



ANNUAL  
REPORT

Carpentaria Shire Council

2014/2015

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# ABOUT THIS REPORT

## 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*. The Annual Report is an important document by which Council is transparently accountable for its financial and operational performance throughout the year. It contains important information for all stakeholders (residents, Councillors, staff, community groups, other levels of government, developers/investors and other interested parties) on Council's operations, achievements, challenges, culture, purpose and plans for the future.

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)

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## REGION AT A GLANCE

### 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 many indigenous groups and the townships of Normanton and Karumba are the traditional land 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 saltpans 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

64,373km<sup>2</sup>

#### Population

Normanton: 1,468

Karumba: 587

Total Shire Population: 2,140

*\*2011 Census*



## REGION AT A GLANCE

### Distance to Major Centres

	Normanton	Karumba
Mount Isa:	484 km	556 km
Cairns:	707 km	779 km
Townsville:	938 km	1,010 km

### Reserves, Land Controlled by Council

The Council has control of some 9,591 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>574km</b>

## REGION AT A GLANCE

### 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	116.5 km
	Secondary	549.3 km
	Minor	618.9 km
	Access	281.7 km
Rural Roads - Sealed		34.0 km
Airport Runways		3.1 km
Town Streets – Sealed and Unsealed	Normanton	20.7 km
	Karumba	20.8 km
	<b>Total</b>	<b>1,645 km</b>



# ABOUT COUNCIL

## About Council

### OUR VISION

We are unique in Queensland. We are the only place where the *"Outback meets the Sea®"*. We are the only place in the Gulf 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.

# ABOUT COUNCIL

## MAYORS REPORT

This has been another big year for Council with a number of significant infrastructure projects completed and underway. The completion of the three causeway projects on the Burketown Road, undertaken with Betterment Funding from flood damage, will improve the road's resilience against flooding in the future and improve access for industry, locals and tourists.

During the last twelve months extensive work has been undertaken to improve the marine structures in the Shire. This has included work to the Karumba Seawall, the extension to the Normanton boat ramp, the installation of the Normanton and Gilbert Street Pontoons, and an upgrade to the Gilbert Street boat ramp.

Works began on the construction of the Normanton and Karumba Water Parks, along with the 6-lane, 25 metre pool at Karumba (as this goes to print – these facilities are completed and now being well patronised!). These facilities improve the amenity of our towns and give the locals and tourists a place to cool off in our beautiful warm climate. Council also completed an extension to the Show shed at the Rodeo Grounds which has provided more room for exhibitions and workshops.

The water restrictions everyone is currently enduring emphasizes the importance of having a water supply that has sufficient capacity to allow us to get through a failed wet season. This is the mandate that Council is working with to progress the construction of the Glenore Weir Upgrade Project. It's expected that (weather prevailing) the project will be completed early in 2016! Without the upgrade our towns are restricted in growth and we unable to attract further industry to our region.

Council is very fortunate in that excellent fiscal management means that Council can make provision for the completion of critical infrastructure, but constant and effective lobbying on behalf of our Shire is required so that Carpentaria can achieve its full potential by obtaining its fair share of grants and funding. Being Chair of the North West Queensland Regional Organisation of Councils, Deputy Chair of the North West Queensland Regional Road Group and on the Board and Policy Executive for the Local Government Association of Queensland means that I can ensure that Carpentaria's voice is heard where it matters.

The White Paper on Northern Australia talks about the North being an "economic powerhouse" and says that major priorities are roads, telecommunications and dams. Our Gulf Region and Carpentaria Shire in particular need to continue to lobby the State and Federal Governments in order to achieve the outcomes envisioned. Council is exploring innovative and cost effective solutions to issues confronting us such as geothermal power supply where the hot artesian bore water can be used to drive turbines to generate power. Council is also currently exploring better waste disposal options with the installation of the Bio-Bin at Karumba Transfer Station, where composting is being trialed of waste products including fish frames. Water, transport and telecommunications are the core ingredients to attracting investment and jobs to our region and I am doing all I can to ensure the Shire is at the forefront of Ministers' attention.

This year has seen the impact of the insidious drug Ice on our community. In the spirit of our Shire being a great place to work rest and play Council worked with the community to hold a meeting to discuss exactly what the extent of the issue was in our Shire and also how the community could overcome this scourge.

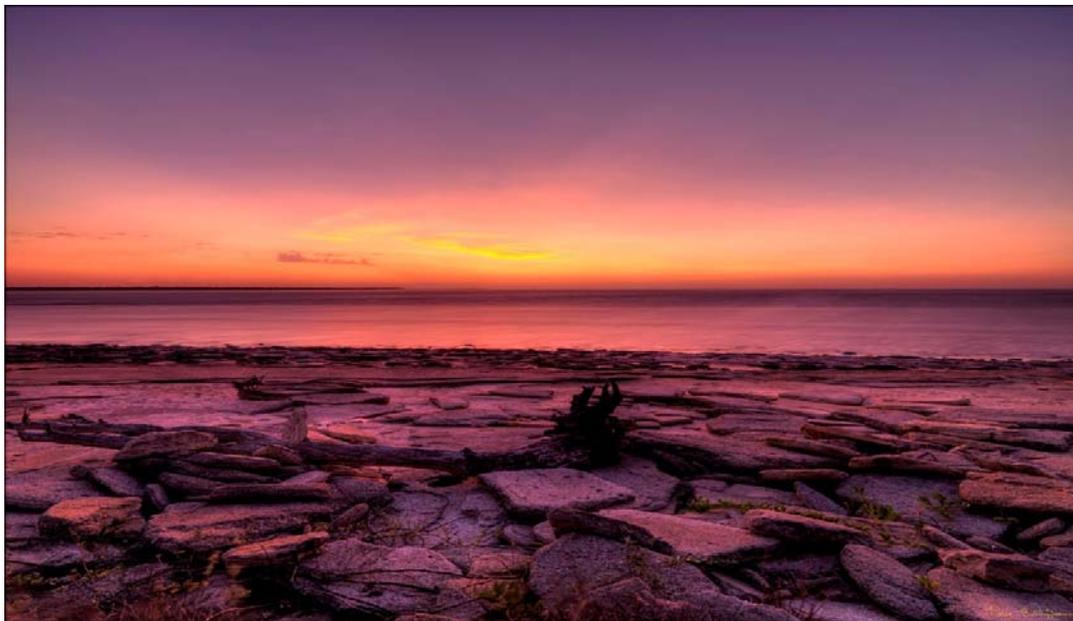
## ABOUT COUNCIL

Wendell Sailor was a key speaker at the meeting and gave an inspirational insight into how drugs had impacted his relationships and career and how he sought help to overcome these issues and rebuild his life. A steering committee was formed to come up with strategies to deal with the concerns raised at this meeting. Council is continuing to work with other community agencies in town to address this issue.

Our Councillors and I are proud of the work achieved by Council this year and will continue to work hard to make Carpentaria Shire the best place to live work and play.



Fred Pascoe  
**Mayor**



# ABOUT COUNCIL

## 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 Alan Gurney  
**Deputy Mayor**



Cr Joyce Zahner  
**Councillor**



Cr Merle Johnson  
**Councillor**



Cr John Beard  
**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
- North West Queensland Regional Organisation of Councils
- Plant Committee
- Ports Corporation Advisory Group
- Transport Security Program Committee
- Gulf Regional Planning Advisory Committee
- Regional Arts Development Fund Committee (RADF)
- 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



Cr Ashley Gallagher  
**Councillor**



Cr Duane Amos  
**Councillor**

# ABOUT COUNCIL

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

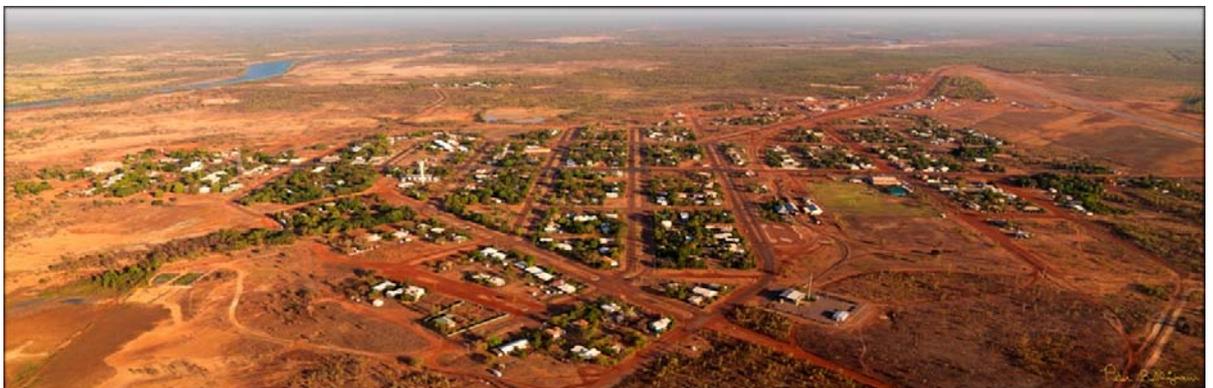
Councillor remuneration is set by the independent Local Government Remuneration Tribunal established under the *Local Government Act*. The tribunal determines the levels of remuneration for Mayors, Deputy Mayors and Councillors. These pay scales take into consideration factors such as the size of the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

## ABOUT COUNCIL

During the 2014/2015 financial year, the remuneration for the Mayor, Deputy Mayor and Councillors are set out in the table below.

Councillor	Position	Facilities Provided	Remuneration	Superannuation	Vehicle Mileage	Total
Fred Pascoe	Mayor	Vehicle, Mobile, iPad	\$94,870	\$9,013	\$0	\$103,883
Alan Gurney	Deputy Mayor	iPad	\$54,665	\$6,560	\$3,282	\$64,507
John Beard	Councillor	iPad, Laptop	\$47,479	\$0	\$577	\$48,056
Ashley Gallagher	Councillor	Laptop, iPad	\$47,479	\$4,695	\$615	\$52,789
Merle Johnson	Councillor	iPad	\$47,479	\$5,698	\$106	\$53,283
Duane Amos*	Councillor	Laptop, iPad	\$40,093	\$4,811	\$0	\$44,904
Joyce Zahner	Councillor	Desktop Computer, iPad	\$47,479	\$5,698	\$0	\$53,177

\*appointed Councillor on 20 August 2014



## ABOUT COUNCIL

### 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	Meetings Held	Meetings Attended
Fred Pascoe	Mayor	12	12
Alan Gurney	Deputy Mayor	12	11
John Beard	Councillor	12	12
Ashley Gallagher	Councillor	12	11
Merle Johnson	Councillor	12	10
Duane Amos*	Councillor	11	8
Joyce Zahner	Councillor	12	11

*\*appointed Councillor 20 August 2014*

### 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.

## ABOUT COUNCIL

For the period 1 July 2014 through till 30 June 2015 there were two complaints received against 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	2
Number of recommendations from conduct review panel	Nil
Number of complaints resolved	Nil
Number of complaints to Ombudsman	Nil

No decisions on the above mentioned complaints were received during the financial year.



# THE ORGANISATION

## The Organisation

### CHIEF EXECUTIVE OFFICER'S REPORT

It is with much pleasure that I present Council's Annual Report for 2014/2015 to the residents and ratepayers of Carpentaria Shire.

Council has had a strong year filled with significant achievements. It has continued with providing good governance and sound financial management, which has again resulted in Council's strong financial position.

Council has provided improved services and facilities across the Shire as a result of community feedback and needs. Significantly, Council has been a major player in providing a strong local economy. It has provided employment and training for increasing numbers of local residents. This approach supports the development of a strong and stable local workforce. In addition, Council has purchased over \$100,000,000.00 in local goods and services over this term of Council. Much of this money goes back into the local economy which is a significant boost to businesses and households during the current severe drought. These are just some examples of Council putting its money where its mouth is and supporting the Shire-based economy in real and practical terms.

Some of the highlights this year include:

- Commencement of the design and construction of the new weir at Glenore. This project is costing \$12,000,000 and is essential to protect the supply of water to our towns of Normanton and Karumba. Council's strong financial management has resulted in Council being able to fund the weir through its own funds and borrowings from Treasury.
- Completion of new boating facilities at Normanton and Karumba. Boat ramps and parking have been improved and the new pontoons at each town are a welcome addition to users of the marine facilities.
- The construction of waterparks at both Normanton and Karumba which are already proving to be extremely popular with young and old alike.
- The construction of a fabulous new public swimming pool at Karumba which has achieved a long held community need.
- The heating of the Normanton Swimming Pool which will allow for the pool to be used for the whole year.
- The continued planning and approval for the new rural residential estate at Lilyvale which will provide much anticipated lifestyle blocks just outside Normanton.
- Improved radio services at Normanton.
- The provision of a new Show Shed at the Normanton Rodeo Grounds which was put to the test at the 40<sup>th</sup> Anniversary Rodeo in June 2015.

## THE ORGANISATION

- The continued excellent work of our road crews and staff which saw road works again completed to a high standard.
- The completion of the Karumba Waste Transfer Station which has improved environmental outcomes, together with the appearance of the town.
- The ongoing strong financial performance by Council. This has been achieved through sound governance, good decision-making and management.

Council will continue with the good work in 2015/2016 and will ensure Carpentaria Shire remains a great place to live, work and play!

I commend the work of Councillors and staff to you!



Bob Owen  
**Chief Executive Officer**

# THE ORGANISATION

## 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 -
  - a) on a contractual basis; and
  - b) in a position that reports directly to the Chief Executive Officer.

## 2014/2015 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.*

## CODE OF CONDUCT FOR STAFF

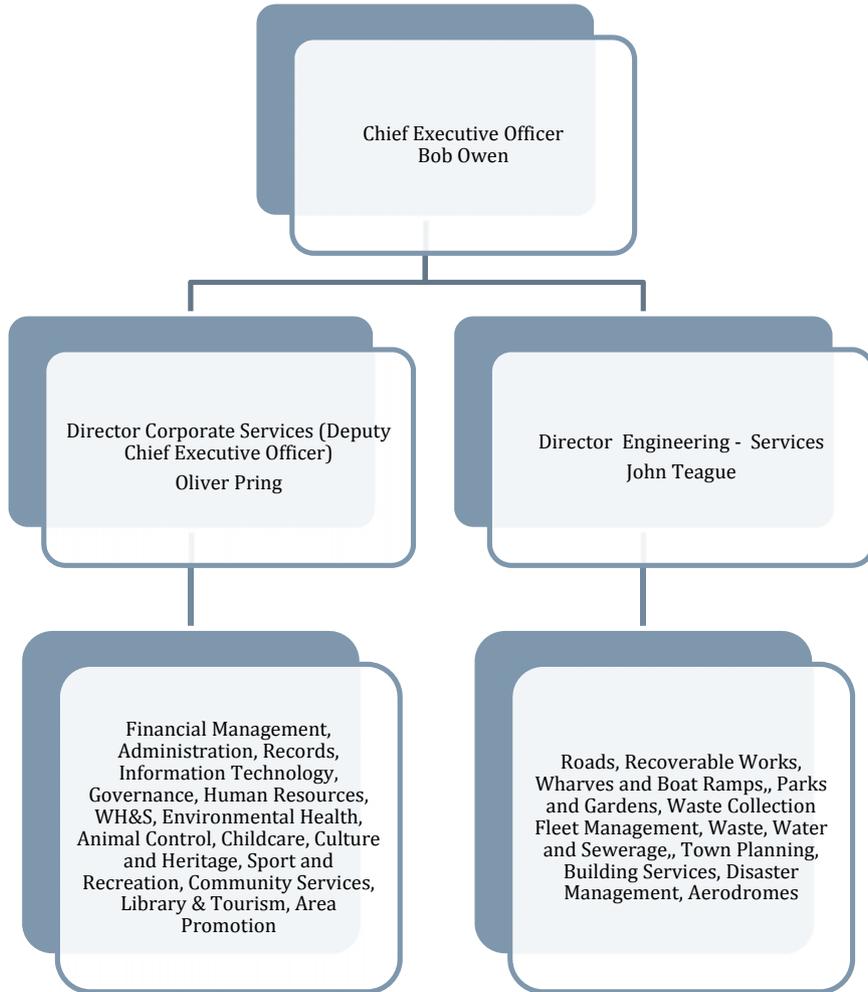
The Carpentaria Shire Council has developed and adopted a Code of Conduct for Staff. .

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.

# THE ORGANISATION

## CORPORATE STRUCTURE



# THE ORGANISATION

## 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 wellbeing 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

## Community Financial Report

This Community Financial Report is a plain English summary of Council's Financial Statements and 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.

#### SIMPLIFIED INCOME STATEMENT

For the year ended 30 June 2015

	\$ 000	\$ 000
Operating Revenue	67,838	
less Discounts and remissions	(505)	
less Expenses	(61,541)	
less Interest and finance charges	(271)	
Surplus / (Deficit) from operations		5,520
add Capital grants and contributed assets		1,849
Gain / (loss) on disposal of non-current assets		(11)
<b>Net result for the period</b>		<b>7,359</b>

# COMMUNITY FINANCIAL REPORT

## 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

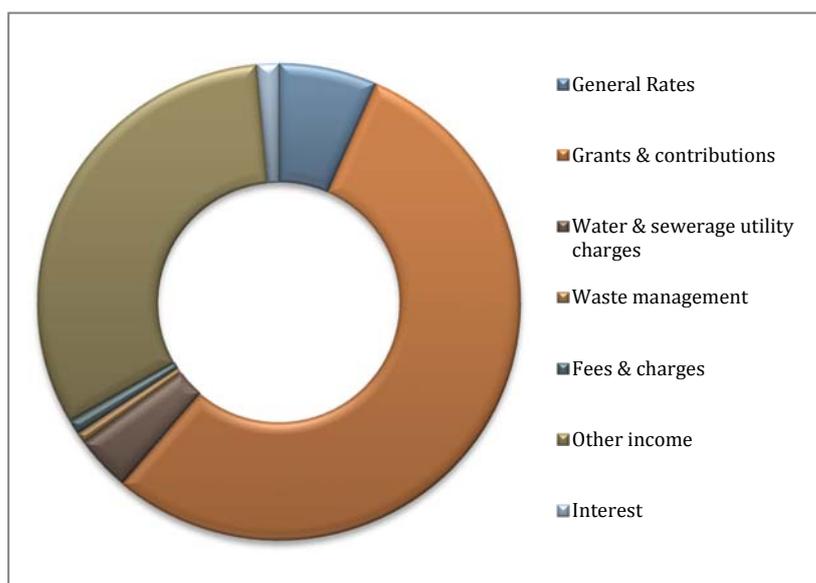
For the year ended 30 June 2015

	\$ 000
What we have in the bank	29,730
What we own	333,861
What we are owed	5,950
<b>Our total assets</b>	<b>369,542</b>
What we owe our suppliers and employees	9,433
What we have borrowed	10,334
<b>Our total liabilities</b>	<b>19,768</b>
<b>Net community assets (wealth)</b>	<b>349,774</b>

# COMMUNITY FINANCIAL REPORT

## OUR OPERATING REVENUE

Council achieved an operating income of \$67,332,980 (after discounts and remissions) during the 2014/2015 financial year. How we earned our Operating Revenues



Operating Revenue	%	Amount \$'000
General Rates	6.6%	4,450
Grants & contributions	54.6%	36,779
Water & sewerage utility charges	3.7%	2,473
Waste management	0.8%	526
Fees & charges	1.0%	646
Other income	31.9%	21,461
Interest	1.5%	998
<b>Total</b>		<b>67,333</b>

Council endeavors 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 (where applicable).

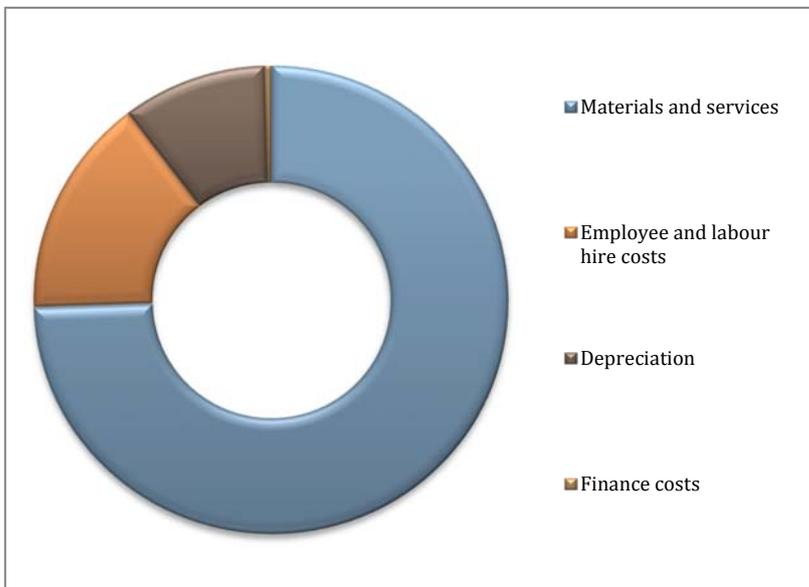
Fees and charges, and utility charges are generally applied on a full cost recovery basis to ensure as much as possible the user pays for the service they are using. These strategies help to minimise the reliance on the general rate to fund Council's operations.

# COMMUNITY FINANCIAL REPORT

## OUR OPERATING EXPENSES

The operating expenses represent the cost to Council of providing 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 74.5 per cent of Council's expenses. Employee and labour hire costs are associated with the labour costs that Council incurs in operating and maintaining the services and assets of the region. Depreciation represents the true cost of Council's assets over time. These assets include buildings, roads, storm water drains, and water and sewerage infrastructure.



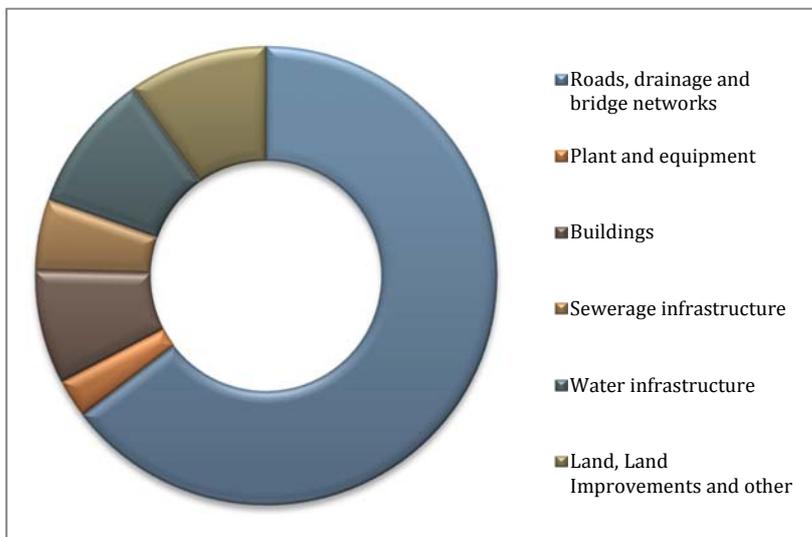
Operating Expenses	%	Amount \$'000
Materials and services	74.5%	46,047
Employee and labour hire costs	15.2%	9,391
Depreciation	9.9%	6,104
Finance costs	0.4%	271
<b>Total</b>		<b>61,813</b>

# COMMUNITY FINANCIAL REPORT

## THE COMMUNITY INFRASTRUCTURE WE MANAGE

Council owns and manages more than \$332 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.



Our community infrastructure (as at 30 June 2012)	%	Amount \$'000
Roads, drainage and bridge networks	64.6%	215,066
Plant and equipment	2.7%	9,027
Buildings	8.0%	26,650
Sewerage infrastructure	5.0%	16,715
Water infrastructure	9.8%	32,669
Land, Land Improvements and other	9.8%	32,645
<b>Total</b>		<b>332,773</b>

# COMMUNITY FINANCIAL REPORT

## 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 2014/2015 Financial Year, some of these include:

### Roads Program

- Footpath construction works both in Normanton and Karumba
- Glenore Weir Road
- Raising Bynoe, Little Bynoe and Flinders crossings on Burketown Road

### Other

- Raising Glenore Weir Project (Started)
- Normanton Rodeo Grounds Upgrades
- Automatic Flood Gauging Systems
- Karumba Cemetery Upgrade
- Normanton Depot Wash Down Bay
- Normanton and Karumba Water Parks
- Karumba Swimming Pool
- Normanton Airport Car park
- Continued Water & Sewer Assets Upgrades
- Karumba Sea Wall

## 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 2015 represented 5.0% of total net rates and charges. Council's total loan liability as at 30 June 2015 was \$10.3 compared to \$4.58m as at June 2014. The increase in loan borrowings is associated with Council's *Raising of the Glenore Weir Project*. Council's loan liabilities have been borrowed for works only associated with capital infrastructure and not operating activities.

The term to repay outstanding debt is between 2 and 20 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.

# COMMUNITY FINANCIAL REPORT

## 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.

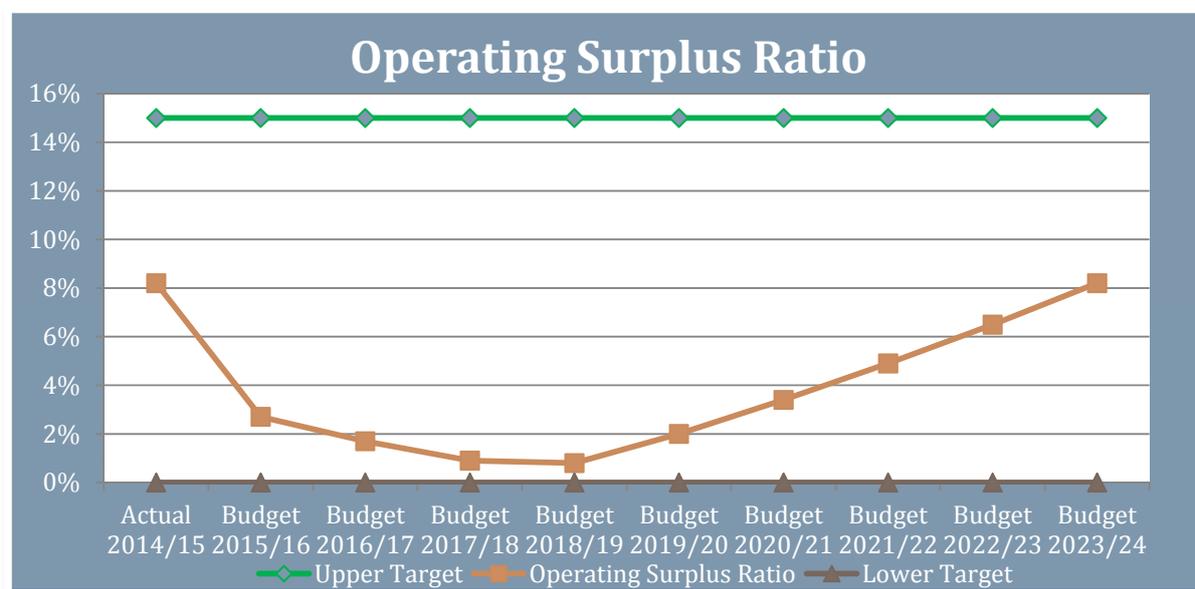
### Operating Surplus Ratio

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 – 15%

2014/2015 Result: 8.2% = this result indicates that Council's operating revenues are more than its operating expenses.



# COMMUNITY FINANCIAL REPORT

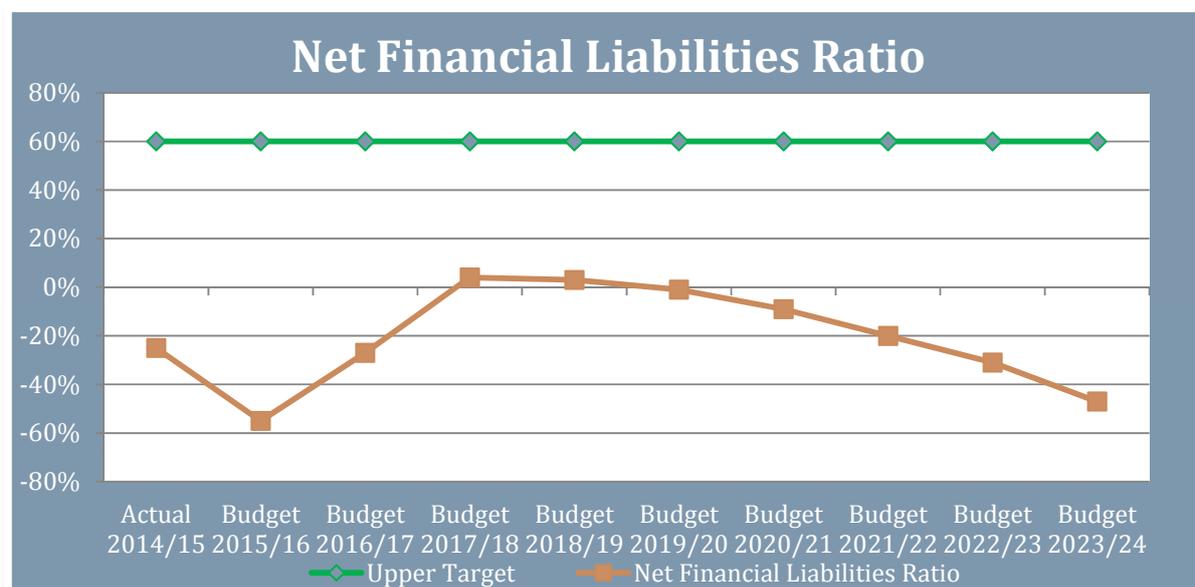
## Net Financials Liabilities Ratio

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) indicates 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%

2014/2015 Result: -24.8% = 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.



# COMMUNITY FINANCIAL REPORT

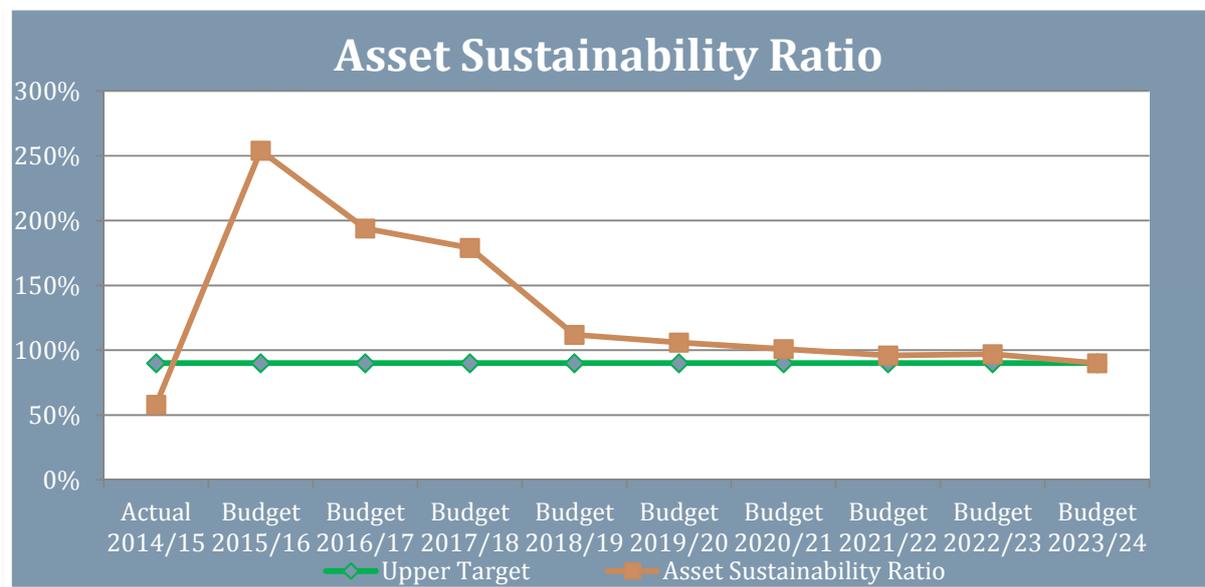
## Asset Sustainability Ratio

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%

2014/2015 Result: 57.5% - indicates that Council is not fully renewing/replacing existing non-financial assets at the same rate they are wearing out



## 2014/2015 SNAPSHOT

Key highlights of the 2014/2015 financial year include

- Unqualified Audit
- Low Risk Sustainability

# APPENDICES

## Appendices

COUNCILLOR EXPENSES REIMBURSEMENT & PROVISION OF RESOURCES POLICY

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## COUNCILLOR EXPENSES REIMBURSEMENT & PROVISION OF RESOURCES POLICY

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*Version 4 Adopted on 29 January 2014 by Council Resolution 0114/012*

### 1. REPEAL

The policy repeals the "Expense Reimbursement Policy for Local Government Councillors" adopted on 20 January 2010 (Council Resolution 0110/009).

### 2. PURPOSE

This purpose of this policy is to provide for the –

- a) Payment of reasonable expenses incurred, or to be incurred, by Councillors for discharging their duties and responsibilities as Councillors; and
- b) The provision of facilities and resources to Councillors for that purpose.

### 3. SCOPE

This policy applies to all Councillors.

### 4. RESPONSIBILITIES

The administration of this policy is the responsibility of the Chief Executive Officer. The Chief Executive Officer may delegate the power to administer the policy to the Deputy Chief Executive Officer/Director Corporate Services.

### 5. DEFINITIONS

**CEO** means the Chief Executive Officer of Council.

**Approved Council Business** includes-

- a) Formal meetings of Council, including Ordinary, Statutory and Special Meetings;
- b) Official committee meetings, including advisory committee meetings of which a Councillor is a member;
- c) Approved public consultation meetings;
- d) Civic functions at which a Councillor is attending in his/her capacity as a Councillor;
- e) Community functions to which a Councillor has been invited in his/her capacity as a Councillor;
- f) Official inspections;
- g) Other activities approved by the Mayor or ratified at a subsequent meeting of Council.

**Councillor** includes the Mayor.

**Incidental private use** includes use incidental to approved Council business.

*For example, stopping at a shop on the way to or from approved Council business.*

## 6. POLICY

### PART 1 – PAYMENT OF EXPENSES

All claims for reimbursement of expenses must be signed off by the Councillor and submitted to the Executive Assistant, as soon as practicable after the expense is incurred.

Claims must be accompanied by supporting documentation, such as receipts or a Statutory Declaration declaring that the expenses claimed have been incurred in the course of the Councillor's duties.

### PART 2 – ELIGIBLE EXPENSES AND LIMITS

#### 1. *Professional Development*

- a) Council will reimburse all reasonable expenses incurred for professional development activities necessary for the performance of a Councillors duties.
- b) All professional development activities must be approved in advance by resolution by Council or by the Mayor.

#### 2. *Travel and Accommodation –*

- a) Council will reimburse all reasonable travel and accommodation expenses for a Councillor attending approved Council business.
- b) All travel and accommodation should be booked in advance by giving reasonable notice to the Executive Assistant, including full travel details, who will book through Council's corporate accounts.
- c) Any increased costs incurred by changes made by a Councillor to the approved bookings must be reimbursed by the Councillor unless there is a reasonable excuse which is approved by the Mayor.

#### 3. *Vehicle Use –*

- a) The Mayor will be provided with a suitable vehicle as determined by the Chief Executive Officer.
- b) Council will pay all costs associated with the vehicle, including fuel, servicing, repairs, maintenance and insurance.
- c) The Mayor's vehicle may be used for all approved Council business, together with incidental private use.
- d) If there is any doubt, the Chief Executive Officer will determine if any use is incidental private use.
- e) Other Councillors may use the Mayor's vehicle for approved Council business with the prior approval of and at the discretion of the Mayor.
- f) Any private use of the Mayor's vehicle must be recorded in a log book for the purpose of calculating fringe benefits tax which will be payable by the Mayor.  
Additional payment to Council for private use will be at the rate of \$0.50c per kilometre as announced by the Chief Executive Officer from time to time.
- g) Councillors may be reimbursed for the use of their private vehicles to attend approved Council business. The applicable kilometric rate will be the approved Australian Taxation Office rate for the vehicle.
- h) Where a Councillor elects to use their private vehicle instead of other forms of travel, such as a plane travel, the total amount of reimbursement must be no greater than the other form of travel.

*For example, if an airfare costs \$1,000.00, then the kilometric claim for the vehicle cannot exceed \$1,000.00 even if the actual kilometric claim was, say, \$1,300.00.*

- i) Any fines arising from the use of the Mayor's vehicle or a private vehicle being used for approved Council business are the responsibility of the relevant Councillor and will not be reimbursed by Council.

#### **4. Allowances –**

- a) Council will pay allowances to cover the costs of meals and incidentals when a Councillor is away from the Shire on approved Council business.
- b) The allowances payable are –
  - i. Breakfast - \$20
  - ii. Lunch - \$25
  - iii. Dinner - \$40
  - iv. Incidental - \$15
- c) The above allowances are payable upon receipts
- d) Where actual reasonable costs are more than the amount of the allowances, such costs may be approved upon the production of receipts.
- e) Where a Councillor is away on approved Council business for only a part of a day, only part of the daily allowances will be paid.

*For example, if a Councillor leaves on approved Council business, say, at 7am and returns at 1.30pm, the breakfast and lunch allowances are payable, together with half of the incidental allowance.*

- f) Where meals are provided, no meal allowance will be payable.

*For example, if a Councillor attends a conference and dinner is provided, only the breakfast and lunch allowances will be payable.*

#### **5. Councillor's Spouses –**

The spouses or partners of Councillors may at Council's cost attend approved Council business in conjunction with the Councillor.

*For example, dinners at the annual LGAQ conference or civic functions.*

#### **6. Telephones –**

- a) The Mayor will be provided with a mobile phone by Council for approved Council business.
- b) Reasonable private use of the telephone is permitted.
- c) Councillors will be paid an annual allowance of \$600.00 to cover the costs of telephone calls and rental for a home and/or mobile telephone which are associated with the performance of their duties as Councillor. Actual expenses above this amount may be reimbursed upon the production of receipts.

#### **7. Hospitality Expenses –**

- a) The Mayor will be reimbursed for hospitality expenses up to an amount of \$2,000 per annum while on approved Council business. Copies of receipts must accompany all claims for reimbursement.

- b) The Mayor may approve the reimbursement of reasonable hospitality expenses by other Councillors at approved Council business at which the Mayor is not in attendance.
- c) Councillors may be reimbursed for hospitality expenses up to \$200 per annum when the hospitality is provided at official Council functions.

## **PART 3 – PROVISION OF FACILITIES AND RESOURCES**

1. Council may provide the use of Council facilities and resources to Councillors for approved Council business.
2. Resources that may be provided to Councillors include –
  - i. Use of the Councillors Room in the Normanton Office;
  - ii. A laptop and/or desktop computer and necessary software;
  - iii. An iPad or other tablet;
  - iv. Printer;
  - v. Photocopying for approved Council business
  - vi. 3G equipment to enable wireless internet access;
  - vii. Stationery;
  - viii. Secretarial support for the Mayor and Councillors;
  - ix. Other resources as approved by the Mayor or Chief Executive Officer,
3. Council will maintain and replace resources as required.
4. The Chief Executive Officer may approve that Councillors, at the end of each term, retain any equipment issued for their use provided the Chief Executive Officer reasonably believes that the equipment would otherwise be valueless or would be written off. Any computers will not include operating systems or software as these items are licences to Council.
5. Council will provide each Councillor with –
  - i. A name badge;
  - ii. Shirts embroidered with Council's logo;
  - iii. Promotional material necessary for approved Council business;
  - iv. The use of safety equipment, including safety boots, vest and helmets, where required.
6. Councillors may use a Council pool vehicle for approved Council business provided that a vehicle is available and that it is booked at least one week in advance.

## **7. REFERENCES**

The Chief Executive Officer is delegated the power to review and amend the allowances and rates of payment annually.

All other amendments to the policy must be by resolution of Council.

## **8. REFERENCES**

*Local Government Regulation 2012, sections 249 – 252 inclusive, as amended.*

## **9. ASSOCIATED DOCUMENTS**

Nil.

## 10. NEXT REVIEW

June 2016

## 11. RESOLUTION

Adopted by Council on the 29 January 2014 by Council Resolution 0114/012.



Chief Executive Officer

# APPENDICES

## 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

## APPENDICES

- Register of Council Policies
- Register of Contact by Lobbyists

### INTERNAL AUDIT FUNCTION

Council's internal audit function is undertaken by Local Government Association Queensland (LGAQ) with 4 meetings held during the year. The purpose of the internal audit function for Council has been

- to provide a systematic and proactive assessment of the effectiveness and reliability of Council's internal controls and processes;
- to help ensure Council is achieving its desired outcomes;
- to ensure compliance with legislation, Council policy and procedures
- to identify and document those areas of significant operational risk to Council with a view to finding practical recommendations for improvements.

Key focus (to date) have been

- review of Council's credit and fuel card reconciliations
- investigation on the stock levels being held at stores
- audit on Council's Corporate and Operational Risk Registers

### 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 2014/2015, 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.

# APPENDICES

## ASSESSMENT OF CORPORATE AND OPERATIONAL PLANS

Council's Operational Plan for 2014/2015 was reviewed throughout the year with the majority of actions completed. Information was fed back to Council through regular management reports and specific Operational Plan Review reports.

## BENEFICIAL ENTERPRISES

There were no beneficial enterprise activity identified throughout the year

## SIGNIFICANT BUSINESS ACTIVITIES

Council did not conduct any significant business activities during the reported financial year

## TRAINING AND DEVELOPMENT

Council has a commitment to learning and development and supports staff with assistance towards course fees, travel, accommodation and paid hours to attend undertake external studies.

## OVERSEAS TRAVEL

There was one overseas travel undertaken by staff to attend training during the reporting period

## WORKPLACE HEALTH AND SAFETY

Council is committed to ensuring employees are provided with the knowledge and resources to self-manage their workplace and lifestyles. There is a high level of awareness by staff of the requirement to report incidents to ensure appropriate actions can be implemented to reduce the risk of occurrence of similar incidents to fellow workers.

Council is providing a continuous safety management improvement program to ensure all workplaces are meeting the requirements under the Work Health & Safety Act and Regulation 2011

## APPENDICES

### 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	131,431.53
Concessions	122,045.81
<b>Total</b>	<b>253,477.34</b>

These grants were provided to the following organisations

Name of organisation	Amount of Grant (\$)
Karumba State School (Uniforms)	200.00
Normanton Arts Council Incorporated (Workshop)	250.00
Carpentaria Land Council Aboriginal Corporation (30 <sup>th</sup> Year Anniversary Dinner)	1,000.00
Gulf Cattleman's Association (Meeting Donation)	500.00
Normanton State School (Graduation Ceremony)	340.00
Normanton Fishing Club (2015 Barra Classic Fishing Competition)	1,000.00
Gulf Christian College (Family Fun Night)	1,000.00
Gulf Christian College (Student Support - Sports Representative)	1,000.00
Karumba Cancer Cuppa Committee (Fundraising)	500.00
Andrew Plumb (Community Fitness Classes)	600.00
Karumba & Normanton Visitor Information Centre (MMG Colour of the Gulf Run)	100.00
Karumba Gun Club	500.00
Normanton State School (Normanton State School Fete)	500.00
Gulf Savannah Development (2014/15 Membership)	44,000.00
North West Queensland Regional Organisation of Councils (2014/15 Membership)	2,200.00
Royal Flying Doctor Service (Corporate Advertising Sponsorship)	1,381.05
Karumba State School (Swimming Pool Operations Contribution)	18,900.00
NQ Helicopter Rescue (2014/15 Sponsorship)	16,500.00
NQ Sports Foundation (LGA Contribution 2014/15)	1,160.48
RADF Contribution	5,500.00

## APPENDICES

Karumba Recreation Club (ANZAC Day 2015)	1,000.00
Karumba Recreation Club	800.00
Karumba Children's Centre (Annual Contribution)	33,000.00
	<b>131,931.53</b>

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 (\$)
Milboe Ltd	Cairns to Karumba Bike Ride	282.31
Normanton State School	Normanton State School Fete	1,571.70
Cancer Council QLD	Understanding Cancer Workshop	175.00
Normanton State School	Normanton State School Athletics Carnival	2,508.80
Karumba Cancer Cuppa Committee	Karumba Cancer Cuppa	6,500.00
Kurtijar Aboriginal Corporation	NAIDOC Elders Lunch	175.00
Karumba Children's Centre	Weekly Bingo Fundraiser x17 events	9,605.00
Gulf Christian College	School Athletics Carnival	220.00
Gulf Christian College	PE Lessons and Training	220.00
Gidgee Healing	Mobile Health Clinic & Community Day	883.14
Leukaemia Foundation FNQ	Dance for Leukaemia	1,001.14
Gidgee Healing	Medical Service Van	220.00
Recognise	Community BBQ	175.00
Medicare Local	Well Women's Day	175.00
Normanton Sprint Races Committee	Sprint Races	5,571.21
Mount Isa School of the Air	Annual Mini School	1,140.00
Karumba Children's Centre	Money Bingo	800.00
Karumba State School	Festival of Sport – line marking 2x hockey fields	2,926.37
Karumba Police Station	Blue Light Disco	175.00
PCYC	Softball/ Football Carnival	6,671.94
Medicare Local	Senior Citizens Morning Tea	175.00
Normanton Arts Council Incorporated	Singing Workshop	240.00
Gulf Christian College	College Family BBQ	531.72
Disability Services	National Disability Services Scheme – community readiness project	428.60
Karumba Ambulance Service	Movie night at Civic Centre	810.00
Beyond Blue Ltd	Beyond Blue National Road show – Community BBQ	175.00
Cancer Council	Pink Ribbon Brunch	550.28

## APPENDICES

Karumba State School	Karumba State School Awards Night	175.00
Normanton Police Social Club	National Police Remembrance Day Service	401.24
Gidgee Healing	Mobile Medical Clinic	165.05
Medicare Local	Morning Tea in the Park	390.00
Karumba State School P&C	Trivia Night	175.00
Department of Disabilities	Community Consultation	525.00
Karumba Town Xmas Tree	Annual Town Xmas Tree	1,946.22
Gulf Savannah Development	Gulf Savannah Development Launch	80.00
Go West	Games Night at Shire Hall	175.00
Go West	Carols Night in CWA Park	1,272.98
Gulf Christian College	Awards Night	110.00
Karumba Seniors Xmas Luncheon Committee	Cash donation for Seniors Xmas Luncheon	500.00
Stingers	Stingers Presentation Night	2,191.41
Normanton Seniors Xmas Lunch Committee	Normanton Seniors Xmas Lunch	1,971.52
Gulf Christian College	Year 6 Graduation Dinner	1,256.95
Carpentaria Shire Council	Mrs Sheila Walker funeral expenses	5,763.67
Gidgee Healing	Gidgee Healing mobile medical clinic	990.00
Karumba Recreation Club	Australia Day Ceremony	330.00
Karumba Cancer Cuppa Committee	Photocopying for Karumba Cancer Cuppa advertising	105.00
Carpentaria Shire Council	Xmas Lights Competition	2,200.00
Department of Communities, Child Safety and Disability Services	Networking activity with morning tea	175.00
Rural Fire Service QLD	Fire Management Meeting with Landholders Council	175.00
Australia Day Advisory Committee	Australia Day Awards Ceremony	335.77
Bynoe	Promotion day for "Back to School"	872.52
Normanton Recovery & Community Wellbeing Service	Official opening of the Normanton Recovery & Community Wellbeing Service	490.70
Lamberr Wungarch Justice Group	Community BBQ	220.00
Medicare Local	Close the Gap	409.79
Karumba Children's Centre	Childcare bingo every Tuesday night from 17 February – 17 November	11,865.00
Medicare Local	Wellbeing day for grade 9 & 10 students	175.00
Medicare Local	Wellbeing day for grade 9 & 10 students	218.11
Normanton Rodeo Association	2015 Normanton Rodeo Queen Quest Interviews	175.00
Department of Communities, Child Safety and Disability Services	"Linkin Up" meeting	175.00
Medicare Local	Youth Week Triathlon & Fun Day	916.61
Normanton State School	Gulf Teacher Aide Conference	520.28
Carpentaria Shire Council	Clean Up Australia Day	211.31

## APPENDICES

Normanton Fishing Club	2015 Barra Classic Fishing Competition	5,659.61
Carpentaria Land Council	Presentation of Flyway Certificate to Morr Morr Pastoral Co and KAC	459.15
Karumba Ambulance Service	St Patricks Day BBQ and football game	2034.57
Karumba State School	ANZAC Day Ceremony	90.00
Normanton Arts Council Incorporated	Squaring the Wheel event in Shire Hall	175.00
Gulf Christian College	Family Fun Night	3,107.92
Gulf Barramundi Restocking Association	Karumba Community Anglers Classic 2015	1,043.39
Megan Turner	Dance classes Saturday mornings April - May	1,225.00
Normanton Rugby League Football Club	Football match	1,071.27
Robert Menzies	Karumba ANZAC Day Service	90.00
Department of Communities, Child Safety and Disability Services	Linkin Up Meetings – 5 in total	1,250.00
Karumba State School P&C	Movie night	175.00
Normanton ATODS	“Staying in Tune” health promotion day	519.28
GOCCFA	AMSA Workshop	175.00
Department of Communities, Child Safety and Disability Services	Boccia ball games on Shire Hall lawn, 3 games in total	525.00
Karumba Cancer Cuppa Committee	Karumba Cancer Cuppa event	9,405.00
Karumba State School	Athletics Carnival	542.40
Carpentaria Shire Council	Funeral expenses	1,420.50
Gulf Cattleman’s Association	General meeting at Shire Hall	175.00
Pave the Way Mamre Association Incorporated	National Disability Services Scheme – participation readiness activity	350.00
Stingers Football Club	Football Game	906.68
Normanton Police Station	Suicide prevention and counselling services	525.00
Stingers Football Club	Football games between May - July	4,430.14
Normanton Rodeo Association	Normanton Rodeo Street Parade	1,155.34
Normanton Rodeo Association	Normanton Rodeo 40 <sup>th</sup> Anniversary Celebrations	433.22
Karumba Police Service	Movie Matinee	36.00
Karumba State School P&C	Movie nights – 7 events in total	875.00
Medicare Local	Men’s Health Day	550.00
Riverside Christian College	Camping and Youth Development Program “YouthTrek at Normanton”	1,600.00
Medicare Local	Suicide prevention and community workshop	175.00
Normanton State School	Cross Country	300.00

**126,675.81**

# FINANCIAL STATEMENTS

## Financial Statements

# **Carpentaria Shire Council**

## **Financial statements**

### **For the year ended 30 June 2015**

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Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

**Carpentaria Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2015

	Note	Council	
		2015	2014
		\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	7,448,536	6,674,687
Fees and charges		645,549	672,560
Rental income		254,776	212,347
Interest received	3(b)	998,320	812,135
Sales revenue	3(c)	20,035,072	18,393,206
Other income		1,171,494	477,673
Grants, subsidies, contributions and donations	4(a)	36,779,233	30,015,668
		<u>67,332,981</u>	<u>57,258,276</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	1,849,330	4,002,442
<b>Total revenue</b>		<u>69,182,311</u>	<u>61,260,718</u>
Capital (expense)/ income		(10,882)	125,138
<b>Total income</b>		<u>69,171,429</u>	<u>61,385,856</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(9,390,738)	(9,111,130)
Materials and services	6	(46,046,917)	(38,322,122)
Finance costs		(271,354)	(406,819)
Depreciation	9	(6,103,743)	(6,511,085)
<b>Total expenses</b>		<u>(61,812,752)</u>	<u>(54,351,156)</u>
<b>Net result</b>		<u>7,358,677</u>	<u>7,034,700</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus		24,495,519	(31,165,902)
<b>Total other comprehensive income for the year</b>		<u>24,495,519</u>	<u>(31,165,902)</u>
<b>Total comprehensive income for the year</b>		<u>31,854,196</u>	<u>(24,131,202)</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 2015**

	Note	Council	
		2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	7	29,730,243	19,697,078
Trade and other receivables	8	5,650,004	19,269,760
Inventories		639,337	706,562
		<u>36,019,585</u>	<u>39,673,399</u>
Non-current assets held for sale		418,968	459,807
<b>Total current assets</b>		<u>36,438,553</u>	<u>40,133,206</u>
<b>Non-current assets</b>			
Trade and other receivables	8	300,224	146,259
Property, plant and equipment	9	332,802,837	290,993,556
<b>Total non-current assets</b>		<u>333,103,060</u>	<u>291,139,815</u>
<b>Total assets</b>		<u>369,541,614</u>	<u>331,273,022</u>
<b>Current liabilities</b>			
Trade and other payables	11	7,737,509	6,884,147
Borrowings	12	468,393	250,579
Provisions	13	1,428,515	377,565
Other Liabilities		22,480	138,733
<b>Total current liabilities</b>		<u>9,656,897</u>	<u>7,651,024</u>
<b>Non-current liabilities</b>			
Borrowings	12	9,866,006	4,330,903
Provisions	13	244,610	1,371,193
<b>Total non-current liabilities</b>		<u>10,110,616</u>	<u>5,702,096</u>
<b>Total liabilities</b>		<u>19,767,514</u>	<u>13,353,120</u>
<b>Net community assets</b>		<u>349,774,100</u>	<u>317,919,902</u>
<b>Community equity</b>			
Asset revaluation surplus	14	240,182,749	215,687,230
Retained surplus/(deficiency)		109,591,351	102,232,671
<b>Total community equity</b>		<u>349,774,100</u>	<u>317,919,901</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 2015

Note	Asset revaluation surplus 14 \$	Retained Surplus \$	Total \$
<b>Balance as at 1 July 2014</b>	215,687,230	102,232,671	317,919,902
Net result	-	7,358,677	7,358,677
Other comprehensive income for the year			
Increase/(Decrease) in asset revaluation surplus	24,495,519	-	24,495,519
<b>Total comprehensive income for the year</b>	<u>24,495,519</u>	<u>7,358,677</u>	<u>31,854,196</u>
<b>Balance as at 30 June 2015</b>	<u>240,182,749</u>	<u>109,591,351</u>	<u>349,774,100</u>
<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
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>7,034,700</u>	<u>7,034,700</u>
Increase/(Decrease) in asset revaluation surplus	(31,165,902)	-	(31,165,902)
<b>Balance as at 30 June 2014</b>	<u>215,687,230</u>	<u>102,232,672</u>	<u>317,919,902</u>

*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 2015**

	Note	Council	
		2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		42,715,428	11,693,780
Payments to suppliers and employees		(54,610,282)	(44,694,961)
		<u>(11,894,854)</u>	<u>(33,001,181)</u>
Interest received		998,320	812,135
Rental income		254,776	212,347
Non capital grants and contributions		36,779,233	30,015,668
Borrowing costs		(278,171)	(305,913)
<b>Net cash inflow (outflow) from operating activities</b>	18	<u>25,859,304</u>	<u>(2,266,943)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(24,423,893)	(11,186,270)
Proceeds from sale of property plant and equipment		995,507	852,148
Grants, subsidies, contributions and donations		1,849,330	4,002,442
<b>Net cash inflow (outflow) from investing activities</b>		<u>(21,579,055)</u>	<u>(6,331,681)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		6,003,242	-
Repayment of borrowings		(250,325)	(229,902)
<b>Net cash inflow (outflow) from financing activities</b>		<u>5,752,917</u>	<u>(229,902)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<u>10,033,165</u>	<u>(8,828,526)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		19,697,078	28,525,604
<b>Cash and cash equivalents at end of the financial year</b>	7	<u>29,730,243</u>	<u>19,697,078</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 2015**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 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 following:

- certain classes of property, plant and equipment which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal

**Recurrent/capital classification**

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses.

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

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

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

The financial statements have been rounded to the nearest \$1.

**1.B Statement of compliance**

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 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.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Council has not applied any Australian Accounting Standards and interpretations that have been issued but not yet effective, other than AASB13

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for recognition, measurement and disclosure of revenue from contracts with customers.

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB13: Fair Value measurement - July 2016 (Early adoption)

The Australian Accounting Standards Board (AASB) has issued an update to AASB 13. This update provides relief for not-for-profit public sector entities from making some previously-required disclosures about the fair value measurement of property, plant and equipment assets which are primarily held for internal or policy use, rather than to earn revenue. More specifically, the disclosure of quantitative information about significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs will no longer be required.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, Councillors and some Council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

**1.D 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 15

Valuation and depreciation of property, plant and equipment - Note 1.I, Note 9 and Note 10

Impairment of property, plant and equipment - Note 1.J and Note 9 and receivables, Note 8

Provisions - Note 1.N and Note 13.

**1.E Revenue**

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.

Interest

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

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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 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.

**1.F 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.G)

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

Financial liabilities

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

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

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 21.

**1.G Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques received 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.H 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.

All known bad debts were written-off at 30 June.

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 8. 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.1 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  
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

Direct labour and materials and an appropriate proportion of overheads or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Valuation

Land, buildings 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 and buildings 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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 10.

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.

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 10.

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.J 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.

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.

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.K 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.L Liabilities - employee benefits**

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 11 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. This liability represents an accrued expense and is reported in Note 11 as a payable.

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

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 11 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 16.

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 13 as a provision.

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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.M 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. All borrowing costs are expensed in the period in which they are incurred.

**1.N 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.O 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.

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

**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**

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor and Chief Executive Officer are included in corporate governance.

**Economic**

The objective of this function is to ensure the community is serviced by a high quality and effective road network. To provide and maintain transport infrastructure, including the maintenance and provision of drainage network. It also facilitates the shires growth and prosperity through well planned and quality development. The objective of planning and development is to ensure that Carpentaria Shire is well designed, efficient and facilitates grow yet also preserves the character and natural environment of the Shire. This function includes activities and services related to town, neighbourhood and regional planning, and management of development approval processes.

**Environment**

The goals of this program is to protect and support a healthy, safe community through sustainable water services and includes all activities relating to water including flood and waterways management. This program also protects and supports the health of our community by sustainably managing sewerage infrastructure. The program also facilitates waste management to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services, mosquito and other pest management programs.

**Social**

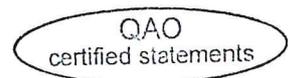
The goal of social is to ensure Carpentaria is a healthy, vibrant, contemporary and connected community. Social provides well managed and maintained community facilities, and ensures the effective delivery of cultural, welfare and recreational services.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

2(b) Analysis of results by function  
Income and expenses defined between recurring and capital are attributed to the following functions:

Functions	Year ended 30 June 2015						Total income	Gross program expenses	Total expenses	Net result from recurring operations	Net Result	Assets
	Gross program income			Gross program expenses								
	Recurring		Capital	Recurring		Capital						
	Grants	Other	Grants	Other	2015	2015						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance	3,787,527	6,056,765	-	-	9,844,292	(2,143,646)	-	(2,143,646)	7,700,646	7,700,645	37,217,038	
Economic	32,436,214	20,887,337	1,163,598	(10,882)	54,476,267	(49,625,081)	-	(49,625,081)	3,698,470	4,851,187	269,489,630	
Environment	59,091	3,092,605	335,211	-	3,486,907	(5,741,730)	-	(5,741,730)	(2,590,034)	(2,254,823)	52,206,856	
Social	496,400	517,041	350,522	-	1,363,963	(4,302,295)	-	(4,302,295)	(3,288,854)	(2,938,332)	10,628,089	
<b>Total Council</b>	<b>36,779,232</b>	<b>30,553,748</b>	<b>1,849,331</b>	<b>(10,882)</b>	<b>69,171,429</b>	<b>(61,812,752)</b>	<b>-</b>	<b>(61,812,752)</b>	<b>5,520,228</b>	<b>7,358,677</b>	<b>369,541,614</b>	

Functions	Year ended 30 June 2014						Total income	Gross program expenses	Total expenses	Net result from recurring operations	Net Result	Assets
	Gross program income			Gross program expenses								
	Recurring		Capital	Recurring		Capital						
	Grants	Other	Grants	Other	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)	(3,337,261)	(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>2,907,121</b>	<b>7,034,700</b>	<b>331,273,022</b>	



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

		Council	
		2015	2014
3	Note	\$	\$
<b>3</b>	<b>Revenue analysis</b>		
<b>(a)</b>	<b>Rates, levies and charges</b>		
	General rates	4,638,345	4,095,467
	Water	1,344,776	1,225,172
	Water consumption, rental and sundries	78,890	63,995
	Sewerage	1,309,377	1,219,174
	Waste management	581,981	532,856
	Total rates and utility charge revenue	<u>7,953,370</u>	<u>7,136,664</u>
	Less: Discounts	(466,013)	(432,017)
	Less: Pensioner remissions	(27,870)	(25,726)
	Less: Rates write-off	(10,951)	(4,235)
		<u><u>7,448,536</u></u>	<u><u>6,674,687</u></u>
<b>(b)</b>	<b>Interest received</b>		
	Interest received from cash and investments	954,226	776,574
	Interest from overdue rates and utility charges	44,094	35,561
		<u>998,320</u>	<u>812,135</u>
<b>(c)</b>	<b>Recoverable works revenue</b>		
	<b>Sale of services</b>		
	RPC works	14,960,024	15,018,081
	RMPC works	1,458,998	1,428,973
	Main Roads flood damage works	3,076,862	1,076,579
	Other works	539,187	869,573
		<u>20,035,072</u>	<u>18,393,206</u>
<p>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.</p>			
<b>4</b>	<b>Grants, subsidies and contributions</b>		
<b>(a)</b>	<b>Recurrent</b>		
	General purpose grants	4,757,702	2,389,480
	Specific purpose government subsidies and grants	555,491	518,666
	Shire roads flood damage (NDRRA)	31,461,040	26,868,522
	Contributions	5,000	239,000
		<u>36,779,233</u>	<u>30,015,668</u>
<b>(b)</b>	<b>Capital</b>		
	Specific purpose government subsidies and grants	1,849,330	4,002,442
		<u>1,849,330</u>	<u>4,002,442</u>
	<b>Conditions over contributions</b>		
<p>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:</p>			
	Non-reciprocal grants for expenditure on services	7	3,564
		<u>3,564</u>	<u>43,000</u>

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

		Council	
		2015	2014
5	Employee benefits	\$	\$
	Total staff wages and salaries	6,929,068	7,461,623
	Councillors' remuneration	382,564	264,259
	Annual, sick and long service leave entitlements	1,385,982	1,428,478
	Superannuation	878,390	784,673
		<u>9,576,004</u>	<u>9,939,034</u>
	Other employee related expenses	210,266	142,942
		<u>9,786,270</u>	<u>10,081,976</u>
	Less: Capitalised employee expenses	(395,532)	(970,846)
		<u><u>9,390,738</u></u>	<u><u>9,111,130</u></u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		<b>2015</b>	<b>2014</b>
	Elected members	7	7
	Administration staff	45	42
	Depot and outdoors staff	62	62
	Total full time equivalent employees	<u>114</u>	<u>111</u>
<b>6</b>	<b>Materials and services</b>		
	Audit of annual financial statements by the Auditor-General of Qld	82,919	61,786
	Donations paid	80,583	118,369
	Other materials and services	1,014,306	852,206
	Road maintenance contracts	2,482,122	1,020,026
	Pest Management	301,299	264,096
	Flood damage maintenance works	34,056,923	28,882,286
	Child care centre operations	229,762	241,219
	Airport operations	273,616	268,806
	Public facilities	1,405,511	1,362,494
	Tourism	560,244	646,209
	Community services	321,376	432,351
	Recoverable works	1,565,405	1,018,343
	Sewerage operations	751,221	935,625
	Waste operations	674,669	422,514
	Water operations	1,423,460	980,859
	Council road works	823,502	814,933
		<u><u>46,046,917</u></u>	<u><u>38,322,122</u></u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	Note	Council	
		2015	2014
		\$	\$
<b>7 Cash and cash equivalents</b>			
Cash at bank and on hand		1,257,535	1,770,152
Deposits at call		24,972,708	9,426,925
Term deposits		3,500,000	8,500,000
Balance per Statement of Cash Flows		<u>29,730,243</u>	<u>19,697,078</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	3,564	100,333
Unspent loan monies drawn down	6,003,243	-
Total unspent restricted cash	<u>6,006,807</u>	<u>100,333</u>

Cash and deposits at call are held at both Westpac Banking Corporation (WBC) and Queensland Treasury Corporation (QTC) in term deposits, business cheque accounts and cash management accounts. WBC currently has a short term credit rating of A1+ and long term rating of AA- (*Standard & Poors*). QTC is currently rate at 'AAA' (*Standard & Poors*) (Australian Government Guaranteed) with a stable outlook.

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.

**8 Trade and other receivables**

**Current**

Rateable revenue and utility charges	420,845	380,663
Water charges not yet levied	96,678	127,855
Trade debtors	4,162,728	18,959,426
Less impairment	(8,647)	(209,701)
Loans and advances to community organisations	31,824	11,517
GST Receivable	946,576	-
	<u>5,650,004</u>	<u>19,269,760</u>

**Non-current**

Loans and advances to community organisations	300,224	146,259
	<u>300,224</u>	<u>146,259</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	209,701	119,535
Impairment Debts written off during the year	(162,478)	90,166
Decrement of provision for impairment of debts	(38,578)	-
Closing Balance at 30 June	<u>8,645</u>	<u>209,701</u>

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

Not past due	3,949,376	19,401,315
Past due 31-60 days	210,604	13,456
Past due 61-90 days	843,673	1,248
Impaired	8,645	209,701
Total	<u>5,012,298</u>	<u>19,625,720</u>

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

**9 Property, plant and equipment**

**Council - 30 June 2015**

**Basis of measurement**

**Asset values**

Opening gross value as at 1 July 2014	
Capital Assets Additions	
Work in Progress Additions	
Disposals	
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	
<b>Closing gross value as at 30 June 2015</b>	

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2014	
Depreciation provided in period	
Depreciation on disposals	
Revaluation adjustment to asset revaluation surplus	
<b>Accumulated depreciation as at 30 June 2015</b>	
<b>Total written down value as at 30 June 2015</b>	

Range of estimated useful life in years

Additions comprise:

Renewals	
Other additions	
<b>Total additions</b>	

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	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
4,810,011	40,303,213	12,732,698	247,504,462	46,995,312	23,902,106	11,186,830	5,893,842	393,328,475							
55,729	292,201	3,260,556	1,531,996	3,989,107	501,537	2,431,649	-	12,062,775							
-	-	-	-	-	-	-	12,361,119	12,361,119							
(534,990)	1,368,746	(2,308,038)	59,736,374	7,710,933	(2,036,865)	404,716	-	(2,308,038)							
4,330,750	41,964,160	13,685,216	308,772,832	58,695,352	22,366,779	14,023,195	18,254,961	482,093,245							

-	12,300,888	4,963,357	54,736,467	20,386,644	6,704,502	3,243,065	-	102,334,923							
-	808,453	996,290	2,856,432	602,349	469,730	370,488	-	6,103,742							
-	-	(1,301,648)	-	-	-	-	-	(1,301,648)							
-	2,204,834	-	36,113,789	5,007,188	(1,522,489)	350,070	-	42,153,392							
-	15,314,176	4,657,998	93,706,688	25,996,181	5,651,743	3,963,623	-	149,290,409							
4,330,750	26,649,984	9,027,218	215,066,144	32,699,171	16,715,036	10,069,572	18,254,961	332,802,837							
Land: Not depreciated.	40 - 100	2 - 20	12 - 1000	10 - 80	10 - 80	20 - 40	-	-							

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	292,201	2,549,866	1,492,902	479,669	489,134	183,442	-	5,487,214							
55,729		710,689	39,094	3,509,438	12,404	2,248,207	-	6,575,561							
55,729	292,201	3,260,556	1,531,996	3,989,107	501,537	2,431,649	-	12,062,775							

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

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

**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**

**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**

**Total written down value as at 30 June 2014**

Range of estimated useful life in years

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	Fair Value	Fair Value	Fair Value	Fair Value	Cost	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
-	-	(1,371,257)	-	-	-	-	-	(1,371,257)	-	-	-	-	-	-	-	-	(1,371,257)
4,810,011	40,303,218	12,732,698	247,504,462	46,995,312	23,902,106	11,186,830	5,893,842	393,328,479	-	-	-	-	-	-	-	-	-
-	11,537,935	4,704,177	20,209,022	19,742,787	6,186,772	2,921,490	-	65,302,183	-	-	-	-	-	-	-	-	-
-	762,953	903,427	3,361,543	643,857	517,730	321,575	-	6,511,085	-	-	-	-	-	-	-	-	-
-	-	(644,247)	-	-	-	-	-	(644,247)	-	-	-	-	-	-	-	-	-
-	-	-	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	-	-	-	-	-	-	-	-	-
4,810,011	28,002,330	7,769,341	192,767,995	26,608,668	17,197,604	7,943,765	5,893,842	290,993,556	-	-	-	-	-	-	-	-	-
Land: Not depreciated.	40 - 100	2 - 20	5 - 100	10 - 60	20 - 60	20 - 40	-	-	-	-	-	-	-	-	-	-	-

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**10 Fair value measurements**

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

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

**Property Plant & Equipment**

- Land
- Buildings
- 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 12 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).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (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
- 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 level 2 and level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

	Note	Level 2		Level 3		Total	
		Significant other observable inputs		Significant unobservable inputs			
		\$	\$	\$	\$	\$	\$
		2015	2014	2015	2014	2015	2014
<b>Recurring fair value measurements</b>							
Buildings	9	13,628,975	11,444,607	13,021,009	16,557,723	26,649,984	28,002,330
Land	9	4,330,750	4,810,011	-	-	4,330,750	4,810,011
Roads and drainage	9	-	-	215,066,144	192,767,995	215,066,144	192,767,995
Water infrastructure	9	-	-	32,699,171	26,608,668	32,699,171	26,608,668
Sewerage infrastructure	9	-	-	16,715,036	17,197,605	16,715,036	17,197,605
Other infrastructure	9	-	-	10,059,572	7,943,785	10,059,572	7,943,785
		<b>17,959,725</b>	<b>16,254,618</b>	<b>287,560,932</b>	<b>261,075,776</b>	<b>305,520,657</b>	<b>277,330,394</b>
<b>Non-recurring fair value measurements</b>							
Land held for resale		418,968	459,807				
		<b>418,968</b>	<b>459,807</b>				

There were no transfers between levels 1 and 2 during the year, however certain buildings were transferred from level 3 to level 2.

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 2015**

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

**Land and Buildings (level 2)**

Council obtains independent valuation at least every 3 years for all rental properties. The last valuation was undertaken by Australis Asset Advisory Group as at 30 June 2015.

**Valuation/Revaluation Methodologies - Market Approach (Level 2)**

Utilises prices gathered by way of market transaction evidence involving similarly comparable assets. Approaches under this methodology may include Direct Comparison, Summation or Income Capitalisation, all of which are accepted under the Australian Accounting Standards and Australian Property Institute guidelines.

The Direct Comparison Approach utilises sales evidence of similar properties as a basis of comparison in order to arrive at a value. The Valuer analyses these sales and its characteristics against that of the subject property, applying adjustments for differences in attributes where necessary.

The Summation Approach measures value by adding together the value of the land and the depreciated value of the improvements. Typically improved sales are analysed to a separate land and buildings apportioned value and/or vacant land sales are utilised to arrive at the land component of the sale providing a residual improvements value. This method draws on elements of Direct Comparison.

The reliance that can be applied to comparable market data in the valuation process is determined by comparing various characteristics of the property being utilised as evidence, and the subject asset.

**Buildings and Other Infrastructure (level 3)**

A full valuation of Buildings and Other Infrastructure assets was undertaken effective 30 June 2015. Assets were comprehensively revalued at their written down replacement cost as at that date by independent registered valuers, Australis Asset Advisory Group. The methodologies employed for buildings valuation is the same as those listed above for Site Improvements.

**Valuation/Revaluation Methodologies - Current Replacement Cost Approach (Level 3):**

For many assets such as specialised/government assets, there may not be readily available market evidence of similar assets that satisfy the definition of market value. In this instance the cost approach is considered the most reliable way to measure Fair Value.

The Current Replacement Cost Approach determines the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility/service potential, adjusted (depreciated) for obsolescence.

Depreciation adjustments to measure the Fair Value of an asset typically take into account Physical Deterioration, Functional and Economic Obsolescence.

The Current Replacement Cost can be determined as the cost per unit of service potential of the most appropriate modern replacement asset (adjusted for any difference in future service potential), or as the cost of reproducing or replicating the future service potential of the asset.

Condition was assessed using the following table:

Physical Condition Grade	Description
0-1	Extremely poor or failed asset. Inhabitable
2	Very poor condition with severe deterioration
3	Poor Condition, clear deterioration, high maintenance requirements. Renewal required.
4	Poor to Fair Condition with clear deterioration. Moderate maintenance requirements.
5	Fair to Good condition, clear signs of deterioration evident.
6	Good condition, some signs of deterioration.
7	Very good condition with early stages of deterioration.
8	Excellent condition, minimal deterioration noted.
9	Near new or refurbished asset.
10	New Asset.

**Infrastructure Assets (level 3)**

All Council Infrastructure assets categorised as Water assets, Sewerage assets and Road, Bridge and Drainage assets were fair valued using written down current replacement cost. This 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 the required level of service output within the council's planning horizon.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1 (a) Road, bridge and drainage network (level 3) - calculation of current replacement cost**

*Current Replacement Cost*

A full valuation of Council's road, bridge and drainage network was undertaken by independent valuers, Australis Asset Advisory Group effective 30 June 2015. Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 input. Under this approach, the following process was adopted.

- Where there was no depth of market as determined for the assets, the net current value of an asset was considered the gross value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

Significant Inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement cost (ORC) analysis

**Economic Useful Life (EUL) Assessment**

The economic useful life has been assessed based on the aforementioned asset hierarchy, road type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

Hierarchy	Component	EUL (Years)
Sealed	Top Seal	12
Sealed	Base Seal	60
Sealed	Pavement	60
Sealed	Formation	1000
Gravel	Pavement	200
Gravel	Gravel (Surface)	200
Gravel	Formation	1000
Formed	Formation	1000

**Remaining Service Potential (RSP) Assessment**

A condition assessment was applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

*Accumulated Depreciation*

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Percentage of life remaining	Remaining Service Potential Score
0-10%	0-1
11-20%	2
21-30%	3
31-40%	4
41-50%	5
51-60%	6
61-70%	7
71-80%	8
81-90%	9
91-100%	10

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

**Optimised Replacement Cost (ORC) analysis**

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates calculated in consultation with Carpentaria Shire Council (CSC). These rates assume an incremental Greenfields approach and exclude Brownfield cost components. Engineering staff of Council have been involved as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works, regional information and the QLD Road Alliance project data. The primary factors used in assumptions on unit rates are below:

- Source of raw material, most has been sourced locally from gravel pits for unsealed roads.
- Source of water available at low to moderate cost for rural road works (<15km).
- Contract crushing utilised for road sealing aggregate and aggregation of sealing projects and renewals to reduce low quantity works and increase economies of scale.
- Quality of material utilised in pavement construction and extent of compaction of formation varied based on road type and hierarchy.

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

The unit rates applied were based on Brownfield project costs and include all materials, labour and overheads. The unit rates were estimated in consultation with Council's Technical Services staff using information collated from recent project costs.

Below is a table detailing the average applied unit rates;

Asset Type	Component	Average Unit Rate
Roads	Seal (Top and Base combined)	\$15.60/m <sup>2</sup>
Roads	Gravel Pavement (Include Gravel Surface)	\$17.70/m <sup>2</sup>
Roads	Sealed Pavement (Exclude Sub-Base)	\$8.10/m <sup>2</sup>
Roads	Sealed Pavement (Include Sub-Base)	\$12.19/m <sup>2</sup>
Roads	Gravel Formation	\$5.98/m <sup>2</sup>
Footpaths	Concrete	\$95.00/m <sup>2</sup>
Floodways		\$469.00/m <sup>2</sup>
Culverts		\$1029.00/m
Kerb and Channel	Concrete/Stone	\$78.00/m

**1(b) Road, bridge and drainage network - unobservable inputs**

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the most significant unobservable inputs that would have an impact on the valuation:

Significant unobservable input	Range of inputs
Gross Replacement Cost unit rates	\$2.82 - \$78
Useful Life	12 - 1000
Condition/Remaining Life	1.5 - 999

**2(a) Water & Sewerage - calculation of current replacement cost**

*Current Replacement Cost*

A full valuation of Council's Water & Sewerage assets was undertaken by independent valuers, Australis Asset Advisory Group, effective 30 June 2015. Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 input. Under this approach, the following process was adopted:

- Where there was no depth of market as determined for the assets, the net current value of an asset was considered the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

Significant Inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement cost (ORC) analysis

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**Economic Useful Life (EUL) Assessment**

The economic useful life has been assessed based on the aforementioned asset hierarchy, road type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

Hierarchy	Component	EUL (Years)
Reticulation	Main	70-80
Reticulation	Water Meters	20
Reticulation	Point Assets (Valves, manholes)	5-80
Active Water Assets	Structures, Pumps, Electrical	15-80
Active Water Assets	Structures, Pumps, Electrical	10-80

**Remaining Service Potential (RSP) Assessment**

A condition assessment was applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

*Accumulated Depreciation*

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Percentage of life remaining	Remaining Service Potential Score
0-10%	0-1
11-20%	2
21-30%	3
31-40%	4
41-50%	5
51-60%	6
61-70%	7
71-80%	8
81-90%	9
91-100%	10

**Optimised Replacement cost (ORC) analysis**

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates for network assets calculated in consultation with CSC, and lump sum figures for complex assets. The rates assume an incremental Greenfields approach and exclude Brownfield cost components. The valuer have involved the Council's engineering team as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works and regional information.

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

The unit rates applied were based on Brownfield project costs and include all materials, labour and overheads. The unit rates were estimated in consultation with Council's Technical Services staff using information collated from recent project costs.

Below is a table detailing the average applied unit rates;

Asset Type	Component	Average Unit Rate
Reticulation	100mm Water Mains	\$181/m
Reticulation	150mm Water Mains	\$267/m
Reticulation	150mm Sewer Mains	\$195/m
Reticulation	225mm Sewer Mains	\$355/m
Reticulation	1050mm Sewer Manholes	\$3,974/ea

**2(b) Water and Sewer - unobservable inputs**

The method used to value Council's water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the most significant unobservable inputs that would have an impact on the valuation:

Significant unobservable input	Range of inputs
Gross Replacement Cost unit rates	\$150 - \$1,500,000
Useful Life	10 - 80
Condition/Remaining Life	5 - 75

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

The changes in level 3 assets with recurring fair value measurements are detailed in note 9 (property, plant and equipment). However, since certain asset classes disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 assets are detailed below.

	Council	
	2015	2014
<b>Changes in commercial buildings (Level 3)</b>		
	\$	\$
Opening gross value as at 1 July 2014	16,557,723	16,187,001
Additions	-	948,392
Transfer to level 2	(679,123)	-
Revaluation adjustment	(2,857,591)	-
<b>Closing gross value as at</b>	<u><b>13,021,009</b></u>	<u><b>16,557,723</b></u>
<b>Accumulated</b>		
Opening balance as at 1 July 2014	9,425,404	8,847,734
Depreciation provided in period	450,406	577,670
Revaluation adjustment	(523,186)	-
<b>Accumulated</b>	<u><b>9,352,625</b></u>	<u><b>9,425,404</b></u>

(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, Director Corporate Service, Director of Engineering, Engineer, Manager Finance and Audit Committee. 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.I. 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 2015**

		Council	
		2015	2014
11	Note	\$	\$
	<b>Trade and other payables</b>		
	<b>Current</b>		
	Creditors and accruals	6,495,892	5,531,786
	Employee	1,241,617	1,193,282
	GST payable	-	159,079
		<u>7,737,509</u>	<u>6,884,147</u>

The portion of annual leave payable later than one year, estimated at \$137,486 is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. Further details on employee entitlements are reported in Note 1.L.

	<b>12 Borrowings</b>		
	<b>Current</b>		
	Loans - Queensland Treasury Corporation	468,393	250,579
		<u>468,393</u>	<u>250,579</u>
	<b>Non-current</b>		
	Loans - Queensland Treasury Corporation	9,866,006	4,330,903
		<u>9,866,006</u>	<u>4,330,903</u>
	<b>Loans - Queensland Treasury Corporation</b>		
	Opening balance at beginning of financial year	4,581,482	4,811,384
	Loans raised	6,003,242	-
	Principal repayments	(250,325)	(229,902)
	Book value at end of financial year	<u>10,334,399</u>	<u>4,581,482</u>

The QTC loan market value at the reporting date was \$11,097,820. 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.

When the Council borrows, it borrows from the Queensland Treasury Corporation. Borrowings by the Council are constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

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:

	0 to 1 year	1 to 5 years	over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2015</b>					
Loans - QTC	468,393	2,420,543	7,445,463	10,334,399	10,334,399
<b>2014</b>					
Loans - QTC	250,579	-	4,330,903	4,581,482	4,581,482

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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

		Council	
13	Provisions	2015	2014
	Note	\$	\$
	<b>Current</b>		
	Long service leave	442,180	377,565
	Refuse restoration	986,334	-
		<u>1,428,515</u>	<u>377,565</u>
	<b>Non-current</b>		
	Refuse restoration	138,754	1,224,755
	Long service leave	105,857	146,439
		<u>244,611</u>	<u>1,371,193</u>
	Details of movements in provisions:		
	<b>Refuse restoration</b>		
	Balance at beginning of financial year	1,224,755	1,224,755
	Increase (decrease) in provision utilised in the period	(99,667)	-
		<u>1,125,088</u>	<u>1,224,755</u>
	<b>Long service leave</b>		
	Balance at beginning of financial year	524,004	304,217
	Long service leave entitlement arising	133,771	330,849
	Long Service entitlement paid	(109,738)	(111,062)
	Balance at end of financial year	<u>548,038</u>	<u>524,004</u>

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2015**

		Council	
	Note	2015 \$	2014 \$
<b>14</b>	<b>Asset revaluation surplus</b>		
	The closing balance of the asset revaluation surplus comprises the following asset categories:		
	Land	2,603,771	3,138,761
	Buildings	17,314,589	18,150,682
	Road, drainage and bridge network	197,709,942	174,087,357
	Water	18,883,946	16,180,200
	Sewerage	1,281,212	1,795,588
	Other infrastructure assets	2,389,288	2,334,641
		<u>240,182,749</u>	<u>215,687,230</u>

**15 Contingent liabilities**

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

**Local Government**

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 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government**

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 2015**

**16 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 two elements referred to as:

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*.

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. Carpentaria Shire Council made less than 4% of the total contributions to the plan in the 2014-15 financial year.

The next actuarial investigation will be conducted as at 1 July 2015.

	Council	
Note	2015 \$	2014 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	
	<u>878,390</u>	<u>784,673</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

		Council	
		2015	2014
17	Trust funds	Note	\$
	<b>Trust funds held for</b>		
	Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	60,830	69,983
	Security deposits	56,776	46,047
		<u>117,606</u>	<u>116,030</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 Queensland Treasury Corporation which is identified as the Carpentaria Shire Council Trust Account.		
18	<b>Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>		
	Net result	7,358,677	7,034,700
	Non-cash items:		
	Depreciation	6,103,743	6,511,085
		<u>6,103,743</u>	<u>6,511,084</u>
	Investing and		
	Net (profit)/loss on disposal of non-current assets	10,882	(125,138)
	Capital grants and contributions	(1,849,330)	(4,002,442)
		<u>(1,838,448)</u>	<u>(4,127,580)</u>
	Changes in operating		
	(Increase)/ decrease in receivables	13,207,048	(15,456,644)
	(Increase)/decrease in inventory	108,064	(83,383)
	Increase/(decrease) in payables	955,664	3,612,378
	Increase/(decrease) in liabilities	(59,477)	119,487
	Increase/(decrease) in other provisions	24,034	123,015
		<u>14,235,333</u>	<u>(11,685,147)</u>
	Net cash inflow from operating activities	<u>25,859,304</u>	<u>(2,266,942)</u>
19	<b>Events after the reporting period</b>		
	There have been no material adjusting events after the end of the reporting period.		
20	<b>Commitments for expenditure</b>		
	Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
	Civil Teknix Pty Ltd Causeway Contract 28/04/2015 to 31/12/2015	853,964	-
	Wren Construction Pty Ltd Karumba Swimming Pool, Normanton and Kaumba Water Park Construction 04/03/2015 to 31/12/2015	637,193	-
	Bynoe C.A.C.S Parks and Gardens maintenance contract 01/01/2015 to 31/12/2016	173,241	-
	Keri Prandolini Karumba facilities cleaning contract 01/01/2015 to 31/06/2016	108,360	-
		<u>1,772,758</u>	<u>-</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**21 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.

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, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 7.

**Market risk**

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

*Interest Rate Risk*

Carpentaria Shire Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation (QTC).

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

	Council			Total contractual cash flows	Carrying amount
	0 to 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
<b>2015</b>					
Loans - QTC	468,393	2,420,543	7,445,463	10,334,399	10,334,399
	468,393	2,420,543	7,445,463	10,334,399	10,334,399
<b>2014</b>					
Loans - QTC	250,579	-	-	250,579	4,581,482
	250,579	-	-	250,579	4,581,482

**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2015**

**Management Certificate  
For the year ended 30 June 2015**

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   /   10   /   2015  



\_\_\_\_\_  
**Chief Executive Officer**  
**Name: Robert Owen**

Date:   29   /   10   /   2015

## 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 2015, 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 2014 to 30 June 2015 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.



J WELSH FCPA

as Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

# 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)

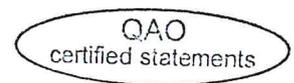
**Carpentaria Shire Council  
 Current-year Financial Sustainability Statement  
 For the year ended 30 June 2015  
 Measures of Financial Sustainability**

Council's performance at 30 June 2015 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)	8.2%	Between 0% and 15%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	57.5%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-24.8%	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 2015.



**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2015**

**Certificate of Accuracy  
For the year ended 30 June 2015**

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.



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**Mayor**  
**Name: Fred Pascoe**

Date:   29   /   10   /   2015  



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**Chief Executive Officer**  
**Name: Robert Owen**

Date:   29   /   10   /   2015

## 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 2015, 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 2015, 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.



J WELSH 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 2015**

**Measures of Financial  
Sustainability**

Projected for the years ended  
 Actuals at 30 June 2015    30 June 2016    30 June 2017    30 June 2018    30 June 2019    30 June 2020    30 June 2021    30 June 2022    30 June 2023    30 June 2024

Measure	Target	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Council</b>											
Operating surplus ratio	Between 0% and 15%	8%	2.7%	1.7%	0.9%	0.8%	2.0%	3.4%	4.9%	6.5%	8.2%
Asset sustainability ratio	greater than 90%	58%	254%	194%	179%	112%	106%	101%	96%	97%	90%
Net financial liabilities ratio	not greater than 60%	-25%	-55%	-27%	4%	3%	-1%	-9%	-20%	-31%	-47%

**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.

**Certificate of Accuracy  
For the long-term financial sustainability statement prepared as at 30 June 2015**

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

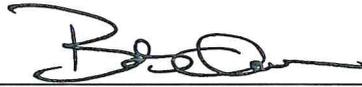
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



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**Mayor**  
**Name: Fred Pascoe**

Date:   29   /   10   /   2015  



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**Chief Executive Officer**  
**Name: Robert Owen**

Date:   29   /   10   /   2015

