



**CARPENTARIA SHIRE**  
*Outback by the Sea<sup>®</sup>*

**Carpentaria Shire Council**

**Annual Report**  
**2013 / 2014**



## TABLE OF CONTENTS

About this Report	3
Region at a Glance	3
Our Vision	5
Our Mission	5
Our Values	5
Mayors Report	6
Chief Executive Officers Report	7
About Council	9
Remuneration to Councillors	11
Remuneration for Senior Contract Employees	11
Council Meeting	12
Code of Conduct for Councillors	12
Code of Conduct for Staff	13
Corporate Structure	13
Services Overview	14
Community Financial Report	15
Capital Works Undertaken	18
Financial Planning	18
Financial Sustainability Ratios	19
Other Statutory Requirements	21
Registers	21
Grants to Community Organisations	22
Appendices – Councillor Expenses Reimbursement	26
Appendices – Carpentaria Shire Council Financial	31

## ABOUT THIS REPORT

Each year Carpentaria Shire Council produces an Annual Report as required by the state government. This report has been prepared in accordance with Chapter 5, Part 3 of the *Local Government Regulation 2012*.

To request a copy of this report please contact Council or alternatively you can download a copy from our website [www.carpentaria.qld.gov.au](http://www.carpentaria.qld.gov.au)

Normanton Administration Centre: 29 - 33 Haig Street, Normanton

Karumba Civic Centre: Walker Street, Karumba

Postal Address: PO Box 31 Normanton QLD 4890

Email: [council@carpentaria.qld.gov.au](mailto:council@carpentaria.qld.gov.au)

Phone: (07) 4745 2203

Fax: (07) 4745 1340

## REGION AT A GLANCE

Carpentaria Shire – where the “*Outback meets the Sea*®”

Carpentaria Shire is located on the Savannah Way in North Western Queensland in the south eastern region of the Gulf of Carpentaria. The region is uniquely placed to offer residents and visitors’ opportunities and experiences in lifestyle, holidays, employment and investment opportunities. Carpentaria Shire has a friendly, laid-back lifestyle and is a place where children still ride their bikes down to the river to go fishing after school without parents having to worry as they would in the larger towns and cities.

Carpentaria Shire is the traditional country of the Gkuthaarn, Kukatj and Kurtijar people. The Shire covers an area of approximately 65,000 square kilometres and has a population of approximately 2,500 with the countryside ranging from vast inland plains to mangrove forests, deltas and salt pans along the coastal areas of the Gulf.

Carpentaria Shire has a diverse industry base with agriculture, fishing, mining and tourism and government administration providing the majority of the Shire’s income. Normanton is the region’s government and administrative centre with much of the Shire’s commercial activity coming through Karumba which has an active port based around export of zinc and lead and live cattle to Asia and a substantial fishing industry which targets prawns, barramundi, Spanish mackerel, salmon and mud crabs. The region offers good infrastructure and facilities with sealed access roads, well-serviced airports, developed freight routes, primary and secondary schools, medical services, recreational and sporting facilities and the standard infrastructure to be expected in a modern community.

The Carpentaria Divisional Board was constituted on the 11<sup>th</sup> January 1883 and amalgamated with the Shire of Carpentaria in 1903. The Council of the Shire of Carpentaria was constituted in 1903. The Municipality of Normanton was constituted on the 6<sup>th</sup> February 1886, and amalgamated with Shire of Carpentaria in 1910.

## Area

64,403 km<sup>2</sup>

## Population

Total: 2500  
Normanton: 1600  
Karumba: 600  
Rural: 300

## Distance to Major Centres

	Normanton	Karumba
Mount Isa:	484 km	556 km
Cairns:	707 km	779 km
Townsville:	938 km	1010 km



## Reserves, Land Controlled by Council

The Council has control of some 9591 hectares of Reserves subject to the provisions of *the Land Act 1999*.

## Roads Controlled, but not owned by Council

Carpentaria Shire Council has four declared roads with funding for maintenance being granted by the Department of Transport and Main Roads.

Road Name	Description	Distance
84A Karumba Development Road	Sealed	41 km
89A Burke Development Road Part A	Sealed	183 km
89B Burke Development Road Part B	Sealed	30 km
89B Burke Development Road Part B	Unsealed	273 km
92A Gulf Development Road	Sealed	47 km
	<b>Total</b>	<b>574 km</b>

## Roads Controlled and Owned by Council

Shire Roads are developed and maintained by funds supplied from Carpentaria Shire Council's rates base, as well as from the usual road grants.

Road Name	Description	Distance
Rural Roads – Unsealed	Principal	512.5 km
	Secondary	429.0 km
	Minor	499.3 km
	Access	241.8 km
Airport Runways		3.3 km
Town Streets – Sealed and Unsealed	Normanton	20.6 km
	Karumba	20.0 km
	<b>Total</b>	<b>1,726.5 km</b>

## OUR VISION

We are unique in Queensland. We are the only place where the “*Outback meets the Sea*®”. We are the only place where it is possible to drive on a bitumen road to a major port that has ready access to Asian markets. We are the only place where tourists can experience both the Outback and the majesty of sunsets over the Gulf. It is a place where residents can still go down to the river after work and catch a fish. It is a place that our children can grow up still experiencing the safe lifestyle that we enjoyed in earlier generations while still accessing modern town facilities.

*“Outback by the Sea – It’s a great place to work, live and play”*

## OUR MISSION

In particular:

- We will work hard for our community
- We will provide strong leadership to our community
- We will provide open and transparent governance for our community
- We will ensure that we are accountable to our community

*“Working for our Community”*

## OUR VALUES

Our key values which will govern our behaviour as a Council are:

Strong leadership	Our community has every right to expect leadership that has integrity, unity and consistency.
Respect and teamwork	We know that we can only achieve great outcomes for our region by working together as a team.
Good governance	We need to deliver good governance for our region which is based on honesty, openness and transparency of Local Government.
Pride in our work	We aim to do the best for our community all the time, every time.
Positive and professional	We are not interested in blame but we want to find the best solutions to problems.
Informed decision making	We need to make sure that we have the best information available when making decisions.
Realistic goals	We believe in dreaming with our eyes open and focusing on what is available.


## MAYORS REPORT

The last financial year was a huge one for Council with some important decisions being made regarding the Shire's water supply following an extensive community consultation process. Several years of poor wet seasons had seen the Shire's water supply drop to critically low levels, so Council engaged expert consultants to provide advice on feasible solutions. After careful consideration of the advice provided to Council, the decision was made to raise the Glenore Weir wall – which is a very significant project for the coming year. The past year has also seen Council undertake the construction of a new storage reservoir at the Normanton Treatment Plant to boost the capacity and security of the Shire's treated water supply.

Other significant projects were completed to provide for better service and improve the general amenity of the Shire, these include: upgrades to the Normanton and Karumba Boat Ramps, refurbishment of the airport car park, extensive road works and restoration of the Karumba Sea wall. The significant portion of this year's Capital Projects has been funded through Council's cash reserves, as was the case last year.

This brings home the need for excellence in financial management and as can be seen in the following report Council has managed to improve its position from last year – providing certainty for the completion of more infrastructure to improve the liveability for residents in the Shire. Reduced availability of funds from both the State and Federal Governments means that effective lobbying on behalf of the Shire is paramount to getting projects such as the water supply and the Karumba Swimming Pool to fruition. The political and the administrative leadership of the Shire are working effectively together to gain real outcomes for the Shire that will help to grow our community to create a vibrant and wonderful part of the world.

I would like to take this opportunity to thank Cr Brenda Schneekloth who resigned from Council and welcome Cr Duane Amos who won the bi-election to replace her in the Council from July 2014. I would also like to thank my fellow Councillors, Chief Executive Officer and all the hardworking Council employees for their efforts and support throughout the year.

  
Fred Pascoe  
Mayor

## CHIEF EXECUTIVE OFFICERS REPORT

I am pleased to present Council's Annual Report to the residents and rate payers of Carpentaria Shire for 2013/2014. Council has continued on with providing open and transparent governance, and prudent financial management which has again resulted in Council's strong financial position.

Council has strengthened its commitment to consulting with the community and in providing improved services and facilities across the Shire as a result of the community feedback.

Some of the highlights this year include:

- Ongoing planning and design for a new Shire water supply. Public consultation for this project has been extensive and further geotechnical investigations are currently being undertaken. Council has commenced the development application process which is the next stage prior to approval and construction. This project will cost \$11,000,000 and is essential to protect the supply of water to our townships.
- Completion of the repairs to the Karumba Seawall which have resulted in a safe structure to protect people and property. The opening up of the area has also created an area for locals and visitors alike to enjoy a land-based fishing experience which was previously unavailable. The project was funded by the Commonwealth Government and is greatly appreciated by the community.
- Completion of the extension to the Normanton Boat Ramp which will be followed by the installation of a pontoon to provide safer boating facilities.
- Completion of an additional lane at the Karumba Point boat ramp.
- Finalising the design of a new boat ramp and pontoon at Gilbert Street at Karumba.
- Completion of the new storage reservoir at the Normanton Water Treatment Plant with generous financial support of Minister Crisafulli and the Department of Local Government, Community Recovery and Resilience.
- Installation of flood cameras at various road crossings throughout the Shire, together with the installation of flood gauges at various locations on the Shire's river systems. These projects would not have been possible without the grants and support provided by Minister Crisafulli and the Department of Local Government, Community Recovery and Resilience.
- Completion of the upgrade to the Normanton Airport car park, again with the support of Minister Crisafulli and the Department of Local Government, Community Recovery and Resilience.



- The announcement of a major grant of \$1,000,000 by the Deputy Premier through the State Government's Royalties for the Regions program which will see a public swimming pool constructed at Karumba in 2014/2015.
- The continued good work of our Engineering and Roads sections which saw road works completed to a high standard and in compliance with the strict requirement of the various government agencies. Tens of millions of dollars in road works have been completed and this is testament to the dedication and abilities of our staff and contractors.
- The strong financial performance by Council. This has been achieved through sound governance, good decision making and fiscal discipline.

Council intends to continue on with the good work in 2014/2015 and will continue to consult with the community and ensure Carpentaria Shire remains a great place to live, work and play!



Bob Owen  
Chief Executive Officer

## ABOUT COUNCIL

Carpentaria Shire was represented by an elected five member Council comprised of the Mayor, Deputy Mayor and three Councillors. Following the quadrennial elections in 2012, the number of Councillors was increased to seven. Council meets every third Wednesday and the following Thursday of each month in the Carpentaria Shire Council Chambers. The meetings are open to the general public



Cr Fred Pascoe  
**Mayor**



Cr Joyce Zahner  
**Councillor**



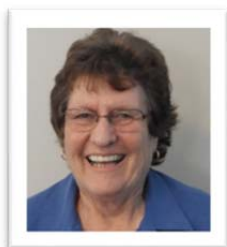
Cr John Beard  
**Councillor**



Cr Ashley Gallagher  
**Councillor**



Cr Alan Gurney  
**Deputy Mayor**



Cr Merle Johnson  
**Councillor**



Cr Brenda Schneekloth<sup>1</sup>  
**Councillor**

## COMMITTEE REPRESENTATION

Between them, elected Councillors sit on the following committees:

- Gulf Savannah Development
- Local Disaster Management Group
- Qld Fisheries Service (QFS) Management Advisory Committee
- North West Queensland Regional Roads Group
- Plant Committee
- Ports Corporation Advisory Group
- Transport Security Program Committee
- Gulf Regional Planning Advisory Committee
- Regional Arts Development Fund Committee (RADF)
- Air Users Group
- Building Safer Communities Action Team
- Carpentaria Interagency Network
- Normanton Heritage Precinct Steering Committee
- Australia Day Committee
- Community Housing Committee
- Northern Gulf Resource Management Group
- Southern Gulf Catchments
- Gulf Catchment Pest Task Force
- Gulf Barramundi Discovery Centre/Restocking Association
- North Queensland Sports Foundation
- Muttonhole Wetlands Management Committee
- Gulf Barramundi Discovery Centre/Restocking Association

The *Local Government Act 2009* outlines the roles and responsibilities of the Mayor, Deputy Mayor, Councillors and the Chief Executive Officer.

### THE MAYOR

- Presides at, and is responsible for the orderly conduct of Council meetings, at which the Mayor is present
- Ensures the carrying out of Council decisions and exercises the power, and performs the duties given to role by Council
- Ensure appropriate representation of the Local Government at civic and ceremonial functions

### DEPUTY MAYOR

- Acts in the office and performs the role of the Mayor during a vacancy in the office of the Mayor or the absence or temporary incapacity of the Mayor
- Appointed by vote at Council's first meeting after the calling of the elections.

### COUNCILLORS

- Represent the overall public interest of the area
- Decide on the facilities, services and enterprises appropriate for the area
- Formulate, adopt and review corporate and operational plans, policies and goals of Council
- Decide how to achieve those goals and implement appropriate policies

### CHIEF EXECUTIVE OFFICER

- Implements the Local Government's policies and decisions
- Is responsible for the organising the presentation of reports and reporting to the Local Government
- Conducts correspondence between Council and other persons
- Manages and oversees the administration of Council and its Corporate Plan and coordinates the activities of all Council employees.

## REMUNERATION TO COUNCILLORS

Councillor remuneration is set by the independent Local Government Remuneration Tribunal established under the *Local Government Act*. The tribunal determines the levels of remuneration for Mayors, Deputy Mayors and Councillors. These pay scales take into consideration factors such as the size of the Council, the area it covers and the population it serves.

During the 2013/2014 financial year, the remuneration for the Mayor, Deputy Mayor and Councillors are set out in the table below.

Councillor	Position	Remuneration	Superannuation	Vehicle Mileage	Total
Fred Pascoe	Mayor	\$73,600	\$6,808	\$0	\$80,408
Alan Gurney	Deputy Mayor	\$38,554	\$4,626	\$4,262	\$47,442
John Beard	Councillor	\$31,544	\$0	\$808	\$32,352
Ashley Gallagher	Councillor	\$31,544	\$3,785	\$577	\$35,906
Merle Johnson	Councillor	\$31,544	\$3,785	\$0	\$35,329
Brenda Schneekloth <sup>1</sup>	Councillor	\$28,424	\$0	\$0	\$28,424
Joyce Zahner	Councillor	\$31,544	\$3,785	\$0	\$35,329

<sup>1</sup> Cr Schneekloth resigned from Council in 19 May 2014

## REMUNERATION FOR SENIOR CONTRACT EMPLOYEES

An annual report of a local government must state –

- the total remuneration packages\* that are payable (in the year to which the annual report relates) to senior contract employees; and
- the number of senior contract employees who are being paid each of the total remuneration packages.

Under the *Local Government Act*, a senior contract employee is –

- the Chief Executive Officer; or
- any other local government employee who is employed -
  1. on a contractual basis; and
  2. in a position that reports directly to the Chief Executive Officer.

2013/2014 Carpentaria Shire Council Senior Contract Employee information

- 2 senior contract employee with a total remuneration package in the range of \$200,000 – \$300,000
- 1 senior contract employee with a total remuneration package in the range of \$130,000 – \$200,000

\*Remuneration Packages includes salary, housing, vehicle use and other expenses and entitlements under a contract of employment.

## COUNCIL MEETINGS

Council meetings are held on the third Wednesday and Thursday of each month (subject to alteration in special circumstances). The Council meetings are chaired by the Mayor.

Members of the public are welcome to attend all Council meetings. During the year Council held twelve (12) General Meetings, as well as other special meetings, which Councillors attended.

Councillor	Position	General Meetings	Special Meetings
Fred Pascoe	Mayor	12	1
Alan Gurney	Deputy Mayor	12	1
John Beard	Councillor	12	1
Ashley Gallagher	Councillor	11	1
Merle Johnson	Councillor	12	1
Brenda Schneekloth	Councillor	10	1
Joyce Zahner	Councillor	11	1

## CODE OF CONDUCT FOR COUNCILLORS

The *Local Government Act* requires elected members to declare any material personal interests, in matters before Council and to remove themselves from any discussions or decision making on that matter. For a Councillor to have a material personal interest there must be an expectation of personal benefit gain or loss for the Councillor or an associate.

It is so important the community has confidence in its Council and Councillors. *The Local Government Act* sets out specific rules Councillors must follow to ensure transparency and accountability, particularly in relation to receiving gifts and conflicts of interest.

Carpentaria Shire Council follows the Councillor Code of Conduct in accordance with the procedures set down in the Act and Regulations. The Code provides Councillors with a frame of reference about their roles, obligations and acceptable behavioural standards.

There are a number of requirements contained within Section 187 of the *Local Government Regulation 2012*, that are required to be reported within the Annual Report, regarding complaints made about councillors.

For the period 1 July 2013 through till 30 June 2014 there were no breaches or complaints received against any of the sitting Councillors.

Breaches against the Code of Conduct	
Total number of staff code of conduct breaches	Nil
Information on Councillors breaching the code of conduct	Nil
Number of complaints about code of conduct breaches by Councillors	Nil
Number of recommendations from conduct review panel	Nil
Number of complaints resolved	Nil
Number of complaints to Ombudsman	Nil

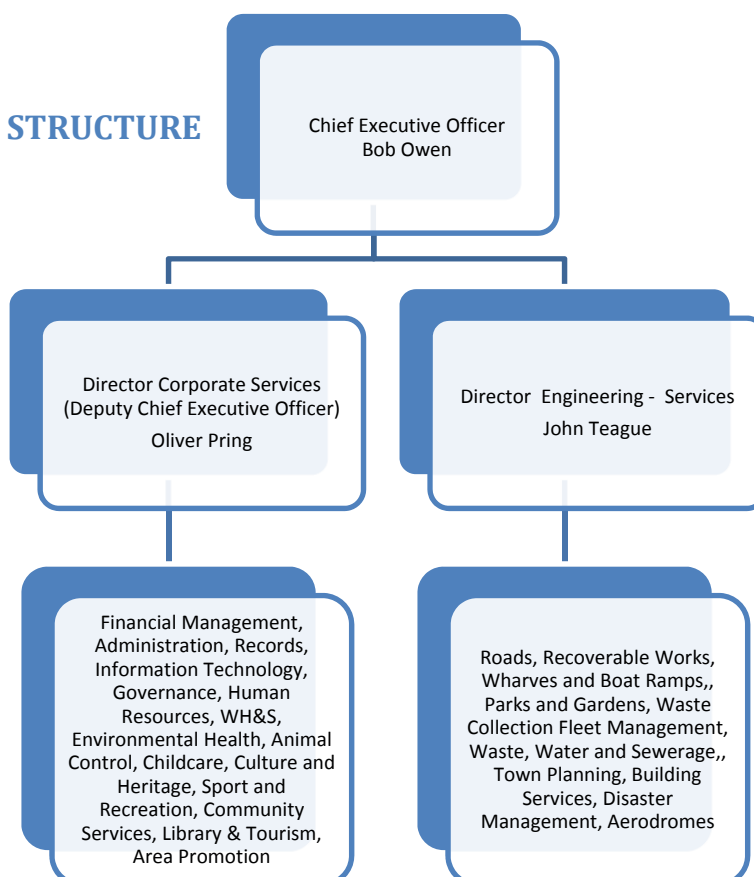
## CODE OF CONDUCT FOR STAFF

The Carpentaria Shire Council has developed and adopted a Code of Conduct for Staff. .

The staff code has been incorporated in the Human Resources Policies and Procedures Manual for Council employees and remains the focal point of reference for questions on ethics for our organisation.

- There were no complaints lodged under the staff Code of Conduct.

## CORPORATE STRUCTURE



## SERVICES OVERVIEW

### Governance

To provide a decision making process for the efficient allocation of resources:

- ❖ Finance – rates and charges, grants and subsidies, investments and debt management.
- ❖ Executive - corporate governance
- ❖ Administration - general administration, employee costs, plant and workshop, depot, stores and purchases, recoverable works.

### Social

To establish and efficiently manage infrastructure and resources which will help the social well being of the community:

- ❖ Housing - aged persons, staff.
- ❖ Sport and Recreation – libraries, public halls, sporting facilities, parks, public conveniences.
- ❖ Children’s Services – childcare, after school care, vacation care.
- ❖ Community Development - youth services, community programs.
- ❖ Emergency Services – SES, fire brigade

### Economic

To provide effective and efficient transport services to the community. Promotion of the shire and improvement of its economic wellbeing:

- ❖ Transport – roads, recoverable road works, airports, wharfs and boat ramps.
- ❖ Planning and Development – subdivisions, building services, town planning.
- ❖ Tourism - area promotions.

### Environment

To provide services required by the community. The provisions of an operational framework for good community health:

- ❖ Waste Management - rates and charges, refuse collection, recycling.
- ❖ Animal Control - animal control.
- ❖ Environmental Health - health inspections, mosquito eradication, pest and weed control.
- ❖ Cemeteries - cemeteries.
- ❖ Water - rates and charges, water operations.
- ❖ Sewerage - rates and charges, sewerage operations.

## COMMUNITY FINANCIAL REPORT

This Community Financial Report has been prepared pursuant to Sect 179 of the *Local Government Regulation 2012* and is designed to provide an easy to understand summary and analysis of Council's financial results and financial position. To obtain a more detailed understanding of Council's financial results and financial position, refer to the *Financial Statements* and accompanying notes included in the Appendices section of this Annual Report.

### THE STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income (often referred to as the Profit & Loss Statement) shows how Council has performed for the past 12-month period. The Income Statement illustrates what we have earned (revenue) and what we have spent (expenses) on maintaining and operating the community services and assets Council provides.

<b>SIMPLIFIED INCOME STATEMENT</b>		
For the year ended 30 June 2014		
	\$ 000	\$ 000
Operating Revenue	30,850	
less Discounts and remissions	(461)	
less Expenses	(53,945)	
less Interest and finance charges	<u>(406)</u>	
Surplus / (Deficit) from operations		(23,962)
add Capital grants and contributed assets		30,871
Gain / (loss) on disposal of non-current assets		125
<b>Net result for the period</b>		<b><u>7,034</u></b>

### THE STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (often referred to as the Balance Sheet) summarises the financial position of Council at the end of the Financial Year. The statement measures what Council owns (assets) and what Council owes (liabilities) at the end of the Financial Year with the difference between these two components being the net community wealth (equity) of Council.



## SIMPLIFIED BALANCE SHEET

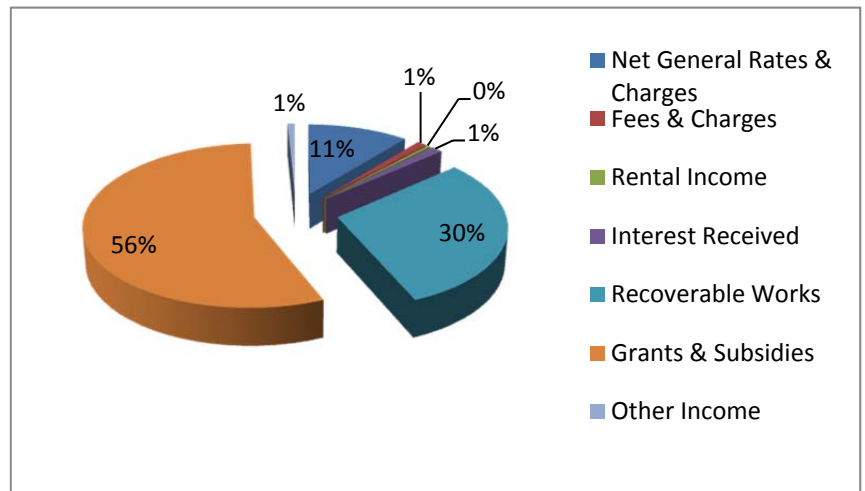
For the year ended 30 June 2014

	\$ 000
What we have in the bank	19,697
What we own	292,307
What we are owed	19,269
<b>Our total assets</b>	<b><u>331,273</u></b>
What we owe our suppliers and employees	6,885
What we have borrowed	4,581
What we need to set aside (provisions)	1,887
<b>Our total liabilities</b>	<b><u>13,353</u></b>
<b>Net community assets (wealth)</b>	<b><u><u>317,920</u></u></b>

## OUR REVENUE

Council achieved income of \$30,389,754 during the 2013/2014.

Operating Revenue	\$
General Rates	6,674,687
Grants & contributions	34,143,248
Recoverable Works	18,393,206
Rental	212,347
Fees & charges	672,560
Other income	477,673
Interest	812,135
<b>Total</b>	<b>61,385,856</b>



Council endeavours to maximise its revenue from sources other than rates by actively pursuing grants and subsidies from the State and Federal Government and seeking appropriate contributions from the property development sector.

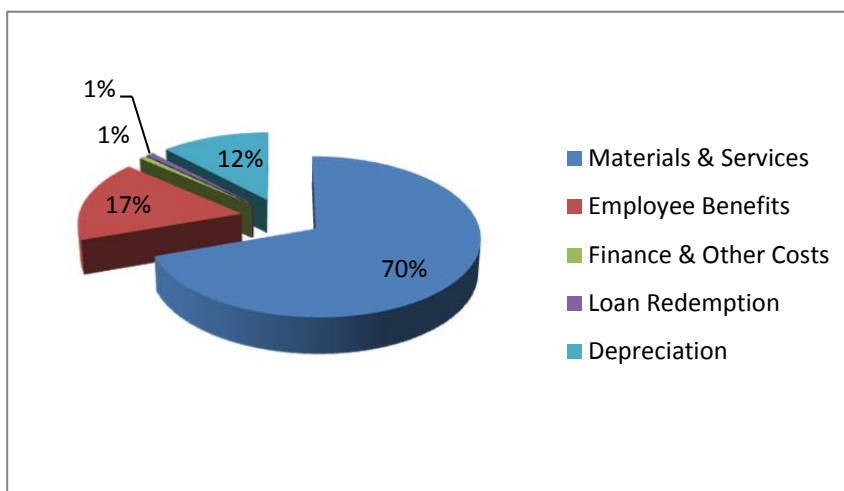
Fees and charges, and utility charges are generally applied on a full cost recovery basis to ensure as much as possible the user pays. These strategies help to minimise the reliance on the general rate to fund Council's operations.

## OUR EXPENSES

The expenses represent the cost to Council of running services, operating facilities and maintaining assets.

Material and services are the goods and services required for operational and maintenance purposes within Council. These make up 70.51 per cent of Council's expenses. Employee and labour hire costs are the labour costs that Council incurs in operating and maintaining the services and assets of the region. Depreciation and amortisation represents the cost of Council's assets over time. These assets include buildings, roads, storm water drains, and water and sewerage infrastructure.

Operating Expenses	\$
Materials & Services	37,841,641
Employee and labour hire costs	9,111,130
Depreciation	6,511,084
Finance & Other costs	406,819
Loan redemption	480,481
<b>Total</b>	<b>54,351,155</b>

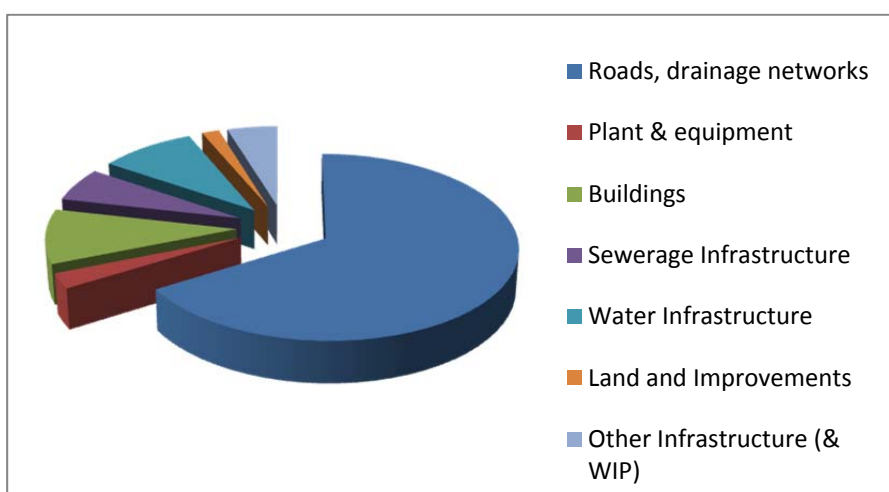


## THE COMMUNITY INFRASTRUCTURE WE MANAGE

Council owns and manages more than \$290 million worth of infrastructure providing benefits directly to the community.

The accounting standards require Council to ensure that its infrastructure assets are recorded at fair value. It is Council's progressive approach to asset management that ensures our assets are optimized and that the community benefits from the greatest value possible.

Operating Revenue	\$
Water networks	192,767,995
Equipment	7,769,341
Buildings	28,002,330
Infrastructure	17,197,605
Structure	26,608,668
Improvements	4,810,011
Structure (& WIP)	13,837,607
<b>Total</b>	<b>290,993,557</b>



## CAPITAL WORKS UNDERTAKEN

There was some considerable works accomplished by Council workforce during the year including major flood damage restoration works both on Council and Transport and Main Roads controlled roads. Along with maintenance and operations of key Council assets, some major capital works were also undertaken by Council during the 2013/2014 Financial Year, some of these include:

### Roads Program

- Footpath construction works both in Normanton and Karumba
- Karumba Waste Transfer Station Access Road
- Kowanyama Floodway works
- Grids on Iffley Road
- Culverts on Burketown Road

### Other

- Flood Cameras & Gauging Stations
- Normanton Reservoir Capacity Increase
- Airport Car park
- Continued Water & Sewer Assets Upgrades
- Karumba Sea Wall Restoration

## SUMMARY

The finances of Carpentaria Shire Council were again very strong at year end, even though we funded the bulk of the Capital Projects through our cash reserves. Council is and will continually be looking at alternative streams of revenue to provide the services required by the community.

## FINANCIAL PLANNING

Council's total borrowing costs for year ending 30 June 2014 represented 5.0% of total net rates and charges. Council's total loan liability as at 30 June 2014 was \$4.33M compared to \$4.57M as at June 2013. These loan liabilities have been borrowed for works associated with capital infrastructure.

The term to repay outstanding debt is between 2 and 16 years.

Council's existing debt management strategy is to restructure its budget so that there is less emphasis on external borrowing for such works as road plant and to fund these recurring type capital expenditures from general rates and grants. In so doing Council will be in a good financial position to provide for major community and recreational infrastructure in the future years.

## FINANCIAL SUSTAINABILITY RATIOS

Council monitors its financial trend and sustainability by using financial ratios. These indicate whether or not Council is on the right track in terms of its financial performance and future. It acts as a guide to assist Councillors and management on the best course for budgeting for the future.

### **Operating Surplus Ratio**

Calculation: Net Result divided by Total Operating Revenue. Expressed as a percentage

**Description:** This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding or other purposes. The Operating Surplus Ratio is the operating surplus/deficit expressed as a percentage of total operating revenue. A positive ratio indicates that surplus revenue is available. This may be used to support the funding of capital expenditure or used to offset past or future operating deficits. If the surplus is not required for this purpose in a particular year, it can be held to support future capital expenditure funding as a financial asset, used to offset past deficit funding or, where possible, used to reduce current debt levels.

**Target:** 0 – 10%

**2013/2014 Result:** 11.46% = this result indicates Council's operating expenses are lower than its operating revenue.

### **Net Financials Liabilities Ratio**

Calculation: (Total Liabilities less Current Assets) divided by Total Operating Revenue. Expressed as a percentage

**Description:** This is an indicator of the extent to which the Net Financial Liabilities of a local government can be serviced by its Operating Revenues. A ratio greater than zero (positive) indicates that total financial liabilities exceed current assets. These net financial liabilities must be serviced using available operating revenues. A positive value less than 60 per cent indicates the local government has the capacity to fund the financial liabilities and appears to have the capacity to increase its loan borrowings if required. A positive value greater than 60 per cent indicates the local government has limited capacity to increase its loan borrowings. A ratio less than zero (negative) indicate that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary.

**Target:** < 60%

**2013/2014 Result:** -43.62% = this result indicates that Council can comfortably fund its total liabilities from current assets and Council has capacity to increase its loan borrowings should it be required.

### **Asset Sustainability Ratio**

Calculation: Capital Expenditure (on the replacement of assets - renewals) divided by Depreciation Expense. Expressed as a percentage

**Description:** This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach their useful lives.

**Target:** > 90%

**2013/2014 Result:** 106%

### **Working Capital Ratio**

Calculation: Current Assets (CA) divided by Current Liabilities (CL). Expressed as X:1 (where X = CA/CL)

**Description:** This is an indicator of the management of working capital (short term financial capital). Measures the extent to which a local government has liquid assets available to meet short term financial obligations

**Target:** > 1:1

**2013/2014 Result** – 1:5.4 = this result means that for every \$1 of current liabilities, Council has \$5.40 to cover it.

## OTHER STATUTORY REQUIREMENTS

### *Local Government Regulation 2012*

*This regulation requires a local government to set out a range of information for the benefit of the community. This includes:-*

- *details of Councillor and senior executive remuneration*
- *details of any complaints lodged against councillors*
- *details of any complaints made against Council administrative actions*
- *details of any overseas travel by Councillors or staff*
- *details of grants and concessions provided to community organisations*

*In addition to statutory requirements, our Council is committed to keeping our community informed and has included additional details such as the cost of services provided by consultants.*

## PENSIONER RATES REMISSION

Council provides a rates remission to eligible pensioners.

- Council's remission is 30% on all rates and charges (except excess water charges) with a qualifying residency period of at least 10 years within the Shire boundary.
- The applicant must hold a Pensioner Concession Card and be of pensionable age for the purposes of qualifying for an aged pension under the Australian Government guidelines
- Any arrears of rates and charges associated with the residential allotment must be paid in full before a Pensioner becomes entitled to receive the rates remission. This policy is in accordance with State Government Pension Remission Guidelines.

## RATE REMISSION / CONCESSIONS (OTHER THAN PENSIONERS)

Council considers applications for remission of rates lodged with Council where it considers the circumstances warrant such action as provided under the Local Government Act. Council may also consider the deferral of rates until a specified time if the circumstances warrant.

## REGISTERS

The following registers are held by Council and are available for viewing by members of the public on request:

- Register of Electoral Gifts
- Register of Interest of each Councillor
- Register of Interest of persons related to Councillor
- Minutes of Local Government Meetings
- Road Register/Road Maps
- Schedule of Fees and Charges
- Register of Local Laws and Subordinate Local Laws
- Register of Burials
- Register of Regulatory Fees
- Register of Delegations

- Register of Council Policies
- Register of Contact by Lobbyists

## COMPLAINTS MANAGEMENT

The Council has a complaints management process in place. That complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision.

The complaints management process is available to the public on Council's website.

During 2012/13, there were nil complaints lodged with Council under the complaints management process.

## EQUAL EMPLOYMENT OPPORTUNITY

Carpentaria Shire Council is an Equal Employment Opportunity (EEO) Employer, maintaining that skills and potential are recognised, developed and used to best advantage, so that the best person is selected for the job. Council has formalised this concept into written policy, so as to align with legislative requirements.

The objective of the policy is to ensure a workplace free of discrimination and to promote Equal Employment Opportunity.

Council's EEO Management Plan is aimed at ensuring all employees and applicants for employment are treated fairly, basing selection and promotion only on factors relevant to the job, such as skills, qualifications, abilities and aptitude.

## GRANTS TO COMMUNITY ORGANISATIONS

Council has adopted a Grant to Community Organisations Policy which prescribes the types of grants given to community organisations.

The grants provided are

- Direct cash grants to community organisations
- Assets given to community organisations
- Concessions (e.g. rates remitted) for community organisations

Type of Grant	Cost(\$)
Direct cash grants	63,200
Concessions	81,175
<b>Total</b>	<b>144,375</b>

These grants were provided to the following organisations.

Name of organisation	Amount of Grant (\$)
MITEZ – NWQ Strategic Development Contribution	15,000
Normanton Hospital Auxiliary – Hospital Fete	500
C & W Wockner – Donation	500
Normanton Gun Club – Donation 30 <sup>th</sup> Year	3,000
Normanton PCYC – Donation Softball Carnival	200
Normanton State School – Donation Fete	500
Karumba Cancer Cuppa – Donation	500
Karumba Sports & Shooting – Donation	1,000
Karumba Seniors Luncheon – Donation	500
Karumba Pink Ribbon Day – Donation	500
Normanton Fishing Club – Donation Barra Classic	1,000
Gulf Christian College – Donation Family Fun Night	1,000
Karumba Child Care – Contribution	30,000
Karumba State School – Swimming Pool Contribution	9,000

**63,200**

Concessions were provided to the following organisations. These were mainly the waiver of hire or rental fees associated with Council facilities.

Name of organisation	Concession	Amount of Concession (\$)
Variety Qld	Hire Fee waiver rodeo grounds + use of all tables/chairs	2,111
CNWQ Medicare local	Hire Fee waiver stage + tables & chairs	500
Carpentaria Lions Club	Hire Fee waiver Kba Civic Centre	500
Karumba Police	Hire Fee waiver Kba Civic Centre	300
Go West	Hire fee waiver Ntn Shire Hall	500
Normanton Rugby League FC	Hire Fee waiver rodeo grounds + use of all tables/chairs, printing	1,378
Katrina Rapson	Hire Fee waiver sports centre & pool, tables & chairs & PA system	2,962
Normanton Hospital Auxillary	Hire Fee waiver 10x tables, 100 x chairs & use of PA system	936
Gulf Chamber of Commerce	Hire Fee waiver for Kba civic centre plus 40 x chairs	290
Karumba Childrens centre	Hire Fee waiver of Kba civic centre, 10x tables & 60 x chairs, PA system. Feb – Jun 2014.	11,865
Bernadette Nolan	Hire Fee waiver for Kba civic centre, 20x tables & 100x chairs	831
Gulf Savannah Development	Hire Fee waiver for Kba civic centre, 4 x tables & 20 x chairs	270
Normanton State School	Hire Fee waiver for park, 1 x table & PA system.	208
Gulf CC	Hire fee waiver Ntn Shire Hall	170
Gulf CC	Hire Fee waiver Ntn shire Hall, 16 x tables 120 x chairs	700
Troy Gallagher	1 x Akubra Hat from VIC	165
Joyce Zahner	Hire Fee waiver 50x chairs	150
Grant Smith	Hire Fee waiver for Ntn Shire Hall 30xtables + 100x chairs	814
Normanton Youth Advisory Council(YAC)	Hire Fee waiver 6xtables +100x chairs + plastic barriers	150
Integrated Food & Energy Development	Hire Fee waiver for Kba civic centre + use of projector & screen	242
PCYC	Fee waiver for the Oval + line markings of oval	2,049
CSC	Hire Fee waiver Burns Philp Bldg + BBQ & gas bottle	905



CSC	Fee waiver for 30x tables +120x chairs	740
CSC	Hire Fee waiver of Ntn Shire Hall plus T&C's stored there + BBQ	242
Karumba QAS	Hire Fee waiver Kba civic centre	162
Normanton Fishing Club	In kind support with photocopies/trophies + 10xtables +80 chairs	2,098
Normanton Police	Fee 30x new chairs + extra Bins	1,770
Tonia Smerdon NSS	Fee waiver for Oval & grandstand + extra bins	1,528
Barramundi Restocking Association	Fee waiver for Civic Centre	170
Races Committee	Lend of pressure cleaner	120
Grant Smith	Fee waiver for 6 x tables & 30 x chairs	356
Karumba Recreation Club	Fee waiver for hire of 15 x tables & 60 x chairs	330
Cherie Crossland	Fee waiver of Rodeo ground + 30 x tables & 200x chairs	2,815
GCC	Fee waiver for hire of 15x tables & 120 x chairs	4,272
Normanton PCYC	Fee waiver for 2 x tables & 8 x chairs	951
Normanton State School	Fee waiver for 25x tables & 200 x chairs	850
Bevan Owens	Stingers Support for season	20,593
Medicare Local	Hire Fee waiver for Ntn Shire Hall & 4x tables +100x chairs	1,232
QCWA NTN	Hire Fee waiver Ntn Shire Hall & 10xtables + 50xchairs	1,058
NTN Golf Club	Inkind support - slashing of grounds	8,125
Stingers R/L	Hire Fee waiver of sports oval, 12xtable, 16xchairs +6x bins	472
KBA State School P&C	Hire Fee Waiver for 40xtables, 12xchairs + 8 bins	312
Karumba Cancer Cuppa	Hire Fee waiver of Kba civic centre + 50xchairs	312
Cairns to Karumba Bike Ride	Hire Fee waiver of rodeo grounds and use of table & chairs	236
Cairns to Karumba Bike Ride	Hire Fee waiver for Kba Sports Complex	486
Karumba Police	Hire Fee waiver for Kba civic centre & 4x tables + 40x chairs	322
Riverside Christian College	Hire Fee waiver of showgrounds, kitchen & toilets, cold room etc	236
Carpentaria Kindergarten	Inkind support 6 x A3 colour posters printed & laminated	43
Normanton Golf Club	Donation rates & land rental fees	2,874
KBA Sports & Shooting	Fee waiver of 6x Bins	324
Barra Discovery Centre	Support the display at the state school fete up to the value of \$150	150

81,175



## APPENDICES

## Councillor Expenses Reimbursement Policy

### Purpose

The purpose of the expense reimbursement policy is to ensure that Councillors (including Mayors) can receive reimbursement of reasonable expenses and be provided with necessary facilities in performance of their role.

### Definition

**'Approved Council Business'** In respect to the reimbursement of expenses for Councillors, the following are considered to be approved Council business:

- Council Meetings – inclusive of General, Statutory, Special Meetings.
- Standing Committee Meetings.
- Public Consultation Meetings as adopted by Council.
- Items resolved by Council including attendance at functions held outside of the Carpentaria Shire.
- Civic functions conducted by Council namely Australia Day activities, visits by the Governor, Premier, Ministers, Members of Parliament, Defence personnel, State and Federal government representatives, Local Government Association representatives, Gulf Savannah Development representatives, other local government representatives, other affiliated bodies and their parties.
- Community functions such as public meetings, fetes, local committee meetings and annual general meetings, shows or events by invitation to represent the Carpentaria Shire.
- To undertake inspections as conducted by the Mayor and/or Councillors within the Shire in consultation with/or in attendance with the Chief Executive Officer or his representative.
- In regards to the items listed above, it is Council's preference that the Council owned vehicle as provided to the Mayor be utilised for these activities.  
The reimbursement to Councillors for their private vehicle usage to attend these activities is not preferable.
- Any unexpected Council business not detailed above can be referred to a subsequent meeting of Council for approval.

### Statement of Principles

The policy applies the following simple set of principles as determined by the Minister for Local Government:

- Use of public moneys in the public interest by responsible budgeting and accounting;
- Fair and reasonable allocation of Council resources (allowances, facilities and other benefits) to enable all Councillors to conduct the duties of office;
- Transparent decision-making by public disclosure of policy and resolutions; and
- Accountability for expenditure and use of facilities through full justification and acquittal.

### Payment of Expenses

Expenses will be paid to a Councillor through administrative processes approved by Council's Chief Executive Officer subject to:

- the limits outlined in this policy; and
- Council endorsement by resolution for non approved Council Business.

### Expenses Categories

#### Professional Development

A local government will reimburse expenses incurred for:

- mandatory professional development; and
- discretionary professional development deemed essential for the Councillor's role.

#### **Travel as required to represent Council**

A local government will reimburse local and in some cases interstate and overseas travel expenses (eg: flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where:

- a Councillor is an official representative of Council and
- the activity/event is approved Council Business; or
- the activity/event and travel have been endorsed by resolution of Council.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a Councillor is required to stay outside the local government's region.

Note: Any fines incurred while travelling in Council-owned vehicles or privately owned vehicles when attending to approved Council business, will be the responsibility of the Councillor incurring the fine.

#### **Travel bookings**

All Councillor travel approved by Council will be booked and paid for by Council.

Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on approved Council business. They cannot be used to offset other unapproved expenses.

#### **Travel transfer costs**

Any travel transfer expenses associated with councillors travelling for approved business will be reimbursed.

Example: trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council where councillors are required to undertake duties relating to the approved business of Council.

#### **Private Vehicle Usage**

Councillors private vehicle usage will be reimbursed by Council if the:

- Travel has been endorsed by Council resolution or is for approved Council Business.
- Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

A Councillor who uses his or her own vehicle to attend approved Council business namely a meeting, deputation, conference or inspection, shall be paid such allowance per kilometre as prescribed. Reimbursement of vehicle travel costs will be on the basis of distance travelled from place of residence as shown on the electoral roll to the meeting/function location, or Council office and will be paid upon completion of a Councillor reimbursement form.

It is Council's preference that the Council owned vehicle be utilised for these activities. The reimbursement to Councillors for their private vehicle usage to attend these activities is not preferable.

### **Accommodation**

All councillor accommodation for approved Council business will be booked and paid for by Council. Council will pay for the most economical deal available. Where possible, the minimum standards for councillors' accommodation should be three or four star rating.

Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.

### **Meals**

A local Government will reimburse the costs of meals for a councillor when:

- The councillor incurs the cost personally and
- The meal was not provided:
  - within the registration costs of the approved activity/event
  - during an approved flight.

### **Incidental Allowance**

Up to \$20 per day may be paid by a local government to cover any incidental costs incurred by councillors required to travel, and who are away from home overnight, for approved Council business.

### **Councillors Spouses**

Spouses, partners and family members of Councillor's are entitled to receive expense reimbursement and the provisions of council facilities where these benefits are offered to the Councillor and can be supplied to the spouse, partner and family member at no further cost to the Council.

Council may approve the attendance of spouses or partners at approved Council business for example the annual Local Government Association Conference or official dinners within the Shire.

### **Additional Expenses for Mayor**

#### **Council Vehicle**

The Mayor shall have the use of an appropriate Council owned and maintained vehicle which may also be used by other Councillors for approved Council business when available. All vehicle usage is required to be recorded in a log book and made available to the Chief Executive Officer on a monthly basis.

Private usage of the Council owned vehicle as provided to the Mayor shall be recorded by the Mayor in a log book with charges paid to Council at the appropriate rates per kilometre as detailed above on a monthly basis.

To remove any doubt as to when the Council Vehicle is being used for private or approved Council business use, the following summary is provided: The use of a Council vehicle on the way to or from approved Council business is not considered to be private use of the vehicle where such use is reasonable in all of the circumstances. An example of this would be a Councillor has driven to an approved Council business and stops to purchase spare parts for a

vehicle on the way home, such use would be considered to be reasonable in the circumstances and not deemed as private use.

#### **Mobile Phone**

The Mayor shall be provided with a Council owned mobile telephone for approved Council business.

Private calls made on the Council owned mobile telephone as provided to the Mayor shall be recorded and paid in full to Council by the caller on a monthly basis.

#### **Hospitality**

The Mayor shall be paid an annual allowance of \$1,000 by Council for hospitality expenses deemed necessary to conduct approved Council business.

The Mayor shall provide Council with copies of all receipts for expenditure from the annual allowance the purpose of reporting to Council on a monthly basis.

#### **Provision of Facilities**

All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

#### **Private use of Council owned facilities**

Based on the principle that no private benefit is to be gained the facilities provided to Councillors by local governments are to be used only for approved Council business unless prior approval has been granted by resolution of Council.

The Council resolution authorising private use of Council owned facilities will set out the terms under which the Councillor will reimburse Council for the percentage of private use. This would apply when Councillors have private use of Council owned vehicles and/or mobile telecommunication devices.

#### **Facilities Categories**

##### **Administrative tools**

Administrative tools should be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

- office space and meeting rooms
- computers
- stationery
- access to photocopiers
- printers
- facsimile machines
- publications
- use of Council landline telephones and internet access in Council offices.

Secretarial support may also be provided for Mayors and Councillors.

Council may provide a Councillor with home office equipment including a laptop computer, internet or wireless modem access if necessary.

### **Maintenance costs of Council owned equipment**

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council-owned equipment that is supplied to Councillors for official business use.

This includes the replacement of any facilities which fall under Council's asset replacement program.

### **Name Badge/Promotional Shirts and Safety Equipment for Councillors**

A local government may provide Councillors with:

- a name badge
- promotional shirts embroidered with the Council logo
- other promotional material to be used for Council business
- the necessary safety equipment for use on official business. eg: safety helmet /boots.

### **Use of Council vehicles on Council business**

Councillors may have access to a Council vehicle for approved Council business.

### **Private Use of Vehicles**

Private use of Council owned vehicles is permitted if prior approval has been granted by resolution of Council. Council will, in its resolution to authorise private use, set out the terms for the councillor to reimburse Council for private use.

### **Insurance Cover**

A local government will indemnify or insure councillors in event of injury sustained while discharging their civic duties.

The local government will pay the excess for injury claims made by a councillor resulting from conducting approved Council business.

### **Fuel Costs**

Fuel for a Council-owned vehicle used for approved Council business, will be provided or paid for by Council.

### **Car Parking Amenities**

Councils are to provide councillors with:

- Car parking at the local government office premises and/or
- Reimbursement of parking costs paid by councillors while attending to approved Council business.



**CARPENTARIA SHIRE COUNCIL**

**FINANCIALS STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2014**



# **Carpentaria Shire Council**

## **Financial statements**

For the year ended 30 June 2014

### **Table of contents**

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

1	Significant accounting policies
2	Analysis of results by function
3	Revenue analysis
4	Grants, subsidies, contributions and donations
5	Capital income / expenses
6	Employee benefits
7	Materials and services
8	Finance costs
9	Depreciation
10	Cash and cash equivalents
11	Trade and other receivables
12	Inventories
13	Non-current assets classified as held for sale
14	Property, plant and equipment
15	Fair Value Measurements
16	Trade and other payables
17	Borrowings
18	Provisions
19	Other liabilities
20	Asset revaluation surplus
21	Retained surplus/(deficiency)
22	Contingent liabilities
23	Superannuation
24	Trust funds
25	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
26	Events after the reporting period
27	Financial instruments

**Carpentaria Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2014

	Note	Council	
		2014	2013
		\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	6,674,687	6,472,789
Fees and charges	3(b)	672,560	728,694
Rental income		212,347	214,238
Interest received	3(c)	812,135	874,548
Sales revenue	3(d)	18,393,206	9,297,412
Other income		477,673	291,696
Grants, subsidies, contributions and donations	4(a)	30,015,668	30,775,334
		<u>57,258,276</u>	<u>48,654,711</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	4,002,442	3,086,610
<b>Total revenue</b>		<u>61,260,718</u>	<u>51,741,321</u>
<b>Capital income</b>	5	125,138	-
<b>Total income</b>		<u>61,385,857</u>	<u>51,741,321</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(9,111,130)	(7,922,071)
Materials and services	7	(38,322,122)	(35,774,627)
Finance costs	8	(406,819)	941,777
Depreciation	9	(6,511,084)	(6,357,209)
		<u>(54,351,156)</u>	<u>(49,112,130)</u>
<b>Capital expenses</b>	5	-	(56,666)
<b>Total expenses</b>		<u>(54,351,156)</u>	<u>(49,168,796)</u>
<b>Net result</b>		<u>7,034,700</u>	<u>2,572,525</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	20	(31,165,902)	-
<b>Total other comprehensive income for the year</b>		<u>(31,165,902)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(24,131,202)</u>	<u>2,572,525</u>

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

**Carpentaria Shire Council  
Statement of Financial Position  
as at 30 June 2014**

	Note	Council	
		2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	10	19,697,078	28,525,604
Trade and other receivables	11	19,289,760	4,196,719
Inventories	12	706,562	623,179
		<u>39,673,399</u>	<u>33,345,502</u>
Non-current assets held for sale	13	459,807	547,061
<b>Total current assets</b>		<u>40,133,206</u>	<u>33,892,563</u>
<b>Non-current assets</b>			
Trade and other receivables	11	146,259	160,408
Property, plant and equipment	14	290,993,557	318,211,283
<b>Total non-current assets</b>		<u>291,139,816</u>	<u>318,371,691</u>
<b>Total assets</b>		<u>331,273,022</u>	<u>352,264,254</u>
<b>Current liabilities</b>			
Trade and other payables	16	6,670,384	3,120,004
Borrowings	17	250,579	235,080
Provisions	18	377,565	305,766
Other Liabilities	19	138,733	258,220
<b>Total current liabilities</b>		<u>7,437,261</u>	<u>3,919,070</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	213,764	151,766
Borrowings	17	4,330,903	4,576,303
Provisions	18	1,371,193	1,566,007
<b>Total non-current liabilities</b>		<u>5,915,860</u>	<u>6,294,076</u>
<b>Total liabilities</b>		<u>13,353,121</u>	<u>10,213,146</u>
<b>Net community assets</b>		<u>317,919,901</u>	<u>342,051,108</u>
<b>Community equity</b>			
Asset revaluation surplus	20	215,687,230	246,853,132
Retained surplus/(deficiency)	21	102,232,671	95,197,976
<b>Total community equity</b>		<u>317,919,901</u>	<u>342,051,108</u>

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

**Carpentaria Shire Council**  
**Statement of Changes in Equity**  
For the year ended 30 June 2014

Note	Asset revaluation surplus	Retained Surplus	Total
	20	21	
	\$	\$	\$
<b>Balance as at 1 July 2013</b>	246,853,132	95,197,972	342,051,104
Net result	-	7,034,700	7,034,700
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	(31,165,902)	-	(31,165,902)
<b>Total comprehensive income for the year</b>	<b>(31,165,902)</b>	<b>7,034,700</b>	<b>(24,131,202)</b>
<b>Balance as at 30 June 2014</b>	<b>215,687,230</b>	<b>102,232,671</b>	<b>317,919,902</b>
<b>Balance as at 1 July 2012</b>	246,853,132	92,625,447	339,478,579
Net result	-	2,572,525	2,572,525
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,572,525</b>	<b>2,572,525</b>
<b>Balance as at 30 June 2013</b>	<b>246,853,132</b>	<b>95,197,972</b>	<b>342,051,104</b>

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

**Carpentaria Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2014**

	Note	Council	
		2014	2013
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		11,693,780	45,529,115
Payments to suppliers and employees		(44,694,961)	(42,596,152)
		<u>(33,001,181)</u>	<u>2,932,963</u>
Interest received		812,135	874,548
Rental income		212,347	214,238
Non capital grants and contributions		30,015,668	5,363,965
Borrowing costs		(305,913)	(324,920)
<b>Net cash inflow (outflow) from operating activities</b>	25	<u>(2,266,943)</u>	<u>9,060,794</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(11,186,270)	(10,189,623)
Proceeds from sale of property plant and equipment		852,148	681,702
Grants, subsidies, contributions and donations		4,002,442	3,086,610
<b>Net cash inflow (outflow) from investing activities</b>		<u>(6,331,681)</u>	<u>(6,421,311)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(229,902)	(347,800)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(229,902)</u>	<u>(347,800)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<u>(8,828,526)</u>	<u>2,291,683</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		28,525,604	26,233,921
<b>Cash and cash equivalents at end of the financial year</b>	10	<u>19,697,078</u>	<u>28,525,604</u>

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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all *Australian Accounting Standards, Australian Accounting Interpretations* and other authoritative pronouncements issued by the *Australian Accounting Standards Board*.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

**1.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, and the timing of the recognition of non-reciprocal grant revenue.

**1.C Individual Entity**

The Carpentaria Shire Council discloses that the Financial Statements are for an Individual Entity.

**1.D Constitution**

The Carpentaria Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

**1.E 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.

**1.F Currency**

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

**1.G Adoption of new and revised Accounting Standards**

In the current year, Carpentaria Shire 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 not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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 or after:**

AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]	1 January 2014
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1-Jan-14
AASB2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column
Interpretation 21 <i>Levies</i>	1-Jan-14
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>	Parts A-C 1-Jul-14 Part D 1-Jan-16 Part E 1-Jan-15 1-Jan-16
AASB 2014-4 <i>Amendments to Australian Accounting Standards</i> - Clarification of Acceptable Methods of Depreciation and Amortisation (AASB116 and AASB138)	1-Jan-16

**AASB 9 Financial Instruments (effective from 1 January 2015)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

**1.H Critical accounting judgements and key sources of estimation uncertainty**

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:

Contingent liabilities - Note 22

Valuation and depreciation of property, plant and equipment - Note 1.O and Note 14

Impairment of property, plant and equipment - Note 1.P and Note 14

Provisions - Note 1.R and Note 18

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.I Revenue**

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

Rates and levies

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

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.

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

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

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

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The council generates revenues from a number of services including child care, motor vehicle repairs and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

Fees and Charges

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

**1.J Financial assets and financial liabilities**

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.

Carpentaria Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.K)

Receivables - measured at amortised cost (Note 1.L)

Description

Payables - measured at amortised cost (Note 1.Q)

Borrowings - measured at amortised cost (Note 1.S)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 26.



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.K 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.

**1.L Receivables**

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

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 for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

Loans and advances are recognised in the same way as other receivables and are disclosed in Note 11. Terms and conditions are stipulated under Council's *FIN011 - Low Interest Loans to Sporting Clubs Policy*. Terms for these loans are usually a maximum of ten years with interest charged at fifty percent of the applicable rate with Queensland Treasury Corporation.

**1.M Inventories**

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned 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.

**1.N Non-current Assets Held for Resale**

This is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

This property is measured using the fair value model. This means all property is initially recognised at cost (including transaction costs) then subsequently revalued annually at the balance date by a registered valuer. Where property is acquired at no or nominal cost it is recognised at fair value.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.0 Property, plant and equipment**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land  
Buildings  
Other Plant and Equipment  
Road, drainage and bridge network  
Water  
Sewerage  
Other infrastructure assets  
Work in progress

Acquisition of assets

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

Capital and operating expenditure

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

Valuation

Land, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 15.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

**Capital work in progress**

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

**Depreciation**

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 14.

**Land under roads**

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Carpentaria Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

**1.P Impairment of non-current assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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.

**1.Q Payables**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

**1.R Liabilities - 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 paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

A liability for salaries and wages 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 represents an accrued expense and is reported in Note 16 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 16 as a payable

Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 16 as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 23.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.

**1.S Borrowings and borrowing costs**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.T Restoration provision**

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

*Refuse dump restoration (Normanton)*

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2030 and that the restoration will occur progressively towards the end of its useful life..

**1.U Asset revaluation surplus**

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

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

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

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

**1.V Retained surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.W Rounding and comparatives**

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.

**1.X 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 (e.g. wages) paid into the trust account by the 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.

**1.Y Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits 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.

## **2. Analysis of Results by Function**

### **2(a) Components of council functions**

The activities relating to the Council's components reported on in Note 2(b) are as follows :

#### **Governance**

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

The support functions of management of the Council's finance, information & communication technology and administration.

#### **Economic**

Providing and maintaining Council's roads & drainage infrastructure.

Management of the development of the Shire including approval processes for development and building.

Provides for area promotion including tourism, regional and economic development.

#### **Environment**

Providing refuse collections and disposal services.

Public health services including vaccination clinics.

Environmental licences and approvals.

Providing water supply services.

Providing sewerage services

#### **Social**

Provides for community services and facilities including cultural, health, welfare, environmental and recreational services.

Libraries.

Entertainment venues.

Housing.

Emergency Services.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2(b) Analysis of results by function**

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

**Year ended 30 June 2014**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance	1,914,052	4,890,669	-	-	6,804,721	(2,526,109)	-	(2,526,109)	4,278,612	4,278,612	40,279,466
Economic	728,428	45,945,889	615,562	125,138	47,415,017	(41,005,015)	-	(41,005,015)	5,669,302	6,410,002	233,644,361
Environment	9,860	2,823,171	3,386,880	-	6,219,911	(6,536,563)	-	(6,536,563)	(3,703,532)	(316,652)	47,907,330
Social	494,806	451,400	-	-	946,206	(4,283,468)	-	(4,283,468)	(3,337,262)	(3,337,262)	9,441,865
<b>Total Council</b>	<b>3,147,146</b>	<b>54,111,129</b>	<b>4,002,442</b>	<b>125,138</b>	<b>61,385,855</b>	<b>(54,351,155)</b>	<b>-</b>	<b>(54,351,155)</b>	<b>2,907,120</b>	<b>7,034,700</b>	<b>331,273,022</b>

**Year ended 30 June 2013**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance	3,833,402	4,596,072	-	-	8,429,474	(1,834,839)	-	(1,834,839)	6,594,635	6,594,635	39,211,805
Economic	26,238,364	10,005,355	2,948,365	-	39,192,084	(37,704,294)	(56,666)	(37,760,960)	(1,460,575)	1,431,124	259,443,318
Environment	-	2,913,361	132,421	-	3,045,782	(5,520,990)	-	(5,520,990)	(2,607,629)	(2,475,208)	45,147,477
Social	703,568	364,588	5,824	-	1,073,980	(4,052,007)	-	(4,052,007)	(2,983,851)	(2,978,027)	8,866,834
<b>Total Council</b>	<b>30,775,334</b>	<b>17,879,376</b>	<b>3,086,610</b>	<b>-</b>	<b>51,741,320</b>	<b>(49,112,130)</b>	<b>(56,666)</b>	<b>(49,168,796)</b>	<b>(457,420)</b>	<b>2,572,524</b>	<b>352,669,434</b>



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Note	Council	
		2014 \$	2013 \$
<b>3 Revenue analysis</b>			
<b>(a) Rates, levies and charges</b>			
General rates		4,095,467	3,811,429
Water		1,225,172	1,160,368
Water consumption, rental and sundries		63,995	282,480
Sewerage		1,219,174	1,155,165
Waste management		532,856	503,550
Total rates and utility charge revenue		<u>7,136,664</u>	<u>6,912,992</u>
Less: Discounts		(432,017)	(413,570)
Less: Pensioner remissions		(25,726)	(22,738)
Less: Rates write-off		(4,235)	(3,895)
		<u>6,674,687</u>	<u>6,472,789</u>
<b>(b) Fees and charges</b>			
Building and development fees		56,812	41,443
Normanton Child Care Centre		91,130	70,519
Airport landing fees		430,299	490,745
Other fees and charges		94,319	125,967
		<u>672,560</u>	<u>728,694</u>
<b>(c) Interest received</b>			
Interest received from cash and investments		776,574	846,437
Interest from overdue rates and utility charges		35,561	28,111
		<u>812,135</u>	<u>874,548</u>
<b>(d) Sales Revenue</b>			
RPC works		15,018,081	482,549
RMPC works		1,428,973	1,425,996
Main Roads flood damage works		1,076,579	7,265,946
Other works		869,573	122,921
		<u>18,393,206</u>	<u>9,297,412</u>
Total sales revenue		<u>18,393,206</u>	<u>9,297,412</u>

The amount recognised as revenue for contract revenue during the financial year 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.

**4 Grants, subsidies, contributions and donations**

<b>(a) Recurrent</b>			
General purpose grants		2,389,480	4,692,033
Specific purpose government subsidies and grants		518,666	787,707
Shire roads flood damage (NDRRA)		26,868,522	25,292,794
Contributions		239,000	2,800
		<u>30,015,668</u>	<u>30,775,334</u>
<b>(b) Capital</b>			
Specific purpose government subsidies and grants		4,002,442	3,086,610
		<u>4,002,442</u>	<u>3,086,610</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Council	
	2014	2013
Note	\$	\$
<b>(c) Conditions over contributions</b>		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-reciprocal grants for expenditure on services	43,000	295,000
Non-reciprocal grants for expenditure on infrastructure	-	209,000
	43,000	504,000
Contributions recognised as income during a previous reporting period that were obtained in respect of the		
Non-reciprocal grants for expenditure on services	-	2,678,348
Non-reciprocal grants for expenditure on infrastructure	-	188,595
	-	2,866,943
<b>5 Capital income / expenses</b>		
<b>Gain / loss on disposal of non-current assets</b>		
Proceeds from the sale of property, plant and equipment	852,148	681,702
Less: Book value of property, plant and equipment disposed of	(727,010)	(738,368)
	125,138	(56,666)
<b>6 Employee benefits</b>		
Total staff wages and salaries	7,461,623	5,709,494
Councillors' remuneration	264,259	272,752
Annual, sick and long service leave entitlements	1,428,478	994,934
Superannuation	23 784,673	658,488
	9,939,034	7,635,668
Other employee related expenses	142,942	449,624
	10,081,976	8,085,292
Less: Capitalised employee expenses	(970,846)	(163,221)
	9,111,130	7,922,071
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
Total Council employees at the reporting date:		
Elected members	2014 7	2013 7
Administration staff	42	40
Depot and outdoors staff	62	51
Total full time equivalent employees	111	98
<b>7 Materials and services</b>		
Audit of annual financial statements by the Auditor-General of Qld	61,786	41,000
Donations paid	118,369	162,708
Other materials and services	852,206	8,897
Road maintenance contracts	1,020,026	1,427,790
Pest Management	264,096	302,473
Flood damage works	28,882,286	27,280,989
Child care centre operations	241,219	281,776
Airport operations	268,806	275,695
Public facilities	1,362,494	1,051,445
Tourism	646,209	548,557
Community services	432,351	334,095
Recoverable works	1,018,343	304,604
Sewerage operations	935,625	922,578
Waste operations	422,514	807,636
Water operations	980,859	1,345,480
Council road works	814,933	678,904
	38,322,122	35,774,627

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Council	
	2014	2013
Note	\$	\$
<b>8 Finance costs</b>		
Finance costs charged by the Queensland Treasury Corporation	305,913	324,920
Bank charges	10,742	10,309
Impairment of debts	90,165	(1,235,732)
Refuse restoration	-	(41,274)
	<u>406,819</u>	<u>(941,777)</u>
<b>9 Depreciation</b>		
<b>Depreciation of non-current assets</b>		
Land improvements		
Buildings	750,663	750,854
Plant and equipment	849,495	776,185
Road, drainage and bridge network	3,364,957	3,319,161
Water	655,326	656,080
Sewerage	522,540	519,352
Other infrastructure assets	368,104	335,577
	<u>6,511,084</u>	<u>6,357,209</u>
14	<u>6,511,084</u>	<u>6,357,209</u>
Description	<u>6,511,084</u>	<u>6,357,209</u>
<b>10 Cash and cash equivalents</b>		
Cash at bank and on hand	1,770,152	2,083,394
Deposits at call	9,426,925	20,442,210
Term deposits	8,500,000	6,000,000
Balance per Statement of Cash Flows	<u>19,697,078</u>	<u>28,525,604</u>

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

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	100,333	341,802
Total unspent restricted cash	<u>100,333</u>	<u>341,802</u>

\* These restrictions were previously allocated as reserves

Cash and deposits at call are held in the Westpac Banking Corporation in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA- (Standard & Poors).

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Note	Council	
	2014	2013
	\$	\$
<b>11 Trade and other receivables</b>		
<b>Current</b>		
Rateable revenue and utility charges	380,663	193,661
Water charges not yet levied	127,855	318,933
Trade debtors	18,959,426	3,755,602
Less impairment	(209,701)	(119,535)
Loans and advances to community organisations	11,517	14,473
Prepayments	-	33,585
	<u>19,269,760</u>	<u>4,196,719</u>
<b>Non-current</b>		
Loans and advances to community organisations	146,259	160,408
	<u>146,259</u>	<u>160,408</u>

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, fees and other debtors receivable.

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

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	119,535	3,587,319
Impairment Debts written off during the year	90,166	(1,989,583)
Additional impairments recognised	-	(1,478,201)
Closing Balance at 30 June	<u>209,701</u>	<u>119,535</u>

**12 Inventories**

**Inventories held for distribution**

Plant and equipment stores	706,562	623,179
	<u>706,562</u>	<u>623,179</u>
<b>Total inventories</b>	<u>706,562</u>	<u>623,179</u>

**13 Non-current assets classified as held for sale**

Council has decided to sell land previously used as a depot as it is no longer required. It has been placed with real estate agents and is expected to be sold within one year.

	459,807	547,061
	<u>459,807</u>	<u>547,061</u>

The land is valued at the lower of carrying value and fair value less cost to sell.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Property, plant and equipment**

Council - 30 June 2014

Basis of measurement

Asset values

Opening gross value as at 1 July 2013

Additions

Disposals

Closing gross value as at 30 June 2014

Note	Land	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	4,729,000	37,262,449	11,318,077	246,731,817	46,948,212	23,799,409	10,799,929	1,924,573	383,513,466
	81,011	3,040,769	2,785,878	772,645	47,100	102,697	386,901	3,969,269	11,186,270
5	-	-	(1,371,257)	-	-	-	-	-	(1,371,257)
	4,810,011	40,303,218	12,732,698	247,504,462	46,995,312	23,902,107	11,186,830	5,893,842	393,328,480

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Depreciation provided in period

Depreciation on disposals

Impairment adjustment due to Flood Events

Accumulated depreciation as at 30 June 2014

	-	11,537,935	4,704,177	20,209,022	19,742,787	6,186,772	2,921,490	-	65,302,183
9	-	762,953	903,427	3,361,543	643,857	517,730	321,575	-	6,511,085
5	-	-	(644,247)	-	-	-	-	-	(644,247)
20	-	-	-	31,165,902	-	-	-	-	31,165,902
	-	12,300,888	4,963,357	54,736,467	20,386,644	6,704,502	3,243,065	-	102,334,923

Total written down value as at 30 June 2014

Residual value

Range of estimated useful life in years

	4,810,011	28,002,330	7,769,341	192,767,995	26,608,668	17,197,605	7,943,765	5,893,842	290,993,557
	4,810,011	2,188,700	2,003,298	98,896,345	-	-	755,489	-	108,653,843
	Land: Not depreciated.	40 - 100	2 - 20	5 - 100	10 - 60	20 - 60	20 - 40	-	

Additions comprise:

Renewals

Other additions

Total additions

	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	2,256,789	2,029,090	772,645	-	-	-	-	5,058,524
	81,011	783,980	756,788	-	47,100	102,697	386,901	3,969,269	6,127,746
	81,011	3,040,769	2,785,878	772,645	47,100	102,697	386,901	3,969,269	11,186,270

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Property, plant and equipment (continued)**

**Council - 30 June 2013**

Basis of measurement

Asset values

Opening gross value as at 1 July 2012

Additions

Disposals

Closing gross value as at 30 June 2013

Accumulated depreciation and impairment

Opening balance as at 1 July 2012

Depreciation provided in period

Depreciation on disposals

Accumulated depreciation as at 30 June 2013

Total written down value as at 30 June 2013

Residual value

Range of estimated useful life in years

	Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Work in progress	Total
Note	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$		\$
	4,665,000	36,585,200	10,072,013	242,988,564	46,831,691	23,636,463	8,681,731	1,398,478	374,859,140
	64,000	677,249	2,781,361	3,743,253	116,521	162,946	2,118,198	526,095	10,189,623
5	-	-	(1,535,297)	-	-	-	-	-	(1,535,297)
	4,729,000	37,262,449	11,318,077	246,731,817	46,948,212	23,799,409	10,799,929	1,924,573	383,513,466
	-	10,789,599	4,649,961	16,892,237	19,101,427	5,672,229	2,636,450	-	59,741,903
9	-	748,336	851,145	3,316,785	641,360	514,543	285,040	-	6,357,209
5	-	-	(796,929)	-	-	-	-	-	(796,929)
	-	11,537,935	4,704,177	20,209,022	19,742,787	6,186,772	2,921,490	-	65,302,183
	4,729,000	25,724,514	6,613,900	226,522,795	27,205,425	17,612,637	7,878,439	1,924,573	318,211,283
	4,729,000	2,188,700	2,003,298	98,896,345	-	-	755,489	-	108,572,832
	Land: Not depreciated.	10 - 80	3 - 40	2 - 80	20 - 80	10 - 70	10 - 70	-	

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**15 Fair Value Measurements**

**(f) Recognised fair value measurements.**

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

**Property Plant & Equipment**

- Land & improvements
- Buildings
- Plant and equipment
- Road, drainage and bridge network
- Water infrastructure
- Sewerage infrastructure
- Other infrastructure assets

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes

Council borrowings are measured at amortised cost with interest recognised in profit and loss when incurred. The fair value of borrowings in Note 17 is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2)

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

Category	Level 2	Level 3	Total
Building commercial	-	16,557,723	16,557,723
Building residential	11,444,607	-	11,444,607
<b>Building Total</b>	<b>11,444,607</b>	<b>16,557,723</b>	<b>28,002,330</b>
Land and improvements	4,810,011	-	4,810,011
Roads and drainage	-	192,767,995	192,767,995
Water Infrastructure	-	26,608,668	26,608,668
Sewerage infrastructure	-	17,197,605	17,197,605
Other infrastructure	-	7,943,765	7,943,765
<b>Grand Total</b>	<b>16,254,618</b>	<b>261,075,756</b>	<b>277,330,374</b>

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**(II) Valuation techniques used to derive fair values for level 2 and level 3 valuations**

Council adopted AASB 13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

**Land (level 2)**

Land fair values were determined by independent valuer, AssetVal Pty Ltd and is effective 30 June 2012. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

**Buildings (level 2 and 3)**

The fair value of buildings were also were determined by independent valuer, AssetVal Pty Ltd and is effective as at the 30 June 2012. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. The average cost of construction used to calculate the gross current value of Council's buildings was \$1,238.17/sqm for non-specialised buildings and \$230.14/sqm for specialised buildings.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The valuation's sensitivity to these inputs is summarised below.

Significant unobservable input	Range of input	Relationship of unobservable inputs to fair value	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Condition rating(useful life)	0 - 60	The higher the remaining useful life, the higher the fair value	Insignificant change	Insignificant change
Residual value	0 - 100,000	The higher the residual value the higher the fair value.	A \$1,000 increase in residual value will increase fair value by an insignificant amount	A \$1,000 decrease in residual value will decrease fair value by an insignificant amount
Construction Rate	0-10%	The higher the construction rate the higher the fair value	165,600	165,600

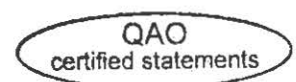
**Infrastructure assets (level 3)**

All council infrastructure assets were fair valued using written down current replacement cost. The valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks.

Annual reviews of these values are completed to determine material differences. Currently the Australian Bureau Statistic indexes (Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia Table 17.) are used to do these reviews.





#### Roads Infrastructure

Road fair values were determined by independent valuer, Brandon & Associates Pty Ltd and is effective 30 June 2012.

##### 1.1 Roads (Sealed)

Sealed road assets are broken into separate asset components, as shown below.

1. Sealed Surface: Two coat spray seal or Asphalt
2. Sealed Pavement
3. Sealed Formation

##### 1.2 Sealed Surface and Pavement

A sealed road is broken into these separate asset groups is because each group has different life expectancies.

Allowances have been made for the use of difference pavement materials used for Urban and Rural roads. Urban materials are sourced from the commercial quarries and Rural materials are sourced from Council own gravel pits in the shire.

Allowances have been made for working in urban more confined areas compared to rural open areas.

##### 1.3 Sealed Formation

Because the formation asset is considered to be an asset that will not need to be replaced, as its service potential is not consumed, the "depreciated replacement cost" will equal the current replacement cost and there will be no depreciation.

The reason the sealed formation is not consumed is because it is protected by two other layers above it. These layers over their life will be renewed at some time, yet the formation would not as it provides little or no strength to overall seal. Even on a seal expansion the formation is not normally touched, for example say the road is widened then the formation is actually widened (new capital) as well.

Terrain was considered when completing the calculation of the current replacement cost for this asset category. Terrain classifications of Flat, Rolling and Mountainous were assigned as past the asset pickup process.

Finally allowances have been made for working in urban more confined areas compared to rural more open areas.

The valuation used the following formulas to calculate all financial figures.

#### Depreciable Amount Calculation

Depreciable Amount = Current Replacement Costs - Residual Amount

#### Asset Current Replacement Cost

Assets Current Replacement Cost (CRC) = Dimension 1 x Unit Cost

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

#### Residual Values

**Sealed Surface** – Two Coat Spray Seal has a 50% residual for rural and 50% for urban. This is because we only replace this with a single coat seal at time of renewal. Other surface types have no residual values.

**Sealed Pavement** – The renewal process is to complete a stabilized pavement renewal rather than a full pavement replacement. Therefore the residual value will be the % difference in cost of pavement replacement to stabilisation replacement. The results are rural pavements residual is 0% and urban pavements are 0% as the stabilized pavement is dearer than replacement methods for this council.

#### Annual Depreciation Expense

AASB116 States that depreciation is the "systematic allocation of the depreciable amount of an intangible asset over its useful life"

Annual Depreciation = Depreciable Amount / Useful life

At the time of revaluation when the remaining life has been adjusted then;

Annual Depreciation = Depreciable Replacement Cost – Residual / Remaining life

#### Depreciable Replacement Cost

Formerly the Written Down Value. The following calculations outline each of the identified processes.

Depreciable Replacement Cost = Remaining Life x Annual Depreciation + Residual Amount

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**1.4 Roads (Unsealed)**

Unsealed Roads are broken into separate asset components, as shown below.

1. Unsealed Pavement
2. Unsealed Earthworks (Formation)

Unsealed road assets are considered to be made up of a gravel pavement from either natural or imported materials and earthworks. The earthworks are considered to be an asset that will not need to be replaced, as its service potential is not consumed.

**1.5 Unsealed Pavements**

*Current Replacement Value*

**Step 1. Road Classification of Network**

The Carpentaria Shire Council has adopted a road classification system that separates each road in the road network into different road classes, as determined by an assessment of the traffic volume and road function. The different road classes reflect the different renewal needs.

*Road Classification Description*

Service Access Roads – unsealed roads that provide the main access for people in the shire

Arterial roads (Class 1) - Route carrying a main flow with many branches.

Collector roads (Class 2) - Collects from local access roads to distribute to an Arterial road.

Minor Collector roads (Class 3) - Collects from a limited number of local access roads to distribute to an Arterial road or Collector road.

Local access roads (Class 4) – Road to access properties from where people actually reside. (3-10 houses)

Minor local access roads (Class 5) – Roads to access limited properties where people actually reside. (Less than 3 houses)

Service track (Class 6) – Provides access to unoccupied properties.

*Limited Service Access – unsealed roads that provide access to limited properties or areas.*

Category A (class 7) - Limited Service Access Roads -Category A

Category B (class 8) – Limited Service Access Road -Category B

**Step 2. Define Levels of Service for the Different Road Classes.**

*Defined levels of service*

Desired minimum levels of service for unsealed roads can be determined as the percentage of imported materials required to ensure that each road class has adequate amounts of gravel to provide a good running surface in most weather conditions within Councils Budget limitations.

Class 1, 30 % of the road will require imported gravel material.

Class 2, 30 % of the road will require imported gravel material.

Class 3, 20% of the road will require imported gravel material.

Class 4, 20% of the road will require imported gravel material.

Class 5, 20% of the road will require imported gravel material.

Class 6, 20% of the road will require imported gravel material.

Class 7, 0% of the road will require imported gravel material.

Class 8, 0% of the road will require imported gravel material.

**Step 3. Replacement Unit Rates**

The replacement \$/m<sup>3</sup> for Gravel pavements.

**Step 4. Calculate the Current Replacement Cost.**

*Current Replacement Cost (CRC) = Segment Volume (m<sup>3</sup>) x Service Level % x Unit Rate*

**Step 5. Useful Life of Unsealed Gravel Pavements**

The life of gravel pavements are determined by the amount of gravel loss per year.

The Carpentaria Shire Council resheets gravel pavements at 150 mm compacted depths.

*Depreciated Replacement Cost*

**Step 1. Methodology for assessing remaining life.**

To be able to measure the level of service (or in other words the amount of asset remaining) for an unsealed road, an assessment of how much gravel in kilometres is remaining on an unsealed gravel road is completed.

The assessment of remaining "Service Potential" for unsealed roads is based on an assessment of the remaining gravel pavement length over the full length of the road or segment.

The following formula can be used to determine this.

*% of Gravel Remaining = (Length of Road or Segment – Length of Subgrade breakout) / Length of Road or segment)*

A visual assessment of the subgrade breakout, as shown below, is used to determine what percentage of pavement is remaining.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Subgrade Breakout

Description
Type 1 - Sections that are very boggy and have no gravel material.
Type 2 - Sections that is slightly boggy and have little gravel
Table 3.2 gravel assessment types

Also, for each road class a "Desired Level of Service" has been based on what has been seen as acceptable for those types of roads.

The following table show the different service levels for each road class.

		Road Class	1	2	3	4	5	6	7	8
		% of Gravel Remaining Service Level	30%	30%	20%	20%	20%	20%	20%	20%
% of Gravel Remaining	Average %	Condition Index	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life
>80	80	1	100%	100%	100%	100%	100%	100%	100%	100%
60-80	65	2	100%	100%	100%	100%	100%	100%	100%	100%
40-60	45	3	100%	100%	100%	100%	100%	100%	100%	100%
20-40	25	4	80%	80%	100%	100%	100%	100%	100%	100%
<20	10	5	30%	30%	50%	50%	50%	50%	100%	100%

**1.6 Unsealed Formation**

To determine the Current Replacement Cost for earthworks the following formula was used;

$$\text{Current Replacement Cost (Formation)} = \text{Area m}^2 \times \$/\text{m}^2$$

Also terrain type was considered as well.

Because the formation assets are considered to be an asset that will not need to be replaced, as its service potential is not consumed, the "Depreciated Replacement Cost" will equal the Current Replacement Cost and therefore no depreciation will applied to this asset type.

The reason the formation is not consumed is because regular grading of the road under maintenance ensures that formation is kept in shape. Also the addition of imported material also ensures that the formation is protected from deterioration.

**1.7 Bridges**

$$\text{Current Replacement Cost} = \text{Area m}^2 \times \$/\text{m}^2$$

A full valuation of bridges asset was undertaken by independent valuers, AssetVal Pty Ltd and is effective 30 June 2012. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

*Accumulated depreciation*

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments. The condition assessments were made using a seven point scale with 0 being the lowest and 6 being the highest. A 0 condition assessment indicates an asset with a very high level of remaining service potential. 6 represents an asset at the end of its useful life.

Estimated useful lives and residual values are disclosed in note 14.

**1.8 Drainage Infrastructure**

$$\text{Current Replacement Cost} = \text{Area m}^2 \times \$/\text{m}^2$$

A full valuation of drainage infrastructure was undertaken by independent valuers, AssetVal Pty Ltd and is effective 30 June 2012. Similar to roads, drainage assets are managed in segments of 200m; pits, pipes and channels being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewerage.

*Accumulated depreciation*

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives and residual values are disclosed in note 14.

**Roads, drainage and Bridge network – Sensitivity of valuation to unobservable inputs**

Significant unobservable input	Relationship of unobservable inputs to fair value
Number of Labour hours	The higher the labour hours, the higher the fair value
Standard material usage quantities	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	The higher the condition rating, the lower the fair value
Remaining useful life	The longer the remaining useful life, the higher the fair value
Residual Value	The higher the residual value the higher the fair value.

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**2. Water and Other Infrastructure**

Water fair values were determined by independent valuer, Brandon & Associates Pty Ltd and is effective 30 June 2012.

The valuation used the following formulas to calculate all financial figures.

**Depreciable Amount Calculation**

*Depreciable Amount* = Current Replacement Costs- Residual Amount

**Asset Current Replacement Cost**

*Assets Current Replacement Cost (CRC)* =Dimension 1 x Unit Cost

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

Where no unit rates can be practically determined for assets then the following was used;

*Assets Current Replacement Cost (CRC)* =Lump Sum Current Construction Costs

Mostly this was used for fixed structures like pumps, reservoirs and structures

**Annual Depreciation Expense**

AASB116 States that depreciation is the\* systematic allocation of the depreciable amount of an intangible asset over it useful life\*

*Annual Depreciation* = Depreciable Amount/Useful life

At the time of revaluation when the remaining life has been adjusted then;

*Annual Depreciation* = Depreciable Replacement Cost – Residual / Remaining life

**Depreciable Replacement Cost**

Formerly the Written Down Value. The following calculations outline each of the identified processes

**Water and Other Infrastructure– Sensitivity of valuation to unobservable inputs**

Significant unobservable input	Relationship of unobservable inputs to fair value
Number of Labour hours	The higher the labour hours, the higher the fair value
Standard material usage quantities	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	The higher the condition rating, the lower the fair value
Remaining useful life	The longer the remaining useful life, the higher the fair value
Residual Value	The higher the residual value the higher the fair value.

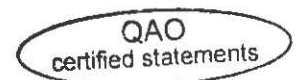
**III Changes in Fair Value Measurements using significant unobservable inputs (level 3)**

Since the residential buildings disclosed in notes comprise both level 2 and level 3 assets, the movement in level 3 commercial buildings are detailed below. There have been no transfers between level 1,2 or 3 measurements during the year.

Changes in commercial buildings (Level 3)	Council
	\$
Opening gross value as at 1 July 2013	16,187,001
Additions	948,392
Disposals	-
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-
Revaluation adjustment to income (capital income)	-
<b>Closing gross value as at 30 June 2014</b>	<b>16,557,723</b>
<b>Accumulated depreciation and impairment</b>	
Opening balance as at 1 July 2013	8,847,734
Depreciation provided in period	577,870
Depreciation on disposals	-
Revaluation adjustment to asset revaluation surplus	-
<b>Accumulated depreciation as at 30 June 2014</b>	<b>9,425,404</b>

**(iv) Valuation processes**

Council's valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer, Chief Finance Officer, Director of Finance and Director of Internal Audit. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in note 1.0. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**16 Trade and other payables**

**Council**

	2014	2013
	\$	\$
<b>Current</b>		
Creditors and accruals	5,531,786	2,820,180
Annual leave	691,452	557,870
Sick leave	239,514	128,586
Other entitlements	48,552	18,550
GST payable	159,079	(405,182)
	<u>6,670,384</u>	<u>3,120,004</u>
<b>Non-current</b>		
Sick leave	213,764	151,766
	<u>213,764</u>	<u>151,766</u>

**17 Borrowings**

<b>Current</b>		
Loans - Queensland Treasury Corporation	250,579	235,080
	<u>250,579</u>	<u>235,080</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	4,330,903	4,576,303
	<u>4,330,903</u>	<u>4,576,303</u>
<b>Loans - Queensland Treasury</b>		
Opening balance at beginning of year	4,811,384	5,159,184
Principal repayments	(229,902)	(347,800)
Book value at end of financial year	<u>4,581,482</u>	<u>4,811,384</u>

The QTC loan market value at the reporting date was \$5,211.154. This represents the value of the debt if 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.

**18 Provisions**

<b>Current</b>		
Long service leave	377,565	305,766
	<u>377,565</u>	<u>305,766</u>
<b>Non-current</b>		
Refuse restoration	1,224,755	1,224,755
Long service leave	146,439	113,252
Road repairs - Yappar Street	-	228,000
	<u>1,371,193</u>	<u>1,566,007</u>
<b>Details of movements in provisions:</b>		
<b>Refuse restoration</b>		
Balance at beginning of financial year	1,224,755	1,266,057
Increase (decrease) in provision due to change in discount rate	-	(41,302)
Balance at end of financial year	<u>1,224,755</u>	<u>1,224,755</u>
<b>Long service leave</b>		
Balance at beginning of financial year	304,217	382,186
Long service leave entitlement arising	104,986	36,832
Long Service entitlement paid	(111,062)	(114,801)
Balance at end of financial year	<u>298,140</u>	<u>304,217</u>
<b>19 Other liabilities</b>		
Rententions held	138,733	258,220
	<u>138,733</u>	<u>258,220</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

		Council	
Note		2014	2013
		\$	\$
20	<b>Asset revaluation surplus</b>		
	<b>Movements in the asset revaluation surplus were as follows:</b>		
	Balance at beginning of financial year	246,853,132	246,853,132
	Impairment: Road, drainage and bridge network	(31,165,902)	-
	Balance at end of financial year	<u>215,687,230</u>	<u>246,853,132</u>
	<b>Asset revaluation surplus analysis</b>		
	The closing balance of the asset revaluation surplus comprises the following asset categories:		
	Land and improvements	3,138,761	3,138,761
	Buildings	18,150,682	18,150,682
	Road, drainage and bridge network	174,087,357	205,253,260
	Water	16,180,200	16,180,200
	Sewerage	1,795,588	1,795,588
	Other infrastructure assets	2,334,641	2,334,641
		<u>215,687,230</u>	<u>246,853,132</u>
21	<b>Retained surplus/(deficiency)</b>		
	<b>Movements in the retained surplus were as follows:</b>		
	Retained surplus/(deficit) at beginning of financial year	95,197,976	92,625,447
	Adjusted opening balance	95,197,971	92,625,451
	Net result attributable to Council	7,034,700	2,572,525
	Retained surplus at end of financial year	<u>102,232,671</u>	<u>95,197,976</u>

**22 Contingent liabilities**

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

**Local Government Mutual**

The 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 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$194,837.69.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**23 Superannuation**

The 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 three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. 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 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional 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. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional 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.

As at the reporting date, 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 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were 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 Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Tropical Council made less than 4% of the The next actuarial investigation will be conducted as at 1 July 2015.

	Note	Council	
		2014	2013
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6		
		784,673	658,488

**24 Trust funds**

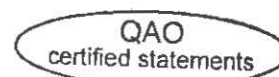
**Trust funds held for outside parties**

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

Security deposits

	Note	Council	
		2014	2013
		\$	\$
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		69,983	68,801
Security deposits		46,047	52,115
		<u>116,030</u>	<u>120,916</u>

Carpentaria Shire Council performs a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought into account in these financial statements. These monies are held in separate bank accounts with the Westpac Bank which is identified as the Carpentaria Shire Council Trust Account.



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Note	Council	
	2014	2013
	\$	\$
<b>25</b>	<b>Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>	
Net result	7,034,700	2,572,525
Non-cash items:		
Depreciation	6,511,084	6,357,209
Change in future rehabilitation and restoration costs	-	(41,274)
Gain on revaluation of finance leases	-	-
	<u>6,511,084</u>	<u>6,315,935</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(125,138)	56,666
Capital grants and contributions	(4,002,442)	(3,086,610)
	<u>(4,127,580)</u>	<u>(3,029,944)</u>
Changes in operating assets and liabilities:		
(increase)/ decrease in receivables	(15,456,644)	3,442,924
(increase)/decrease in inventory	(83,383)	19,512
Increase/(decrease) in payables	3,612,378	(492,822)
Increase/(decrease) in liabilities	119,487	237,135
Increase/(decrease) in other provisions	123,015	(4,471)
	<u>(11,685,147)</u>	<u>3,202,278</u>
Net cash inflow from operating activities	<u>(2,266,943)</u>	<u>9,060,794</u>

**26** **Events after the reporting period**

The following events occurred after the end of the reporting period:

**Cyclone Damage**

In February 2014 the Shire's roads, drainage and structure assets were deemed partially damaged by Tropical Cyclone Fletcher and associated rainfall and flooding. Council's contract engineers, ERSCON, assessed all Council affected assets and compiled and submitted to the Queensland Reconstruction Authority (QRA) a Form 5 Submission under damages associated with the 2014 Natural Disaster Relief and Recovery Arrangements (NDRRA). Of the total submission, \$31,165,902 is directed to restoration of the affected assets.

The process to verify the extent of flood repairs for the NDRRA funding process is a very different process to that of financial reporting valuation. The NDRRA require verification of all works including maintenance works, in practise this means that expenditure identified as capital is predominantly a minor fraction of the total repair budget, this is entirely logical given the emphasis that flood reconstruction funds not be used for betterment of road networks but merely to reinstate the lost asset service potential. Therefore it is inherently difficult to ensure a consistent match between the two regimes though the revaluation process inconsistencies are identified and rectified.

**Completed WIP**

**Karumba Transfer Station** - this project was completed in October 2014. Had a project budget of \$1.6 million with funding of \$640,000 and Council providing balance of funds through it's sustainability reserves. Final project completion costs were \$1,559,335. To be capitalised in 2014/2015 financial year.

**Normanton 3ML Reservoir** - construction of the new 3 megalitre reservoir was completed in November 2014. This project had funding of \$1,324,214 with completed constructions costs of \$3,425,078 (balance of funding from Council's Water & Sustainability Reserves). To be capitalised in 2014/2015 financial year.





**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**27 Financial instruments**

Carpentaria Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity 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 minimises 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 the Council borrows, it borrows from the Queensland Treasury Corporation. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

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

RISK EXPOSURE	MEASUREMENT METHOD
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
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.

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

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

The Council is exposed to credit risk through its investment with the Queensland Treasury Corporation (QTC) and deposits held with other banks or 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.

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

The maximum exposure to credit risk at balance date in relation to each class of recognized 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 the Council.

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

	Note	Council	
		2014	2013
<b>Financial assets</b>		\$	\$
Cash and cash equivalents	10	19,697,078	28,525,604
Receivables - rates	11	380,663	193,661
Receivables - other	11	19,035,358	4,129,881
<b>Other credit exposures</b>			
Loans and advances to community organisations	11	146,259	160,408
<b>Total financial assets</b>		<u>39,259,355</u>	<u>33,009,554</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	Council	
	2014	2013
	\$	\$
Not past due	19,401,315	4,308,839
Past due 31-60 days	13,456	13,456
Past due 61-90 days	1,248	1,248
Impaired	209,701	119,535
<b>Total</b>	<b>19,625,720</b>	<b>4,443,078</b>

**(ii) Liquidity risk**

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 10.

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:

Council	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2014</b>					
Trade and other payables	5,531,786	-	-	5,531,786	5,531,786
Loans - QTC	250,579	-	-	250,579	4,581,482
	<b>5,782,365</b>	<b>-</b>	<b>-</b>	<b>5,782,365</b>	<b>10,113,268</b>
<b>2013</b>					
Trade and other payables	2,820,180	-	-	2,820,180	2,820,180
Loans - QTC	235,080	1,344,754	3,466,629	5,046,463	4,811,383
	<b>3,055,260</b>	<b>1,344,754</b>	<b>3,466,629</b>	<b>7,866,643</b>	<b>7,631,563</b>

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

**(iii) Interest rate risk**

The Council is exposed to interest rate risk through investments and borrowings with QTC and investments held with other financial institutions.

The risk in borrowing is effectively managed by borrowing only from Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest risk exposure can be constructed.

Interest rate risk in other areas is minimal

The Council does not undertake any hedging of interest rate risk.

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 the amount in the reverse direction.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
Council	\$	\$	\$	\$	\$
<b>2014</b>					
QTC cash fund	9,426,925	94,269	(94,269)	94,269	(94,269)
Loans - QTC	4,581,482	-	-	-	-
<b>Net total</b>		<b>94,269</b>	<b>(94,269)</b>	<b>94,269</b>	<b>(94,269)</b>
<b>2013</b>					
QTC cash fund	26,442,210	264,422	(264,422)	264,422	(264,422)
Loans - QTC	4,811,384	-	-	-	-
<b>Net total</b>		<b>264,422</b>	<b>(264,422)</b>	<b>264,422</b>	<b>(264,422)</b>

**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2014**

**Management Certificate  
For the year ended 30 June 2014**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 34, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



**Mayor**

**Name: Fred Pascoe**

Date: 29, 05, 15



**Chief Executive Officer**

**Name: Robert Owen**

Date: 29, 5, 15

QAO  
certified statements

# Carpentaria Shire Council

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Carpentaria Shire Council

### **Report on the Financial Report**

I have audited the accompanying financial report of Carpentaria Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used 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 be removed only 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.

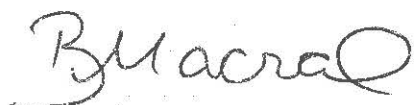
### *Opinion*

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 relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Carpentaria Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**B MACRAE FCPA**  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Carpentaria Shire Council  
Current-year Financial Sustainability Statement  
For the year ended 30 June 2014**

**Measures of Financial Sustainability**

Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	78%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-47%	not greater than 60%

**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.



**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2014**

**Certificate of Accuracy  
For the year ended 30 June 2014**

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

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



Mayor  
Name: Fred Pascoe

Date: 29, 05, 15



Chief Executive Officer  
Name: Robert Owen

Date: 29, 5, 15



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Carpentaria Shire Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Carpentaria Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

#### *Auditor's Responsibility*

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

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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 be removed only 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.

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Carpentaria Shire Council, for the year ended 30 June 2014, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA.  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

# Carpentaria Shire Council

Long Term Financial Sustainability Statement - Unaudited  
Certificate of Accuracy - for the Long Term Financial Sustainability Statement

**Carpentaria Shire Council  
Long-Term Financial Sustainability  
Prepared as at 30 June 2014**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2014	Projected for the years ended									
				30 June 2015	30 June 2016	31 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	
<b>Council</b>													
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	5%	-2.5%	-6.1%	-7.4%	-15.4%	-16.6%	-15.3%	-15.0%	-14.6%	-14.2%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	78%	102%	131%	396%	275%	117%	112%	111%	107%	107%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-47%	-29%	-49%	9%	56%	74%	88%	102%	114%	125%	

**Carpentaria Shire Council's**

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

**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2014**

**Certificate of Accuracy  
For the long-term financial sustainability statement prepared as at 30 June 2014**

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

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



Mayor

Name: Fred Pascoe

Date: 29, 05, 15



Chief Executive Officer

Name: Robert Owen

Date: 29, 5, 15

