	38,532	-	-	(1,211,078)	-	3,205,989	(3,111,300)	-	1,195,318	-	(243,890)	(2,159,871)	1,046,118	4,875
STORM DRAINS	15(b)(v)	956,657	1,164,018						18,485	1,182,503	(207,361)	-	-	4,229	(9,787)	(212,919)	969,583	408,325
CITY ROADS	15(b)(vi)	65,599,824	71,970,818	-	1,090,618	-	-	-	487,688	73,549,125	(6,370,995)	-	-	1,926,149	(630,591)	(5,075,436)	68,473,689	26,717,172
RURAL ROADS	15(b)(vii)	121,516,744	149,963,776		2,123,806		-	-	26,443,371	178,530,954	(28,447,032)	-	-	(5,773,337)	(1,229,066)	(35,449,435)	143,081,519	63,861,560
WATER INFRASTRUCTURE	15(b)(viii)	33,032,625	57,315,252		490,711	-	-	(202,687)	1,114,618	58,717,894	(24,282,626)	-	133,844	(93,604)	(1,039,411)	(25,281,797)	33,436,097	-
SEWERAGE INFRASTRUCTURE	15(b)(viii)	15,847,602	35,538,627		32,661		-	(17,448)	599,335	36,153,175	(19,691,025)	-	12,412	(313,104)	(755,812)	(20,747,529)	15,405,646	-
Sub-Total		311,999,382	419,309,951	4,458,686	4,933,907	-	(1,200,860)	(4,717,560)	33,002,634	455,786,758	(107,310,569)	1,055,142	3,847,157	2,281,870	(7,037,616)	(107,164,016)	348,622,742	117,535,982
Rounding										-								
Work in Progress	15(c)	3,151,255	3,151,255	5,096,764	(4,933,907)	(145,639)				3,168,473							3,168,473	
TOTAL Property, Plant & Equipment		315,150,638	422,461,207	9,555,450	(0)	(145,639)	(1,200,860)	(4,717,560)	33,002,634	458,955,231	(107,310,569)	1,055,142	3,847,157	2,281,870	(7,037,616)	(107,164,016)	351,791,215	



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**



15. PROPERTY, PLANT AND EQUIPMENT Cont'd

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

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

(i) Land

Land has been included at current market value as at 30 June 2009 as determined by Australia Pacific Valuers, registered valuers.

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

(ii) Buildings

Council buildings have been included at their written down current replacement cost as valued by Australia Pacific Valuers, registered valuers.

(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) Storm Drains

Council valuation has been established by using reference to actual replacement works completed by Council, with estimates from professional engineers, and replacement costs provided by suppliers. Valuation of storm drains is reviewed annually as at 30 June 2009.

(vi) City Roads

Council includes city roads at the written down current replacement costs as at 30 June 2009 as determined by Australia Pacific Valuers, registered valuers.

(vii) Rural Roads

Council valuation has been established by using reference to actual replacement works completed by Council, with estimates from professional engineers, and replacement costs provided from suppliers. Valuation of rural roads is reviewed annually as at 30 June 2009.

(viii) Water & Sewerage Infrastructure

Unit rates on each component are either recalculated annually, or indexed using applicable indexes as per AECOM, consulting engineers.

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

15(c). Capital Work in Progress

Land	160,052
Buildings	761,786
Sporting & Recreation Facilities	19,415
Plant Fleet	669,365
Information Systems Equipment	196,388
Water Equipment	62,125
Sewerage Equipment	78,285
Storm Drains & Quarry	10,708
City Roads & Carpark	706,824
Rural Roads	387,642
Water Infrastructure	110,043
Sewerage Infrastructure	5,840
	3,168,473



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



	Council 2009
16. Trade and Other Payables	
(a) Current	
Sundry Creditors, including Contract Retentions	2,052,571
Employee Benefits - Annual Leave	1,405,672
Employee Benefits - RDO and TOIL	49,138
	3,507,381
(b) Non-Current	
Annual Leave	470,503
	470,503
17. Borrowings	
(a) Current	
Loans - QTC	189,585
	189,585
(b) Non-Current	
Loans - QTC	385,667
	385,667
(c) Loan Summary	
Queensland Treasury Corporation	
Transferred from Charters Towers City and Dalrymple Shire Councils as part of Government restructure	798,302
Loans raised	-
Repayments	(276,385)
Interest	53,334
Book value at period end	575,252
Classified as:	
Current	189,585
Non-Current	385,667
	575,252
<p>The loan market value at 30 June 2009 is \$576,210.05. This represents the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. Council's loan borrowings are entirely represented by loans from Queensland Treasury Corporation (QTC). The interest rates on QTC borrowings range from 5.12% to 8.93%. Borrowings are all in Australian dollar denominated amounts.</p>	
18. Provisions	
(a) Current	
Long Service Leave	100,000
	100,000
(b) Non-Current	
Long Service Leave	1,417,167
	1,417,167
(c) Long Service Leave Summary	
Transferred from Charters Towers City and Dalrymple Shire Councils as part of Government restructure	1,522,247
Long service leave entitlement arising	122,125
Long service leave entitlement extinguished	(68,934)
Long service leave entitlement paid	(58,271)
Balance at the end of the period	1,517,167
Classified as:	
Current	100,000
Non-Current	1,417,167
	1,517,167



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009



	Note	Council 2009
19. Retained Surplus		
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at the beginning of financial year		-
Gain on restructure of local government	5 (a)	338,407,969
Net result attributable to Council within the reporting period		4,476,396
Transfers (to) capital reserves for future capital project funding, or (from) reserve funds that have been expended:		
Future Capital Works Reserve		(1,845,000)
Constrained Works Reserve		(72,733)
Transfers (to) recurrent reserves for future project funding, or (from) reserve funds that have been expended:		
Long Service Leave Reserve		(580,000)
IT Provision Reserve		(368,020)
Special Projects Reserve		(1,516,576)
Transfer (to)/from Council Capital	20	(332,537,290)
Retained Surplus at the end of the reporting period		5,964,746
20. Council Capital		
(a) Movement		
Opening Balance		-
Transfer from Retained Surplus		332,537,290
Council Capital at the end of the reporting period		332,537,290
(b) Summary of Account		
Written Down Value of Assets (<i>excludes Revaluation Component</i>)		316,506,713
Community Loans		197,100
Unspent Funded Depreciation		12,215,133
Loan Capital		(575,252)
Working Capital Assets		9,102,647
Working Capital Liabilities		(5,495,052)
Funded Working Capital		586,000
Council Capital at the end of the reporting period		332,537,290



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**



21. ASSET REVALUATION RESERVE

As the start of the newly amalgamated Council on 15 March 2008, the Asset Revaluation Reserve had a nil value. Movements represent fair value adjustments during the reporting period. See Note 1(w)(ii).

	Opening Balance 15/03/2008	Fair Value Adjustment	Closing Balance 30/06/2009
Water Infrastructure	-	1,043,727	1,043,727
Sewerage Infrastructure	-	286,230	286,230
City Roads	-	2,413,837	2,413,837
Rural Roads	-	20,670,035	20,670,035
Buildings	-	7,305,680	7,305,680
Land	-	3,564,993	3,564,993
TOTAL ASSET REVALUATION RESERVE	-	35,284,502	35,284,502

When this account at \$35,284,502 is combined to the written down value component of assets held within the Capital account at \$316,506,713 (see note 20b), the actual written down value of assets is represented, being \$351,791,215.

22. OTHER RESERVES

See Statement of Changes in Equity on page 4 for a summary of reserve balances and the movement within each reserve during the reporting period.

Commitments for Reserve Expenditure	2009
Monies towards a heated 25 metre pool	737,500
Upgrade of regional computer server plus radio links to remote facilities	220,000
	957,500

23. OPERATING ACTIVITIES CASH RECONCILIATION

Reconciliation of result from operating activities within the Income Statement to net cash inflow (outflow) from operating activities in the Cash Flow Statement

	2009
Result from operating activities	4,476,396
Non-cash operating items:	
Depreciation and amortisation	7,037,616
Write-offs to property, plant and equipment	870,403
Opening WIP moved to expense	145,639
Interest on Borrowings	53,334
Community Loan Interest charged	(20,955)
	8,086,038
Investing and development activities:	
Net (profit) loss on disposal of non current assets	(300,758)
Capital grants and contributions	(3,186,986)
	(3,487,744)
Changes in operating assets and liabilities:	
(Increase) decrease in trade and other receivables	(6,819,787)
(Increase) decrease in financial assets	(40,889)
(Increase) decrease in inventories	(95,400)
Increase (decrease) in trade and other payables	1,227,725
Increase (decrease) in provisions	(5,080)
	(5,733,431)
Net cash inflow from operating activities	3,341,258



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24. TRUST FUNDS HELD FOR OUTSIDE PARTIES

	Council 2009
Monies held in Trust are as follows:	
Drought Relief Appeal Funds	29,451
Sundries	62,545
Sale Property – Non Payment Rates	13,138
Animal Trap Deposits	55
Relocation of Buildings	29,256
Subdivision – Roadworks	109,482
Subdivision – Water Connections	58,230
Subdivision – Sewerage Connections	21,684
Temporary Library Memberships	1,313
Arthur Titley Centre Hire Security Deposits	6,368
Equestrian Centre Hire Security Deposits	2,495
Cemetery/Monument Works	724
Tourism Incentive Program	9,161
Lissner Park Security Deposits	300
TOTAL	344,202

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

25. EVENTS AFTER BALANCE DATE

There were no material adjusting events after the balance date.

26. SUPERANNUATION

The Charters Towers Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*. The scheme has two elements referred to as the Defined Benefits Scheme (DBF) and the Accumulation Benefits Fund (ABF).

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

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



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26. SUPERANNUATION Cont'd

Under amendments to the Local Government Act 1993 passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable – normally when the assets of the DBF are insufficient to meet members' benefits. Clause 56(e) of the scheme's Trust Deed indicates that any increase in the contributions is limited to 6% of the relevant employee's salary.

In its letter to Council dated 5 June 2009 the trustee advised that "at this stage, there is no requirement for Councils to contribute any additional contributions." The letter further stated that "any additional contributions above 12% (standard rate of contribution) that may be required would be on a temporary basis only, and would be requested based on independent actuarial advice. When possible, the contribution rate would reduce at a later date to offset additional costs – for example, councils may be asked to pay 18% contributions instead of 12% for a period, then contributions may reduce to 6% for a compensatory period before returning to the regular 12% contribution rate."

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

The audited general purpose financial report of the scheme as at 30 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The general purpose financial report discloses that the most recent actuarial assessment of the scheme was undertaken as at 1 July 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet member benefits as they accrue.

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

The amount of superannuation contributions paid by Charters Towers Regional Council to the scheme in this period for the benefit of employees was \$1,720,105.

27. CAPITAL COMMITMENTS

At 30 June 2009, there were no Capital commitments to report.

28. CONTINGENT LIABILITIES

Workers' Compensation Insurance

Charters Towers Regional Council is a member of the Local Government Self-Insurance Scheme, Local Government Workcare. As a member of the scheme, the Council has provided a Bank Guarantee in the amount of \$316,405 to cover any bad debts which may remain should the self insurance licence be cancelled or insufficient funds be available to cover outstanding liabilities. Workcare Queensland is the only organisation which can call on the guarantee. Workcare may call on any part or all of the guarantee should the above circumstances arise.



**CHARTERS TOWERS REGIONAL COUNCIL
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For the period 15 March 2008 to 30 June 2009**



28. CONTINGENT LIABILITIES (cont'd)

Public Liability Insurance

Charters Towers Regional Council is a member of the Local Government Mutual Liability Self Insurance Pool, LGM Queensland. The Trust Deed and Scheme Rules of the Pool provide that any accumulated deficit will be met by individual Pool Members in the same proportion to the contributions of all other Pool Members as the initial contribution by the Pool Members to all other Pool Members for that Fund year. As at 30 June 2008, the Fund reported a surplus of funds of \$10,053,438 and it is not anticipated an liability will arise.

29. FINANCIAL RISK MANAGEMENT

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

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

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

Risk Exposure	Measurement Method
(i) Credit Risk	Ageing Analysis, Earnings at Risk
(ii) Liquidity Risk	Maturity Analysis
(iii) Foreign Exchange Risk	No exposure
(iv) Interest Rate Risk	Sensitivity Analysis

(i) Credit Risk

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

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

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

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 maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**



29. FINANCIAL RISK MANAGEMENT (cont'd)

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

	30-Jun-09 \$
Financial Assets	
Cash and cash equivalents	23,153,700
Receivables – Rates	182,530
Loans to Community Organisations	232,151
Other Debtors	7,725,945
Total	31,294,326

Past due or impaired

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

The following table represents an analysis of the age of Council's financial assets that are either fully performing, past due or impaired.

	Fully Performing		Past Due		Impaired	Total
		30-60 Days	61-90 Days	More than 90 Days		
Financial Assets						
Other Debtors	5,607,864	2,096,013	9,903	12,165		7,725,945

(ii) Liquidity Risk

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

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, 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. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

Contractual Maturity of Financial Liabilities

Financial Liabilities	0 to 1 year	1 to 5 Years	Over 5 Years	Total Financial Liabilities
	\$	\$	\$	\$
2009	160,986	329,092	85,174	575,252



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**



29. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Foreign Exchange Risk

Foreign exchange risk arises when future transactions are denominated in non-Australian currency.

Charters Towers Regional Council operates locally and is not exposed to foreign exchange risk.

(iv) Interest Rate Risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions. The risk in borrowing is effectively managed by borrowing from Queensland Treasury Corporation and having access to a mix of fixed and floating funding sources such that the desired interest rate risk exposure can be constructed.

The fair value interest rate risk in other areas is minimal.
Council does not undertake any hedging of interest rate risk.

Interest Rate Sensitivity Analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net Carrying Amount 30 June 2009	Profit 30 June 2009	Equity 30 June 2009
Financial Assets	-	312,943	312,943
Financial Liabilities	5,753	-5,753	-5,753
Net	5,753	307,190	307,190



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009**




MANAGEMENT CERTIFICATE
For the period 15 March 2008 to 30 June 2009

This general purpose financial report of Charters Towers Regional Council has been prepared by Charters Towers Regional Council pursuant to section 532 of the *Local Government Act 1993*, *Section 35 of the Local Government Reform Implementation Regulation 2008*, the *Local Government Finance Standard 2005* and other prescribed requirements.

In accordance with Section 50 of the Standard we certify that:-

- (a) Charters Towers Regional Council considers the relevant recording and reporting procedures have been complied with in the preparation of the amended financial statements; and
- (b) the amended financial statements for the period 15 March 2008 to 30 June 2009 and supporting notes present Charters Towers Regional Council income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.

 Mayor

 Chief Executive Officer

24 November 2009

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Charters Towers Regional Council.

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Charters Towers Regional Council for the financial period ended 30 June 2009 included on Charters Towers Regional Council's website. The Council is responsible for the integrity of the Charters Towers Regional Council's website. I have not been engaged to report on the integrity of the Charters Towers Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Charters Towers Regional Council, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Charters Towers Regional Council, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

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

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

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

Independence

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Charters Towers Regional Council for the financial period 15 March 2008 to 30 June 2009 and of the financial position as at the end of that period.



John Zabala (FCA)
(as Delegate of the Auditor-General of Queensland)
30 November 2009

Townsville