

***CHARTERS TOWERS REGIONAL
COUNCIL***

FINANCIAL STATEMENTS

***For the Period
1 July 2009 to 30 June 2010***



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010**



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CHARTERS TOWERS REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the period 1 July 2009 to 30 June 2010



	Note	Council 2010	Council 2009
INCOME			
Recurrent Revenue			
Rates, Levies and Charges	3 (a)	13,175,520	12,647,152
Fees & Charges	3 (b)	2,076,734	2,586,448
Interest Income	3 (c)	1,016,309	1,890,901
Sales - Contract and recoverable works	3 (d)	11,809,105	12,905,823
Other income		170,827	250,848
Grants, Subsidies, Contributions & Donations	4	8,285,480	21,166,989
Total Recurrent Revenue		36,533,975	51,448,161
Capital Revenue			
Gain on sale of non-current assets	6	1,468	300,758
Grants, Subsidies, Contributions & Donations	4	2,756,098	3,186,986
Total Capital Revenue		2,757,566	3,487,744
Add Gain on restructure of Local Government	5 (a)	-	338,407,969
TOTAL INCOME		39,291,541	393,343,874
EXPENSES			
Recurrent Expense			
Employee Benefits	7	(17,542,833)	(18,968,669)
Materials, Services, Maintenance & Other	8	(23,926,389)	(23,490,526)
Depreciation	9&15(a)	(5,718,372)	(7,037,616)
Finance Costs	10	(59,197)	(92,295)
Total Recurrent Expenses		(47,246,790)	(49,589,106)
Capital Expense			
Non-Current Asset Write Off	15 (a)	(113,679)	(870,403)
Total Capital Expenses		(113,679)	(870,403)
TOTAL EXPENSES		(47,360,469)	(50,459,509)
NET OPERATING SURPLUS		(8,068,928)	342,884,365
OTHER COMPREHENSIVE INCOME			
Increase/(decrease) in asset revaluation surplus		(3,303,890)	35,284,502
Total Other Comprehensive Income for the year		(3,303,890)	35,284,502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(11,372,818)	378,168,868

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 2010



	Note	Council 2010	Council 2009
CURRENT ASSETS			
Cash and Cash Equivalents	11	19,869,463	23,153,700
Trade and Other Receivables	12 (a)	2,002,433	7,943,526
Other Financial Assets	13	397,561	263,924
Inventories	14	809,975	889,706
TOTAL CURRENT ASSETS		23,079,432	32,250,855
NON-CURRENT ASSETS			
Property, Plant & Equipment	15 (a)	349,506,755	351,791,215
Trade and other Receivables	12 (b)	153,017	197,100
TOTAL NON-CURRENT ASSETS		349,659,772	351,988,315
TOTAL ASSETS		372,739,204	384,239,171
CURRENT LIABILITIES			
Trade and other payables	16 (a)	3,397,814	3,507,381
Borrowings	17 (a)	111,945	189,585
Provisions	18 (a)	100,000	100,000
TOTAL CURRENT LIABILITIES		3,609,759	3,796,966
NON-CURRENT LIABILITIES			
Trade and other payables	16 (b)	509,730	470,503
Borrowings	17 (b)	302,681	385,667
Provisions	18 (b)	1,520,984	1,417,167
TOTAL NON-CURRENT LIABILITIES		2,333,396	2,273,337
TOTAL LIABILITIES		5,943,154	6,070,303
NET COMMUNITY ASSETS		366,796,050	378,168,868
COMMUNITY EQUITY			
Retained Surplus	19	-	5,964,747
Council Capital	20	328,273,029	332,537,290
Asset Revaluation Reserve	21	31,980,612	35,284,502
Other Reserves		6,542,408	4,382,329
TOTAL COMMUNITY EQUITY		366,796,050	378,168,868

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 period 1 July 2009 to 30 June 2010



Description of Movements				Capital Reserves		Recurrent Reserves					TOTAL
	Retained Surplus	Council Capital	Asset Revaluation Surplus	Future Capital Works Reserve	Constrained Works Reserve	Roads Reserve	Sustainability Reserve	Long Service Leave Reserve	Special Projects & Financial Reform Reserve	Technology and Geographical Information System Reserves	
Notes:	1(u)(vi) & 19	1(u)(i) & 20	1(u)(ii) & 21	1(u)(iii)	1(u)(iv)	1(u)(v)	1(u)(v)	1(u)(v)	1(u)(v)	1(u)(v)	
	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10	30/06/10
Opening Balance as at 1 July 2009	5,964,747	332,537,290	35,284,502	1,845,000	72,733	-	-	580,000	1,516,576	368,020	378,168,868
COMPREHENSIVE INCOME											
Increase in Operating Capability within the Reporting Period	(8,068,928)										(8,068,928)
Increase/(Decrease) in Asset Revaluation Surplus			(3,303,890)								(3,303,890)
SUB-TOTAL COMPREHENSIVE INCOME	(8,068,928)	-	(3,303,890)	-	-	-	-	-	-	-	(11,372,818)
Transfers to/from Council Capital	4,264,261	(4,264,261)									-
Reserve transfers for future expenditure	(2,160,079)			(1,845,000)	650,609	1,067,265	2,500,000	(580,000)	200,000	167,205	-
Reserve funds expended in the period											-
Closing Balance as at 30 June 2010	-	328,273,029	31,980,612	-	723,342	1,067,265	2,500,000	-	1,716,576	535,225	366,796,050

Description of Movements				Capital Reserves		Recurrent Reserves					TOTAL
	Retained Surplus	Council Capital	Asset Revaluation Surplus	Future Capital Works Reserve	Constrained Works Reserve	Roads Reserve	Sustainability Reserve	Long Service Leave Reserve	Special Projects & Financial Reform Reserve	Technology and Geographical Information System Reserves	
Notes:	1(u)(vi) & 19	1(u)(i) & 20	1(u)(ii) & 21	1(u)(iii)	1(u)(iv)	1(u)(v)	1(u)(v)	1(u)(v)	1(u)(v)	1(u)(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	30/06/09	30/06/09
Opening Balance as at 15 March 2008	-	-	-	-	-	-	-	-	-	-	-
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
COMPREHENSIVE INCOME											
Increase in Operating Capability within the Reporting Period	4,476,396										4,476,396
Increase/(Decrease) in Asset Revaluation Surplus			35,284,502								35,284,502
SUB-TOTAL COMPREHENSIVE INCOME	342,884,365	-	35,284,502	-	-	-	-	-	-	-	378,168,868
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 as at 30 June 2009	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.

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 period 1 July 2009 to 30 June 2010



	Note	Council 2010	Council 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,190,564	21,428,255
Payments to suppliers and employees		(41,402,488)	(41,227,241)
		(8,211,924)	(19,798,986)
Interest received		1,005,025	1,870,010
Rental Income		100,351	103,246
Non capital grants and contributions	4	8,285,480	21,166,989
Borrowing costs	17 (c)	(29,956)	(53,334)
Net cash inflow (outflow) from operating activities	23	1,148,977	3,287,924
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	15 (a)	(6,969,379)	(9,555,450)
Receivables-Community Loan Repayments		55,368	85,703
Proceeds from sale of property, plant and equipment	6	30,850	446,476
Capital Grants, subsidies, contributions and donations	4	2,610,575	3,186,986
Net cash inflow (outflow) from Investing Activities		(4,272,587)	(5,836,285)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Loan Borrowings	17 (c)	(160,626)	(223,050)
Net cash inflow (outflow) from financing activities		(160,626)	(223,050)
NET INCREASE (DECREASE) IN CASH HELD		(3,284,236)	(2,771,412)
Cash at beginning of the financial year	11	23,153,700	25,925,112
CASH AT END OF THE FINANCIAL YEAR	11	19,869,464	23,153,700

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 period 1 July 2009 to 30 June 2010



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CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These general purpose financial statements for the period 1st July 2009 to 30 June 2010 have been prepared in accordance with Australian Accounting Standards and comply with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the Charters Towers Regional Council (Council) was formed on 15 March 2008 as a consequence of the amalgamation of Charters Towers City Council and Dalrymple Shire Council.

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 for 2008-09 were prepared for the period 15 March 2008 and ending on 30 June 2009. The 2009-10 financial year is from 1 July 2009 to 30 June 2010.

Assets and liabilities of the former councils were 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 in the comparative figures of the Statement of Comprehensive Income and 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 comparative figures of the Statement of Comprehensive Income in Note 5.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain Non-Current Assets.

(b) Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, the timing of the recognition of non-reciprocal grant revenue and the recognition of assets and liabilities of the former Councils at the amounts at which they were recognised by the transferor local governments.

(c) Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has resulted in the following changes to Council's accounting policies:

Presentation of Financial Statements (AASB 101 *Presentation of Financial Statements*, AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards from AASB 101*)



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd
(c) Adoption of new and revised Accounting Standards cont'd

The revised Standard and Amending Pronouncements do not affect any of the amounts presented in the financial statements, but have changed the disclosures made in the financial statements. The change in terminology in the revised AASB 101 has resulted in the Balance Sheet being renamed the Statement of Financial Position, and the Cash Flow Statement being renamed the Statement of Cash Flows. The former Income Statement has been replaced with a single Statement of Comprehensive Income. In line with the new concept of "comprehensive income" the bottom of the Statement contains other Comprehensive Income that was previously included in the Statement of Changes in Equity.

Investment Property (AASB 140 *Investment Property*)

Investment property under construction or being developed for future use is now classified as investment property rather than being classified as work in progress or property, plant and equipment. Council currently has no investment property under construction or being developed for future use.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

**Effective for
Annual Report
periods beginning
on and after:**

<i>AASB 9 Financial Instruments</i>	1 January 2013
<i>AASB 124 Related Party Disclosures</i> (December 2009)	1 January 2011
<i>AASB 1053 Application of Tiers of Australian Accounting Standards</i>	1 January 2013
<i>AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2010
<i>AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions</i>	1 January 2010
<i>AASB 2009-9 Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters</i>	1 January 2010
<i>AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues</i>	1 February 2010
<i>AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013
<i>AASB 2009-12 Amendments to Australian Accounting Standards</i>	1 January 2011
<i>AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19</i>	1 July 2010
<i>AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i>	1 January 2011
<i>AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters</i>	1 July 2010
<i>AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110-112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136-138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052)</i>	1 July 2013
<i>AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139)</i>	1 July 2010
<i>AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13)</i>	1 January 2011
<i>Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(c) Adoption of new and revised Accounting Standards cont'd

Management have yet to assess the impact that AASB 9 *Financial Instruments* and 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of a January, 2013.

2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* includes amendments to AASB 117 *Leases* which revise the criteria for classification of leases involving land and buildings. Council will be required to reassess the classification of the land components of all unexpired leases that Council has entered into as at 1 July 2010, on the basis of the information existing at the inception of the relevant lease. If any such leases are reclassified to become finance leases, retrospective accounting adjustments will be processed as far as practicable.

Initial application of the other Standards/Interpretations in issue but not yet effective is not expected to have any material impact on Council's financial statements.

(d) Constitution

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

(e) Critical accounting judgements and key sources of estimates

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation of property, plant and equipment – Note 1(p) and Note 15

Impairment of property, plant and equipment – Note 1(p) and Note 21

Provisions – Note 1(r) and Note 18

Contingencies – Note 28

(f) Currency

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

(g) Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

(h) Trust Funds Held for Outside Parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (eg. wages) paid into the trust by Council. 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.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 24.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(i) Rates, Levies, Grants and Other Revenue

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

(i) Rates and Levies

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

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is placed in a reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Council does not currently have any reciprocal grants.

(iii) Non-Cash Contributions

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

(iv) Interest Income

Interest income is recognised as it accrues.

(j) 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.

(k) Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery, ie. the agreed purchase price/contract price. 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 finance costs. The amount of impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts are written-off at 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 has the power to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(k) Receivables cont'd

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.

Credit Risk Receivables

The maximum credit risk exposure of Receivables as at 30 June 2010 is the carrying amount of these assets as shown in Note 12 and Note 29.

(l) Other Financial Assets

Other Financial Assets are recognised at cost.

(m) Financial Assets and Financial Liabilities

Categorisation

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

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

Financial Assets	Categorisation
Cash and Cash Equivalents	Note 1(j)
Trade and Other Receivables	Loans and receivables (at amortised cost) - Note 1(k)
Other Financial Assets	At Cost – Note 1(l)
Financial Liabilities	Categorisation
Trade and Other Payables	Financial liability (at amortised cost) – Note 1(s)
Borrowings	Financial liability (at amortised cost) – Note 1(t)

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

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.

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk of financial instruments are included in Note 29.



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

(n) 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 cost, adjusted, when applicable, for any loss of service potential.

(o) Investments

Financial institution deposits at call and term deposits with a short maturity of three months or less are treated as cash equivalents. At 30 June 2010, Council did not have any investments in excess of three months.

(p) Property, Plant & Equipment

(i) Non-Current Assets Threshold

Each class of property, plant and equipment (refer to Note 1(p)(v) for classes) is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Work in Progress is not depreciated. 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 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.

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

(iv) Valuation

Land, buildings, 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 re-valued 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.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(p) Property, Plant & Equipment cont'd

(iv) Valuation cont'd

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 to that asset class.

(v) 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

(vi) 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.

(vii) 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, 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. The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value in use.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(p) Property, Plant & Equipment cont'd

(vii) Impairment of Non-Current Assets cont'd

An impairment loss is recognised immediately in the Statement of Comprehensive Income, 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 surplus 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 surplus increase.

(viii) 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.

(ix) 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.

(q) Capital Works 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.

(r) 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 employees' 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.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(r) Employee Benefits cont'd

(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 employee's superannuation plan. Details of arrangements are set out in Note 26.

(s) 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.

(t) 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.

Borrowing 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 2010 at their amortised cost.

(u) Components of Equity

(i) Council Capital

The Capital account, combined with the Asset Revaluation Surplus 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 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. 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 surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount in the reserve in respect of that asset is retained in the asset revaluation surplus.



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(u) Components of Equity cont'd

(iii) Future Capital Works Reserve

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

(iv) Constrained Works Reserve

Developer Contributions received towards works pending.

(v) Other Non-Capital Reserves

See Statement of Changes in Equity 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. The **Roads Reserve** contains funds for all Council road programs carried forward. The **Sustainability Reserve** holds funds for the sustainability of Council's road crews for future years when contractual funds are insufficient.

(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.

(v) 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.

(w) Rounding and Comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Charters Towers Regional Council was formed on 15 March 2008 as a consequence of the amalgamation of Charters Towers City Council and Dalrymple Shire Council. 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 for 2008-09 were prepared for the period 15 March 2008 to 30 June 2009. Therefore, comparative figures presented in the financial statements for the year ended 30 June 2010 are for a 15 and a half month period.

The assets and liabilities of the former Charters Towers City Council and Dalrymple Shire Council were transferred to the Charters Towers Regional Council on the change over date. Therefore, asset and liability balances disclosed in the notes as being at the beginning of the comparative financial year, comprise asset and liabilities that were transferred from Charters Towers City Council and Dalrymple Shire Council due to the restructure.

Details of the financial instruments and the associated risks are shown at Note 29.

(x) 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 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 period 1 July 2009 to 30 June 2010



2. FUNCTIONS/ACTIVITIES OF THE LOCAL GOVERNMENT
(a) ANALYSIS BY FUNCTION

Year ended 30 June 2010

FUNCTIONS	Gross program income		Elimination of inter-function transactions 2010 \$	Total income 2010 \$	Gross program expenses		Elimination of inter-function transactions 2010 \$	Total expenses 2010 \$	Net result from recurring operations 2010 \$	Net result attributable to council within the reporting period 2010 \$	Assets 2010 \$
	Recurring 2010 \$	Capital 2010 \$			Recurring 2010 \$	Capital 2010 \$					
Corporate & Governance Services	15,234,498	-	-	15,234,498	(3,006,515)	-	-	(3,006,515)	18,241,013	18,241,013	40,607,835
Regulatory Services	2,240,241	-	-	2,240,241	2,793,114	-	-	2,793,114	(552,873)	(552,873)	9,302,146
Engineering Services Works	12,415,179	2,050,623	-	14,465,802	32,360,527	5,297	-	32,365,824	(19,945,348)	(17,900,022)	197,681,289
Fleet	182,629	1,468	-	184,097	3,237,041	-	-	3,237,041	(3,054,412)	(3,052,944)	21,646,499
Water	3,475,447	176,834	-	3,652,281	3,885,470	50,580	-	3,936,050	(410,023)	(283,769)	36,250,482
Sewerage	2,249,130	54,391	-	2,303,521	2,056,271	57,802	-	2,114,073	192,859	189,448	18,624,021
Community Services	736,851	474,250	-	1,211,101	5,920,882	-	-	5,920,882	(5,184,031)	(4,709,781)	48,626,932
Total Council	36,533,975	2,757,566	-	39,291,541	47,246,790	113,679	-	47,360,469	(10,712,816)	(8,068,928)	372,739,204

Year ended 30 June 2009

FUNCTIONS	Gross program income		Elimination of inter-function transactions 2010 \$	Total income 2010 \$	Gross program expenses		Elimination of inter-function transactions 2010 \$	Total expenses 2010 \$	Net result from recurring operations 2010 \$	Net result attributable to council within the reporting period 2010 \$	Assets 2010 \$
	Recurring 2010 \$	Capital 2010 \$			Recurring 2010 \$	Capital 2010 \$					
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 1 July 2009 to 30 June 2010



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:

	Council 2010	Council 2009
Current Assets	23,079,432	32,250,855
Non-Current Assets	349,659,772	351,988,316
	<u>372,739,204</u>	<u>384,239,171</u>

- (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 1 July 2009 to 30 June 2010



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 1 July 2009 to 30 June 2010



3. RECURRENT REVENUE ANALYSIS

(a) Rates, Levies and Charges

	Council 2010	Council 2009
General Rates	8,126,110	7,739,860
Cleansing / Refuse	704,023	653,617
Water Services	3,305,197	3,254,595
Water – Excess Allocation	308,712	365,672
Sewerage	2,403,836	2,244,147
Total Rates and Utility Charges Revenue	14,847,878	14,257,891
Less: Discounts	(1,488,293)	(1,442,078)
Pensioner Remissions	(184,066)	(168,661)
Net Rate and Utility Charges	13,175,520	12,647,152

(b) Fees and Charges

	Council 2010	Council 2009
Animal Control Fees and Charges	27,466	109,105
Cemetery Fees and Charges	63,539	90,531
Landfill Fees and Charges	67,511	46,457
Reserve Rental	16,805	15,253
Saleyards Fees and Charges	1,182,475	1,618,099
Search Fees	36,894	57,977
Water Services	150,003	103,781
World Theatre Fees and Charges	82,181	69,356
Other Regulatory Fees and Charges	152,272	219,962
Other Rental/Hire Fee and Charges	119,228	130,814
Other Fees and Charges	178,360	125,113
Total Fees and Charges	2,076,734	2,586,448

(c) Interest Income

	Council 2010	Council 2009
Interest received on Investments	954,038	1,803,568
Interest received on Community Loans	11,284	20,892
Interest received on Overdue Rates and Charges	50,987	66,442
Total Interest Income	1,016,309	1,890,902

(d) Sales – Contract and Recoverable Works

	Council 2010	Council 2009
Private Work reimbursements	221,027	256,676
Main Roads Contract reimbursements	11,439,786	12,505,196
Other	148,292	143,951
Total Sales Income	11,809,105	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 1 July 2009 to 30 June 2010



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

	Note	Council 2010	Council 2009
1) Recurrent			
General Purpose Grants		6,717,843	10,276,755
Government Grants and subsidies		1,550,412	10,844,130
Contributions		17,225	40,559
Donations		-	5,545
Total Recurrent Grants, Subsidies, Contributions & Donations		8,285,480	21,166,989
2) Capital			
Government Grants and subsidies	4(b)	2,217,527	2,290,921
Contributions	4(c)	538,571	896,065
Total Capital Grants & Subsidies		2,756,098	3,186,986
Total Grants, Subsidies, Contributions and Donations		11,041,578	24,353,975
Reconciles to:			
Grants & Subsidies Total	4(b)	10,485,783	23,411,806
Contributions Total	4(c)	555,795	936,624
Donations		-	5,545
		11,041,578	24,353,975



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



4(b). GRANTS & SUBSIDIES DETAIL

	Council 2010	Council 2009
Corporate Services		
Emergency Services (SES Operations)	3,600	3,600
Natural Disaster Risk Management	20,000	-
Staff Training & Development	108,900	455,421
Sub-total	132,500	459,021
Regulatory Services		
Animal Management	-	27,508
Land Management	24,677	16,000
Sub-total	24,677	43,508
Engineering Services		
Roads - Flood Damage	421,701	8,431,863
State Fuel Subsidy	12,762	55,154
Energy Grants Scheme	147,480	179,267
Roads - Transport Infrastructure Development Scheme (TIDS)	910,158	405,712
Roads - Roads to Recovery	1,375,257	2,116,115
Sub-total	2,867,357	11,188,110
Water		
Water Augmentation	2,727	120,100
Weir Boat Ramp	-	102,273
Sub-total	2,727	222,373
Community Services		
Cultural/Heritage	60,208	126,794
Youth Development	69,770	106,981
Health and Community Care	115,468	140,208
Community Development	495,233	848,056
Sub-total	740,678	1,222,039
General Purpose Grants	6,717,843	10,276,755
Total Grant & Subsidy Revenue	10,485,783	23,411,806
LESS Grant & Subsidy Debtors (yet to be paid)	200,983	2,681,353
Grant Funding Cash Received	10,284,799	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 Cash Capital Grants and Subsidies included in Above Note

	2010	2009
TIDS Program	910,158	405,712
Commonwealth Roads to Recovery	830,392	826,010
Water Augmentation	2,727	120,100
Weir Boat Ramp	-	102,273
Cultural/Heritage	14,708	25,000
Community Development	459,543	811,826
Total Capital Grants and Subsidies	2,217,527	2,290,921



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



4.(c) CONTRIBUTIONS DETAIL

	Council 2010	Council 2009
Engineering Services		
Road Infrastructure Cash Contributions	176,549	401,998
Road Infrastructure Non-Cash Contributions	145,524	-
Drum Muster Contribution	-	3,968
Sub-total	322,073	405,966
Water		
Water Headworks	174,107	270,936
Sub-total	174,107	270,936
Sewerage		
Sewerage Headworks	54,391	110,625
Sub-total	54,391	110,625
Community Services		
Community Development	5,225	125,106
Cultural/Heritage	-	23,310
Youth Development	-	682
Sub-total	5,225	149,098
Total Contributions	555,795	936,624
LESS Contributions Debtors (yet to be paid)	-	8,636
Contribution Cash Received	410,272	927,988
Contribution Non-Cash Received	145,524	-
Total Contributions	555,795	927,988

Analysis of Cash Capital Contributions included in Above Note

	2010	2009
World Theatre Projector	-	13,310
Water Headworks	174,107	270,936
Roads Infrastructure contributions	164,549	389,361
Sewerage Headworks	54,391	110,625
Aerodrome Runway	-	111,833
Total Capital Contributions	393,047	896,065



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



5(a). 2008-2009 GAIN ON RESTRUCTURE OF LOCAL GOVERNMENT - FOR COMPARATIVE PURPOSES ONLY

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		
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		75,223,568
Infrastructure	109,571,370	127,204,443	236,775,813		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

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
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For the period 1 July 2009 to 30 June 2010



6. GAIN ON SALE OF NON-CURRENT ASSETS

	Council 2010	Council 2009
Sale Proceeds	30,850	446,476
Less: Written Down Value	(29,382)	(145,718)
TOTAL GAIN ON SALE	1,468	300,758

7. EMPLOYEE BENEFITS

	Council 2010	Council 2009
Total Staff Salaries and Wages	14,602,682	15,601,843
Councillors' Remuneration	334,537	443,771
Annual, sick and long service leave entitlements	1,374,934	1,484,068
Superannuation	1,564,986	1,720,105
Total Direct Employee Costs	17,877,139	19,249,787
Other Employee Costs	306,444	95,184
	18,183,583	19,344,971
Less: Capitalised Employee Expenses	(640,750)	(376,302)
TOTAL EMPLOYEE COSTS	17,542,833	18,968,669

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

	Council 2010	Council 2009
Employee Numbers		
- Full-time equivalents	254	260
- Casual	16	22
- Councillors (incl. Mayor)	7	7

8. MATERIALS, SERVICES, MAINTENANCE & OTHER

	Council 2010	Council 2009
Advertising and marketing	35,348	57,387
Administration supplies and consumables	168,757	58,982
Audit Fees	55,997	86,468
Communications and IT	402,074	667,413
Consultants	20,345	87,324
Contractors	214,420	242,624
Donations paid	265,676	300,975
Power	-	70,365
Repairs and maintenance and Other materials	22,682,863	21,916,475
Town Plan	-	2,513
Subscriptions and registrations	80,910	-
TOTAL MATERIALS, SERVICES, MAINTENANCE & OTHER	23,926,389	23,490,526



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9. DEPRECIATION

	Council 2010	Council 2009
Buildings	679,352	925,262
Plant Fleet	1,534,022	2,203,798
Equipment	297,118	243,890
Storm Drains	6,104	9,787
City Roads	494,251	630,590
Rural Roads	1,114,603	1,229,066
Water Infrastructure	949,381	1,039,411
Sewerage Infrastructure	643,541	755,812
TOTAL DEPRECIATION	5,718,372	7,037,616

10. FINANCE COSTS

	Council 2010	Council 2009
Finance costs charged by Queensland Treasury Corporation	29,956	53,335
Bank Charges	29,241	38,960
TOTAL FINANCE COSTS	59,197	92,295



CHARTERS TOWERS REGIONAL COUNCIL
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	Council 2010	Council 2009
11. CASH & CASH EQUIVALENTS		
Cash at bank	3,725,931	405,317
Working Capital Floats	5,682	5,491
Deposits at call	15,137,850	21,742,891
Term Deposits	1,000,000	1,000,000
	19,869,463	23,153,706
<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	188,409	182,530
Loan and advances to community organisations	35,050	35,050
Other debtors	1,778,974	7,725,945
	2,002,433	7,943,526
(b) Non-Current		
Long Term Community Loans		
Charters Towers & Dalrymple Archives Group	-	320
Charters Towers Mens' Bowling Club	9,655	11,275
Charters Towers Netball Association	14,883	21,495
Blackheath and Thornburgh College	128,479	164,010
	153,017	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 the other debtors receivable balance is partially comprised of \$729,755.65 owed from the Department of Main Roads for various road contracts .</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	397,561	263,924
	397,561	263,924
14. INVENTORIES		
Inventories Held for Sale		
Visitor Information Gift Shop	42,941	44,828
	42,941	44,828
Valued at lower of cost of net realisable value		
Inventories Held for Distribution		
Works Depot Stores	767,033	844,878
	767,033	844,878
Valued at cost, adjusted when applicable for any loss of service potential		
	809,975	889,706



CHARTERS TOWERS REGIONAL COUNCIL
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FOR THE PERIOD ENDED 30 JUNE 2010



15(a). PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2010

CATEGORIES	Note	Prior Year Audited Gross	Contributed 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 and/or Indexation	Closing Gross	Accum Dep'n Reported at close of Abolished Councils	Sales Accumulated Depreciation	Write-Offs Accumulated Depreciation	Revaluation or Indexation Accum.Dep.	Annual Depreciation	Closing Accumulated Depreciation	Impairment Adjustment to Asset Reval Surplus	Closing Written Down Value	Residual Value
LAND	15(b)(i)	12,224,000			299,393	285,360	-	(16,000)	-	456,247	13,249,000	-	-	-	-		-		13,249,000	13,249,000
BUILDINGS	15(b)(ii)	69,565,588			177,986	401,669	-	-	-	5,550,462	75,695,704	(7,493,475)	-	-	417,309	(679,352)	(7,755,518)		67,940,186	35,720,364
PLANT FLEET	15(b)(iii)	22,657,531			2,323,763	-	-	(126,704)	-	-	24,854,591	(10,743,554)	113,322	-		(1,534,022)	(12,164,254)		12,690,336	2,343,050
EQUIPMENT	15(b)(iv)	3,205,989			477,425	498,421	-	-	-	-	4,181,835	(2,159,871)	-	-		(297,118)	(2,456,989)		1,724,846	83,875
STORM DRAINS	15(b)(v)	1,182,503			-	-			-	23,650	1,206,153	(212,919)	-	-	(4,380)	(6,104)	(223,404)		982,749	408,325
CITY ROADS	15(b)(vi)	73,549,125	145,524	37,306	409,192	622,149	-	-	(5,985)	(612,004)	74,145,307	(5,075,436)	-	688	572,226	(494,251)	(4,996,773)	(1,409,604)	67,738,930	27,104,707
RURAL ROADS	15(b)(vii)	178,530,954		(37,306)	2,554,774	195,445		-	-	3,546,334	184,790,200	(35,449,435)	-	-	(687,671)	(1,114,603)	(37,251,708)	(16,499,690)	131,038,802	65,630,714
WATER INFRASTRUCTURE	15(b)(viii)	58,717,894			440,319	88,438	-	-	(101,160)	957,679	60,103,169	(25,281,797)	-	50,580	966,315	(949,381)	(25,214,283)		34,888,886	-
SEWERAGE INFRASTRUCTURE	15(b)(viii)	36,153,175			60,128	-	-	-	(153,720)	534,829	36,594,412	(20,747,529)	-	95,918	2,884,409	(643,541)	(18,410,743)		18,183,669	-
Sub-Total		455,786,758	145,524	-	6,742,980	2,091,480	-	(142,704)	(260,865)	10,457,197	474,820,370	(107,164,016)	113,322	147,186	4,148,208	(5,718,372)	(108,473,672)	(17,909,294)	348,437,404	144,540,035
Rounding											-									
Work In Progress	15(c)	3,168,473			226,399	(2,091,480)	(234,040)				1,069,351								1,069,351	
TOTAL Property, Plant & Equipment		458,955,231	145,524	-	6,969,379	-	(234,040)	(142,704)	(260,865)	10,457,197	475,889,721	(107,164,016)	113,322	147,186	4,148,208	(5,718,372)	(108,473,672)	(17,909,294)	349,506,755	



CHARTERS TOWERS REGIONAL COUNCIL
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FOR THE PERIOD ENDED 30 JUNE 2010



PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2009

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
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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 2010 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 at 30 June 2010 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.

(vi) City Roads

Council includes city roads at the written down current replacement costs as at 30 June 2010 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.

(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

	Council 2010	Council 2009
Land		160,052
Buildings	232,281	761,786
Sporting & Recreation Facilities	66,523	19,415
Plant Fleet	88,249	669,365
Information Systems Equipment	-	196,388
Water Equipment	-	62,125
Sewerage Equipment	-	78,285
Storm Drains & Quarry	2,013	10,708
City Roads & Carpark	130,473	706,824
Rural Roads	221,280	387,642
Water Infrastructure	277,459	110,043
Sewerage Infrastructure	51,074	5,840
TOTAL	1,069,352	3,168,473



CHARTERS TOWERS REGIONAL COUNCIL
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	Council 2010	Council 2009
16. TRADE AND OTHER PAYABLES		
(a) Current		
Sundry Creditors, including Contract Retentions	1,951,516	2,052,571
Employee Benefits - Annual Leave	1,383,553	1,405,672
Employee Benefits - RDO and TOIL	62,745	49,138
	3,397,814	3,507,381
(b) Non-Current		
Annual Leave	509,730	470,503
	509,730	470,503
17. BORROWINGS		
(a) Current		
Loans - QTC	111,945	189,585
	111,945	189,585
(b) Non-Current		
Loans - QTC	302,681	385,667
	302,681	385,667
(c) Loan Summary		
Queensland Treasury Corporation		
Opening balance at beginning of financial year	575,252	798,302
Loans raised	-	-
Repayments	(190,582)	(276,385)
Interest	29,956	53,334
Book value at period end	414,626	575,252
Classified as:		
Current	111,945	189,585
Non-Current	302,681	385,667
	414,626	575,252
The loan market value at 30 June 2010 is \$418,864.34. 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 5.64% to 8.93%. Borrowings are all in Australian dollar denominated amounts.		
18. PROVISIONS		
(a) Current		
Long Service Leave	100,000	100,000
	100,000	100,000
(b) Non-Current		
Long Service Leave	1,520,984	1,417,167
	1,520,984	1,417,167
(c) Long Service Leave Summary		
Transferred from Charters Towers City and Dalrymple Shire Councils as part of Government restructure	1,517,167	1,522,247
Long service leave entitlement arising	213,010	122,125
Long service leave entitlement extinguished	-	(68,934)
Long service leave entitlement paid	(109,193)	(58,271)
Balance at the end of the period	1,620,984	1,517,167
Classified as:		
Current	100,000	100,000
Non-Current	1,520,984	1,417,167
	1,620,984	1,517,167



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	Note	Council 2010	Council 2009
19. RETAINED SURPLUS			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at the beginning of financial year		5,964,746	-
Gain on restructure of local government	5 (a)	-	338,407,969
Net result attributable to Council within the reporting period		(8,068,928)	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	(1,845,000)
Constrained Works Reserve		(650,609)	(72,733)
Transfers (to) recurrent reserves for future project funding, or (from) reserve funds that have been expended:			
Long Service Leave Reserve		580,000	(580,000)
IT Provision Reserve		(167,205)	(368,020)
Special Projects Reserve		(200,000)	(1,516,576)
Roads Reserve		(1,067,265)	-
Sustainability Reserve		(2,500,000)	-
Transfer (to)/from Council Capital	20	4,264,261	(332,537,290)
Retained Surplus at the end of the reporting period		(-)	5,964,746
20. COUNCIL CAPITAL			
(a) Movement			
Opening Balance		332,537,290	-
Transfer from Retained Surplus		(4,264,261)	332,537,290
Council Capital at the end of the reporting period		328,273,029	332,537,290
(b) Summary of Account			
Written Down Value of Assets (<i>excludes Revaluation Component</i>)		317,526,143	316,506,713
Community Loans		153,017	197,100
Unspent Funded Depreciation		12,121,373	12,215,133
Loan Capital		(414,626)	(575,252)
Working Capital Assets		3,215,651	9,102,647
Working Capital Liabilities		(5,528,529)	(5,495,052)
Funded Working Capital		1,200,000	586,000
Council Capital at the end of the reporting period		328,273,029	332,537,290



CHARTERS TOWERS REGIONAL COUNCIL
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21. ASSET REVALUATION SURPLUS

Movements represent fair value adjustments during the reporting period. See Note 1(u)(ii).

	Council 2010	Council 2009
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	35,284,502	-
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Water Infrastructure	1,923,994	1,021,013
Sewerage Infrastructure	3,419,238	286,230
City Roads	(39,778)	2,413,837
Rural Roads	2,858,663	20,670,035
Buildings	5,967,770	7,305,680
Land	456,247	3,564,993
Storm Drains	19,270	22,713
Impairment:		
City Roads	(1,409,604)	-
Rural Roads	(16,499,690)	-
Balance at end of financial year	31,980,612	35,284,502

	Council 2010	Council 2009
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Water Infrastructure	2,945,007	1,021,013
Sewerage Infrastructure	3,705,468	286,230
City Roads	964,455	2,413,837
Rural Roads	7,029,009	20,670,035
Buildings	13,273,450	7,305,680
Land	4,021,240	3,564,993
Storm Drains	41,983	22,713
	31,980,612	35,284,502

When the Asset Revaluation Reserve at \$31,980,612 is combined to the written down value component of assets within the Capital account \$317,526,143 (see note 20b), the actual written down value of assets is represented in Equity at \$349,506,755 (see note 15a).

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.



CHARTERS TOWERS REGIONAL COUNCIL
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For the period 1 July 2009 to 30 June 2010



23. RECONCILIATION OF NET OPERATING SURPLUS TO THE NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	Council 2010	Council 2009
Net operating surplus	(8,068,928)	342,884,365
Non-cash operating items:		
Depreciation	5,718,372	7,037,616
Write-offs to property, plant and equipment	113,679	870,403
Opening WIP moved to expense	234,040	145,639
Community Loan Interest charged	(11,284)	(20,955)
	6,054,807	8,032,703
Investing and development activities:		
Net (profit) loss on disposal of non current assets	(1,468)	(300,758)
Capital grants and contributions	(2,756,098)	(3,186,986)
Gain on Restructure of Local Government	-	(338,407,969)
	(2,757,566)	(341,895,713)
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	5,941,092	(6,819,787)
(Increase) decrease in financial assets	(133,638)	(40,889)
(Increase) decrease in inventories	79,732	(95,400)
Increase (decrease) in trade and other payables	(70,340)	1,227,725
Increase (decrease) in provisions	103,817	(5,080)
	5,920,664	(5,733,431)
Net cash inflow from operating activities	1,148,977	3,287,924

24. TRUST FUNDS HELD FOR OUTSIDE PARTIES

	Council 2010	Council 2009
Monies held in Trust are as follows:		
Drought Relief Appeal Funds	29,451	29,451
Sundries	70,824	62,545
Sale Property – Non Payment Rates	13,138	13,138
Animal Trap Deposits	57	55
Relocation of Buildings	27,176	29,256
Subdivision – Roadworks	70,633	109,482
Subdivision – Water Connections	62,278	58,230
Subdivision – Sewerage Connections	36,608	21,684
Temporary Library Memberships	1,630	1,313
Arthur Tittley Centre Hire Security Deposits	7,700	6,368
Equestrian Centre Hire Security Deposits	1,775	2,495
Cemetery/Monument Works	834	724
Tourism Incentive Program	9,161	9,161
Lissner Park Security Deposits	300	300
TOTAL	331,565	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.



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010**



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 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 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 1993*.

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.

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 most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions."

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. 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.

The next actuarial investigation will be made as at 1 July 2012. The amount of superannuation contributions paid by Charters Towers Regional Council to the scheme in this period for the benefit of employees was \$1,564,986.



CHARTERS TOWERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS For the period 1 July 2009 to 30 June 2010



27. CAPITAL COMMITMENTS

At 30 June 2010, there were no Capital commitments to report.

28. CONTINGENT LIABILITIES

Local Government Workcare

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 \$329,764 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.

Local Government Mutual

Charters Towers Regional 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 2010, the financial statements reported a surplus and it is not anticipated a liability will arise.

29. FINANCIAL INSTRUMENTS

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

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimizes its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high 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*.

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

Risk Exposure	Measurement Method
(i) Credit Risk	Ageing Analysis
(ii) Liquidity Risk	Maturity Analysis
(iii) 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 obligations.



**CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010**



29. FINANCIAL INSTRUMENTS Cont'd

(i) Credit Risk cont'd

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.

The Council is 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 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.

Council's maximum exposure to credit risk is as follows:

	Council 2010	Council 2009
Financial Assets		
Cash and cash equivalents	19,869,463	23,153,700
Receivables – Rates	188,409	182,530
Loans to Community Organisations	188,067	232,151
Other Debtors	1,778,974	7,725,945
Bank Guarantee	329,764	316,405
TOTAL	22,354,677	31,610,731

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						
2010 Other Debtors	1,728,871	14,474	11,064	24,565		1,778,974
2009 Other Debtors	5,607,864	2,096,013	9,903	12,165		7,725,945



CHARTERS TOWERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 July 2009 to 30 June 2010



29. FINANCIAL INSTRUMENTS Cont'd

(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. 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. These facilities are disclosed in Note 17.

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 at balance date.

Contractual Maturity of Financial Liabilities

Financial Liabilities	0 to 1 year	1 to 5 Years	Over 5 Years	Total Financial Liabilities
	\$	\$	\$	\$
2010	91,397	323,229	-	414,626
2009	160,986	329,092	85,174	575,252

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) 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 interest rate 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		Profit		Equity	
	2010	2009	2010	2009	2010	2009
Financial Assets	-	-	223,547	316,107	223,547	316,107
Financial Liabilities	4,146	5,753	(4,146)	(5,753)	(4,146)	(5,753)
Net	4,146	5,753	219,401	310,354	219,401	310,354



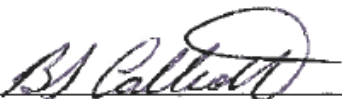
**CHARTERS TOWERS REGIONAL COUNCIL
MANAGEMENT CERTIFICATE**
For the period 1 July 2009 to 30 June 2010




This set of general purpose financial statements has been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the Standard) and other prescribed requirements.

In accordance with **Section 48** of the Standard, we certify that:-

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements, as set out on pages 1 to 39 have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of the Charters Towers Regional Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



Mayor



Chief Executive Officer

12 November 2010

INDEPENDENT AUDITOR'S REPORT

To the Mayor of *Charters Towers Regional Council*

Report on the Financial Report

I have audited the accompanying financial report of *Charters Towers Regional Council*, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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* and *Local Government Finance Standard 2005* including compliance with 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 is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the 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 all 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 year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



JOHN ZABALA (FCA)

(as Delegate of the Auditor-General of Queensland)

20 November 2010

Townsville