

# Tablelands Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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**Live, discover and invest in a  
Tablelands community**



# Tablelands Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2018

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# Tablelands Regional Council

## Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and Charges	3	40,911	38,146
Fees and Charges		2,830	2,420
Rental Income		1,479	1,417
Interest and Investment Revenue		1,333	1,527
Sales Revenue		3,317	6,828
Other Income		211	147
Grants, Subsidies, Contributions and Donations	4a	7,800	12,554
<b>Total Recurrent Revenue</b>		<b>57,881</b>	<b>63,039</b>
<b>Capital Revenue</b>			
Grants, Subsidies, Contributions and Donations	4b	10,888	9,205
<b>Total Revenue</b>		<b>68,769</b>	<b>72,244</b>
<hr/>			
<b>Total Income</b>		<b>68,769</b>	<b>72,244</b>
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	5	23,687	23,230
Materials and Services	6	19,398	19,759
Finance Costs	7	727	729
Depreciation and Amortisation	12 & 14	13,076	12,441
<b>Total Recurrent Expenses</b>		<b>56,888</b>	<b>56,159</b>
Capital Expenses	8	166	1,119
<b>Total Expenses</b>		<b>57,054</b>	<b>57,278</b>
<b>Net Result</b>		<b>11,715</b>	<b>14,966</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to the Net Result</b>			
Gain on Revaluation of Property, Plant and Equipment	18	6,116	32,236
Change of future rehabilitation - Land and Improvements		22	99
<b>Total Other Comprehensive Income</b>		<b>6,138</b>	<b>32,335</b>
<b>Total Comprehensive Income</b>		<b>17,853</b>	<b>47,301</b>

# Tablelands Regional Council

## Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	41,029	23,407
Investments	9	7,500	22,500
Trade and Other Receivables	10	3,930	4,301
Inventories	11	1,006	1,034
<b>Total Current Assets</b>		<b>53,465</b>	<b>51,242</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables		4	5
Property, Plant and Equipment	12	536,601	522,329
Intangible Assets	14	812	1,078
<b>Total Non-Current Assets</b>		<b>537,417</b>	<b>523,412</b>
<b>TOTAL ASSETS</b>		<b>590,882</b>	<b>574,654</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	6,823	7,875
Borrowings	16	683	713
Provisions	17	1,982	1,820
<b>Total Current Liabilities</b>		<b>9,488</b>	<b>10,408</b>
<b>Non-Current Liabilities</b>			
Borrowings	16	6,751	7,435
Provisions	17	7,663	7,684
<b>Total Non-Current Liabilities</b>		<b>14,414</b>	<b>15,119</b>
<b>TOTAL LIABILITIES</b>		<b>23,902</b>	<b>25,527</b>
<b>Net Community Assets</b>		<b>566,980</b>	<b>549,127</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Reserve	18	131,820	125,682
Retained Surplus	19	435,160	423,445
<b>Total Community Equity</b>		<b>566,980</b>	<b>549,127</b>

# Tablelands Regional Council

## Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>2018</b>				
<b>Opening Balance</b>		125,682	423,445	<b>549,127</b>
<b>a. Net Operating Surplus for the Year</b>		-	11,715	<b>11,715</b>
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Rsve	18	6,116	-	<b>6,116</b>
- Change of future rehabilitation - Land and Improvements		22	-	<b>22</b>
<b>Other Comprehensive Income</b>		<b>6,138</b>	-	<b>6,138</b>
<b>Total Comprehensive Income</b>		<b>6,138</b>	<b>11,715</b>	<b>17,853</b>
<b>Equity Balance as at 30 June, 2018</b>		<b>131,820</b>	<b>435,160</b>	<b>566,980</b>
<b>2017</b>				
<b>Opening Balance</b>		93,347	408,479	<b>501,826</b>
<b>a. Net Operating Surplus for the Year</b>		-	14,966	<b>14,966</b>
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Rsve	18	32,236	-	<b>32,236</b>
- Change of future rehabilitation - Land and Improvements		99	-	<b>99</b>
<b>Other Comprehensive Income</b>		<b>32,335</b>	-	<b>32,335</b>
<b>Total Comprehensive Income</b>		<b>32,335</b>	<b>14,966</b>	<b>47,301</b>
<b>Equity Balance as at 30 June, 2017</b>		<b>125,682</b>	<b>423,445</b>	<b>549,127</b>

# Tablelands Regional Council

## Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		51,130	52,955
Payments to Suppliers and Employees		(47,558)	(47,067)
		<u>3,572</u>	<u>5,888</u>
<b>Receipts:</b>			
Investment and Interest Revenue Received		1,333	1,527
Rental Income		1,576	1,503
Non Capital Grants and Contributions		7,883	12,821
<b>Payments:</b>			
Borrowing Costs		(734)	(735)
<b>Net Cash - Operating Activities</b>	25	<u>13,630</u>	<u>21,004</u>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts:</b>			
Sale of Property, Plant and Equipment		372	367
Grants, Subsidies, Contributions and Donations		10,888	9,205
<b>Payments:</b>			
Proceeds of Investment Securities		15,000	(13,500)
Purchase of Property, Plant and Equipment		(21,820)	(19,500)
Payments for Intangible Assets		266	111
<b>Net Cash - Investing Activities</b>		<u>4,706</u>	<u>(23,317)</u>
<b>Cash Flows from Financing Activities</b>			
<b>Payments:</b>			
Repayment of Borrowings and Advances		(714)	1,765
<b>Net Cash Flow - Financing Activities</b>		<u>(714)</u>	<u>1,765</u>
<b>Net Increase/(Decrease) for the year</b>		<u>17,622</u>	<u>(548)</u>
plus: <b>Cash and Cash Equivalents - beginning</b>		23,407	23,955
<b>Cash and Cash Equivalents - closing</b>	9	<u>41,029</u>	<u>23,407</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies

##### (1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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 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 where stated.

##### 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. It also includes non-cash contributions which are usually infrastructure assets received from developers.

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".

##### (1.b) Statement of Compliance

These general purpose financial statements comply with accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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) Constitution

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

##### (1.d) Currency

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

##### (1.e) Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

This year, Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 26.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities which amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them once they are effective.

***The standards that are expected to have a material impact upon Council's future financial statements are:***

##### **Effective for annual reporting periods beginning 1 July 2018**

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Council will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated. The net differences on initial application shall be recognised in opening accumulated surplus as at the date of initial application.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

##### **Effective for annual reporting periods beginning 1 July 2019**

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

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004

Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. In the future, grants will be individually assessed to determine the effects of this standard. The timing of the recognition of Financial Assistance Grants will not be affected.

Council intends on using the partial retrospective approach in AASB 15 and AASB 1058. Under this transitional approach, Council will not need to restate comparative figures in their 2019-20 financial statements. Instead Council will recognise the cumulative effect of applying this standard as an adjustment to opening accumulated surplus at 1 July 2019.

- *AASB 16 Leases*

Council has leases that are not currently in the Statement of Financial Position. These leases will be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. Council anticipates that it will apply the 'cumulative approach' and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity as appropriate) at the date of initial application.

At this stage leases have not been fully assessed to determine impact on the financial statements.



## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

**All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to Council's activities or have no material impact on the Council.**

##### (1.f) Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgement, 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 where relevant.

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

- Valuation and depreciation of Property, Plant & Equipment - Note 1.n and Note 12
- Impairment of Property, Plant and Equipment and Receivables - Note 1.p and Note 10
- Provisions - Note 1.u and 1.v and Note 17
- Contingencies - Note 21.

##### (1.g) Revenue

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

###### Rates and levies

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

###### Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

###### Non-cash contributions

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

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

###### Cash contributions

Developers also pay infrastructure charges for trunk infrastructure to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18, Transfers of Assets from Customers, these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed infrastructure like water supply and sewerage headworks in accordance with Council's planning scheme policies. (Headworks include pumping stations, treatment works, mains and sewers). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Rental income

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

##### Interest and dividends

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

##### Sales revenue

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

Council generates revenues from contracts and recoverable works generally comprising of recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

##### Fees and charges

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

##### Other revenue

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

#### **(1.h) 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.

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.i)
- Receivables - measured at amortised cost (Note 1.j)
- Term Deposits - (Note 1.m)

##### Financial liabilities

- Payables - measured at amortised cost (Note 1.r)
- Borrowings - measured at amortised cost (Note 1.t)

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

#### **(1.i) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other term deposits 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.j) Receivables**

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

The value for loans and advances to community organisations is disclosed in Note 10. Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with no interest charged. Security is not normally obtained.

##### (1.k) Inventories

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

##### (1.l) Non-Current Assets held for Sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

##### (1.m) Investments

Term deposits in excess of three months are reported as investments.

##### (1.n) Property, Plant & 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. Land is capitalised with a value above \$1. All items of property, plant and equipment with a total value of less than \$5,000 are treated as

an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

##### Acquisition of assets

Acquisition 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, engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

##### Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition 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 and useful life 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 (NDRRA) 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.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. 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 internally using the expertise of Council officers or by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves 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 officers to assess the condition and cost assumptions associated with all asset classes carried at fair value. The results of which are considered in combination with an appropriate Producers' Price Index published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for asset classes in each of the intervening years.

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 13.

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.

Both water and sewerage asset classes are classified for valuation purposes into above ground and below ground asset groups. Above ground assets have a different methodology for valuations to below ground assets. A comprehensive revaluation will be completed for both these groups at least once every five years but not necessarily in the same reporting period.

Details of valuers and methods of valuations are disclosed in Note 13.

##### 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 and Road Formation are 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.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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 depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date.

##### Land under roads

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 controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

##### **(1.o) Intangible Assets**

Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

##### **(1.p) Impairment of Non-Current Assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible

impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

##### **(1.q) Leases**

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

##### Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

##### **(1.r) Payables**

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



## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (1.s) Liabilities - Employee Benefits

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

##### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

##### Annual leave

Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs and are discounted to present values. This liability represents an accrued expense and is reported in Note 15. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

##### 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 22.

##### 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 17 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.

##### (1.t) Borrowings and Borrowing Costs

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

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

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

##### (1.u) Restoration Provisions

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.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

##### *Refuse dump restoration*

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.

##### *Quarry Rehabilitation*

The provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of 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 quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2039.

Quarries are situated on Council controlled land and are classified as land and improvement assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life of the quarry. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any). Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

##### **(1.v) Asset Revaluation Reserve**

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

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

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

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

##### **(1.w) Retained Surplus**

In reference to the comparative figures for the year ended 30 June 2018, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

##### **(1.x) National Competition Policy**

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 28.

##### **(1.y) Rounding and Comparatives**

Amounts included in the financial statements have been rounded to the nearest \$1,000 unless otherwise indicated.

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

##### **(1.z) Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, security deposits lodged to guarantee performance, external funds held for specific purposes and bursary. The Council performs only a

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

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custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

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

##### **(1. aa) Taxation**

Local authorities are 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.

The Council pays payroll tax to the Queensland Government on certain activities.



## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 2(a). Council Functions - Component Descriptions

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**Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:**

Tablelands Regional Council adopted a new structure which was made effective on 1 July 2017.

##### **OFFICE OF THE CHIEF EXECUTIVE OFFICER**

Manages the governance aspects of Council's operations including provision of advice, assistance and support to elected Council representatives. The department is responsible for executive administration, internal auditing, public relations, communications and marketing, economic development, project funding, enterprise and whole of Council strategic projects.

##### **OFFICE OF THE CHIEF OPERATING OFFICER**

Ensures an integrated approach to corporate and financial services across the organisation. The department is responsible for financial management, procurement, strategic asset management, knowledge and systems, legislative compliance and governance, human resources and administration support services.

##### **COMMUNITY, PLANNING & ENVIRONMENT**

Provides an integrated approach to land use, the environment, development, and community planning. The department is responsible for strategic land use planning, development assessment, regulatory services, health and environmental protection, building and plumbing certification, and the delivery of a range of community services including club support, community development, equity and inclusion, events, libraries and tourist information.

##### **INFRASTRUCTURE SERVICES**

Ensure a sustainable and planned approach to the delivery of projects and maintenance services across the region. The department is responsible for the planning, construction and maintenance of all Council's infrastructure and associated technical services including roads, drainage, parks, gardens, water, waste, and new buildings. It operates three business units providing waste, water and wastewater services.

##### **WASTE MANAGEMENT**

The Waste Management group is responsible for the delivery of waste construction and maintenance services, waste and recycling collections, and the day-to-day operations at landfill and transfer station sites.

##### **WATER**

The Water group is responsible for the delivery of water construction and maintenance services across the region, including management of reticulation services.

##### **WASTEWATER**

The Wastewater group is responsible for the delivery of wastewater construction and maintenance across the region, including management of treatment plants and reticulation services.

## Tablelands Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 2(b). Analysis of Results by Function

Functions	Gross Program Income				Total Income	Gross Program Expenses		Elimination of Inter-Function Activities	Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurrent		Capital			Recurrent	Capital					
	Grants	Other	Grants	Other								
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office of the Chief Executive Officer	-	473	-	-	473	(3,137)	-	26	(3,111)	(2,664)	(2,638)	-
Office of the Chief Operating Officer*	4,767	26,345	1,761	296	33,169	(7,016)	(92)	(2,698)	(9,806)	24,096	23,363	94,201
Community, Planning & Environment	741	2,268	481	-	3,490	(10,996)	(9)	462	(10,543)	(7,987)	(7,053)	22,611
Infrastructure Services	1,581	3,198	5,115	1,216	11,110	(17,695)	(255)	704	(17,246)	(12,916)	(6,136)	306,711
Waste Management*	66	6,676	-	72	6,814	(6,954)	-	1,129	(5,825)	(212)	989	4,325
Water	153	6,460	150	308	7,071	(5,825)	(15)	45	(5,795)	788	1,276	87,950
Wastewater	-	5,153	1,737	-	6,890	(4,875)	(43)	332	(4,586)	278	2,304	75,084
<b>Total*</b>	<b>7,308</b>	<b>50,573</b>	<b>9,244</b>	<b>1,892</b>	<b>69,017</b>	<b>(56,498)</b>	<b>(414)</b>	<b>-</b>	<b>(56,912)</b>	<b>1,383</b>	<b>12,105</b>	<b>590,882</b>

Functions	Gross Program Income				Total Income	Gross Program Expenses		Elimination of Inter-Function Activities	Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurrent		Capital			Recurrent	Capital					
	Grants	Other	Grants	Other								
<b>2017</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office of the Chief Executive Officer	-	288	-	-	288	(1,982)	-	24	(1,958)	(1,694)	(1,670)	-
Organisational Services	6,865	22,937	-	-	29,802	(5,304)	(1)	(752)	(6,057)	24,498	23,745	27,530
Community & Regional Planning	1,062	2,831	305	-	4,198	(13,738)	(63)	622	(13,179)	(9,845)	(8,981)	81,231
Infrastructure Services	4,254	6,769	5,344	2,242	18,609	(18,343)	(25)	(1,693)	(20,061)	(7,320)	(1,452)	302,275
Waste Management	43	6,344	-	-	6,387	(7,177)	(1,014)	1,417	(6,774)	(790)	(387)	4,400
Water	3	6,558	106	380	7,047	(5,323)	(2)	50	(5,275)	1,238	1,772	86,898
Sewerage	-	5,086	253	574	5,913	(4,292)	(14)	332	(3,974)	794	1,939	72,322
<b>Total</b>	<b>12,227</b>	<b>50,813</b>	<b>6,008</b>	<b>3,196</b>	<b>72,244</b>	<b>(56,159)</b>	<b>(1,119)</b>	<b>-</b>	<b>(57,278)</b>	<b>6,881</b>	<b>14,966</b>	<b>574,656</b>

Note \*: Capital Expense needs to be read in conjunction with Income Capital Other. The following adjustments have been made to Capital Other Income: \$175k has been added to Office of the COO for sale of plant and equipment and \$72k for Waste Management due to a decrease in landfill provisions.

## Tablelands Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 3. Revenue Analysis

	Notes	2018 \$'000	2017 \$'000
<b>Rates, Levies and Charges</b>			
General Rates		25,478	22,745
Water		6,184	6,152
Sewerage		5,026	4,882
Waste Collection		6,249	5,926
Special Rates - Rural Fire		84	80
Special Rates - Other		41	41
<b>Total rates and utility charge revenue</b>		<u>43,062</u>	<u>39,826</u>
Less: Discounts		(1,044)	(1,015)
Less: Pensioner remissions		(614)	(632)
Less: Other remissions		(493)	(33)
<b><u>TOTAL RATES, LEVIES AND CHARGES</u></b>		<u><u>40,911</u></u>	<u><u>38,146</u></u>

#### Note 4. Grants, Subsidies, Contributions and Donations

##### (a) Recurrent

General Purpose Grants	6,062	8,364
State Government Subsidies and Grants	1,247	3,863
Donations	22	6
Contributions	469	321
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<u><u>7,800</u></u>	<u><u>12,554</u></u>

##### (b) Capital

State Government Subsidies and Grants	7,263	3,071
Commonwealth Government Subsidies and Grants	1,981	2,938
Contributions	1,272	1,464
Donated Assets	372	1,732
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<u><u>10,888</u></u>	<u><u>9,205</u></u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Grants, Subsidies, Contributions and Donations (continued)

Notes	2018 \$'000	2017 \$'000
<b>Conditions over Contributions</b>		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-Reciprocal Grants for Expenditure on Services	278	1,786
Non-Reciprocal Grants for Expenditure on Infrastructure	1,890	2,235
	<u>2,168</u>	<u>4,021</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:		
Non-Reciprocal Grants for Expenditure on Services	1,286	366
Non-Reciprocal Grants for Expenditure on Infrastructure	987	932
	<u>2,273</u>	<u>1,298</u>

#### Note 5. Employee Benefits

Wages and Salaries	17,454	17,550
Councillors Remuneration	567	527
Annual, Sick and Long Service Leave Entitlements	3,455	3,099
Superannuation	2,220	2,187
Workers Compensation Insurance	383	239
	<u>24,079</u>	<u>23,602</u>
Other Employee Related Expenses	748	499
	<u>24,827</u>	<u>24,101</u>
Less: Capitalised Employee Expenses	(1,140)	(871)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>	<u>23,687</u>	<u>23,230</u>

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

#### Additional information:

Total Employees at year end:

Administration Staff	145	138
Depot and Outdoors Staff	128	137
Elected Members	7	7
<b>Total full time equivalent employees</b>	<u>280</u>	<u>282</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 6. Materials and Services

	Notes	2018 \$'000	2017 \$'000
Advertising and Marketing		253	182
Audit Fees		140	120
Cleaning		195	170
Contractors		7,174	7,590
Electricity		1,642	1,647
Fuels and Oils		694	707
Goods, Materials and Services		3,452	3,597
Grants, Sponsorships and Donations		130	163
Hire of Plant and Equipment		305	317
Insurance		1,477	1,225
Legal/Professional/Consultancy Services		795	384
Licences, Fees, Subscriptions and Memberships		1,085	983
Repairs and Maintenance		869	871
Road Materials		465	1,274
Stationery, Printing and Copying		152	118
Telephone and Internet		570	411
<b><u>TOTAL MATERIALS AND SERVICES</u></b>		<b><u>19,398</u></b>	<b><u>19,759</u></b>

Total audit fees paid or payable to Queensland Audit Office relating to the 2017-18 financial statements are \$130,500 (2016-17: \$127,000). There are no non-audit services included in this amount.

#### Note 7. Finance Costs

Finance costs - Queensland Treasury Corporation		390	340
Unwinding of Discount on Provision for Restoration		173	121
Bank Charges		126	106
Impairment of Debts		38	162
<b><u>TOTAL FINANCE COSTS</u></b>		<b><u>727</u></b>	<b><u>729</u></b>

#### Note 8. Capital Expenses

<b>(a) Loss on disposal of non-current assets</b>			
Book Value of Property, Plant and Equipment Disposed		610	473
Less: Proceeds from the Disposal of Property, Plant and Equipment	12	<u>(372)</u>	<u>(367)</u>
<b>Loss on disposal of non-current assets</b>		<b><u>238</u></b>	<b><u>106</u></b>
<b>(b) Provision for restoration of land</b>			
Increase in Refuse Restoration Provision Estimates	17	<u>(72)</u>	<u>1,013</u>
		<b><u>(72)</u></b>	<b><u>1,013</u></b>
<b><u>TOTAL CAPITAL EXPENSES</u></b>		<b><u>166</u></b>	<b><u>1,119</u></b>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Cash, Cash Equivalents and Investments

Notes	2018 \$'000	2017 \$'000
<b>Cash and Cash Equivalents</b>		
Cash at Bank and on Hand	687	708
Deposits at Call	40,342	22,699
<b>Total Cash and Cash Equivalents</b>	<b>41,029</b>	<b>23,407</b>
<b>Current Investments</b>		
Term Deposits	7,500	22,500
<b>Total Current Investments</b>	<b>7,500</b>	<b>22,500</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>48,529</b>	<b>45,907</b>
<b>Restricted Cash, Cash Equivalents and Investments</b>		
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:		
Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:		
Unspent Recurrent Government Grants and Subsidies	1,286	366
Unspent Capital Government Grants and Subsidies	987	932
Unspent Developer Contributions	10,954	9,826
<b>Total External Restrictions</b>	<b>13,227</b>	<b>11,124</b>
Internally imposed Expenditure Restrictions at the reporting date:		
Future Capital Works	17,574	16,567
Future Non - Capital Works	28	28
<b>Total Internal Restrictions</b>	<b>17,602</b>	<b>16,595</b>
<b>Total Unspent Restricted Cash, Cash Equivalents and Investments</b>	<b>30,829</b>	<b>27,719</b>

Note: These Restrictions were previously allocated to Reserves

Cash and deposits at call are held with various financial institutions in normal term deposits and business cheque accounts. These financial institutions have a short term credit rating of between A1+ to A2.

Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. All investments are required to have a minimum credit rating of "A -", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Term deposits are held with financial institutions, which are rated A1+ to A2 based on rating agency Standard & Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Trade and Other Receivables

Notes	2018 \$'000	2017 \$'000
<b>Current</b>		
Rateable Revenue and Utility Charges	2,146	1,464
Prepayments	48	354
Sundry Debtors	2,065	2,782
Loans and Advances to Community Organisations	1	1
<b>Total</b>	<u>4,260</u>	<u>4,601</u>
<b>less: Provision for Impairment</b>		
Rateable Revenue and Utility Charges	(185)	(172)
Sundry Debtors	(145)	(128)
<b>Total Provision for Impairment - Receivables</b>	<u>(330)</u>	<u>(300)</u>
<b><u>TOTAL TRADE AND OTHER RECEIVABLES</u></b>	<u><u>3,930</u></u>	<u><u>4,301</u></u>

#### Movement in Provision for Impairment of Receivables

Opening balance at 1 July	300	310
Movement impairments recognised - Rateable Revenue	13	(8)
Movement impairments recognised - Other Debtors	17	(2)
<b>Balance at the end of the year</b>	<u><u>330</u></u>	<u><u>300</u></u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. In the case of rate receivables, Council has the power to sell the property to recover any defaulted amounts. In effect, this power protects Council against credit risk in the case of defaults. In the case of other receivables, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk. By the nature of Council's operations, there is a geographical concentration of risk in the Council's area. As the area is largely agricultural, there is also a concentration in the agriculture sector.

#### Note 11. Inventories

##### Current Inventories

##### (a) Inventories held for distribution

Quarry and Road Materials	380	380
Plant and Equipment Stores	388	416
	<u>768</u>	<u>796</u>
<b>(b) Land purchased for development and sale</b>	<u>238</u>	<u>238</u>
<b><u>TOTAL INVENTORIES</u></b>	<u><u>1,006</u></u>	<u><u>1,034</u></u>

## Tablelands Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Property, Plant and Equipment

30 June 2018		Land	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Infrastructure Assets	Work in Progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Balance		23,054	116,699	19,629	374,420	120,492	81,028	2,529	10,895	<b>748,746</b>
Additions*		-	-	-	-	-	-	-	21,574	<b>21,574</b>
Disposals	8	-	(409)	(1,172)	(2,201)	(71)	(108)	-	-	<b>(3,961)</b>
Revaluation Decrements to Equity (ARR)	18	-	(456)	-	-	-	-	-	-	<b>(456)</b>
Revaluation Increments to Equity (ARR)	18	-	-	-	3,315	2,529	1,890	-	-	<b>7,734</b>
Work in Progress Transfers		-	2,302	3,291	9,851	251	85	94	(15,874)	-
Tfrs from/(to) Intangible Assets and Inventories		-	-	-	-	-	-	(204)	-	<b>(204)</b>
Transfers between Asset Classes		-	(79)	(22)	301	-	5	-	-	<b>205</b>
<b>Total Gross Value of Property, Plant and Equipment</b>		<b>23,054</b>	<b>118,056</b>	<b>21,725</b>	<b>385,686</b>	<b>123,201</b>	<b>82,901</b>	<b>2,419</b>	<b>16,595</b>	<b>773,637</b>
Opening Accumulated Depreciation		-	57,639	8,973	89,923	47,991	21,420	471	-	<b>226,417</b>
Depreciation Expense		-	2,969	1,922	5,115	1,457	1,286	61	-	<b>12,810</b>
Disposals	8	-	(369)	(1,005)	(1,857)	(56)	(65)	-	-	<b>(3,352)</b>
Revaluation Decrements to Equity (ARR)	18	-	(498)	-	-	-	-	-	-	<b>(498)</b>
Revaluation Increments to Equity (ARR)	18	-	-	-	270	887	503	-	-	<b>1,660</b>
Transfers between Asset Classes		-	(8)	-	17	-	-	(9)	-	-
<b>Total Accumulated Depreciation and Impairment Property, Plant and Equipment</b>		-	<b>59,732</b>	<b>9,890</b>	<b>93,468</b>	<b>50,280</b>	<b>23,144</b>	<b>522</b>	-	<b>237,036</b>
<b>Total Net Book Value of Property, Plant and Equipment</b>		<b>23,054</b>	<b>58,324</b>	<b>11,835</b>	<b>292,218</b>	<b>72,921</b>	<b>59,757</b>	<b>1,897</b>	<b>16,595</b>	<b>536,601</b>
<b>Other Information</b>										
Residual Value		-	-	2,157	-	-	-	-	-	<b>2,157</b>
Range of Estimated Useful Life (years)		Unlimited Life	10 - 150	3 - 100	20 - unlimited	15 - 300	5 - 150	20 - 80	-	-
<b>*Asset Additions Comprise</b>										
Asset Renewals		-	1,655	2,299	6,799	617	85	157	-	<b>11,612</b>
Other Additions		-	2,345	1,026	3,626	927	1,935	103	-	<b>9,962</b>
<b>Total Asset Additions</b>		-	<b>4,000</b>	<b>3,325</b>	<b>10,425</b>	<b>1,544</b>	<b>2,020</b>	<b>260</b>	-	<b>21,574</b>



## Tablelands Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Property, Plant and Equipment

30 June 2017		Land	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Infrastructure Assets	Work in Progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Balance		25,213	122,959	17,840	372,184	116,678	63,839	3,080	5,401	<b>727,194</b>
Additions*		-	-	-	-	-	-	-	19,488	<b>19,488</b>
Disposals	8	(210)	(104)	(600)	(906)	(3)	(25)	-	-	<b>(1,848)</b>
Revaluation Decrements to Equity (ARR)	18	(1,958)	(6,740)	-	(7,084)	-	-	-	-	<b>(15,782)</b>
Revaluation Increments to Equity (ARR)	18	-	-	-	-	3,246	16,602	-	-	<b>19,848</b>
Work in Progress Transfers		9	573	2,364	9,660	582	637	15	(13,840)	-
Tfns from/(to) Intangible Assets and Inventories		-	-	-	-	-	-	-	(154)	<b>(154)</b>
Transfers between Asset Classes		-	11	25	566	(11)	(25)	(566)	-	-
<b>Total Gross Value of Property, Plant and Equipment</b>		<b>23,054</b>	<b>116,699</b>	<b>19,629</b>	<b>374,420</b>	<b>120,492</b>	<b>81,028</b>	<b>2,529</b>	<b>10,895</b>	<b>748,746</b>
Opening Accumulated Depreciation		-	59,935	7,363	108,092	48,742	19,006	648	-	<b>243,786</b>
Depreciation Expense	26	-	2,423	2,028	4,844	1,540	1,270	70	-	<b>12,175</b>
Disposals	8	-	(100)	(421)	(841)	(1)	(12)	-	-	<b>(1,375)</b>
Revaluation Decrements to Equity (ARR)	19	-	(4,620)	-	(22,420)	(2,289)	-	-	-	<b>(29,329)</b>
Revaluation Increments to Equity (ARR)	18	-	-	-	-	-	1,159	-	-	<b>1,159</b>
Transfers between Asset Classes		-	1	3	248	(1)	(3)	(247)	-	<b>1</b>
<b>Total Accumulated Depreciation and Impairment Property, Plant and Equipment</b>		<b>-</b>	<b>57,639</b>	<b>8,973</b>	<b>89,923</b>	<b>47,991</b>	<b>21,420</b>	<b>471</b>	<b>-</b>	<b>226,417</b>
<b>Total Net Book Value of Property, Plant and Equipment</b>		<b>23,054</b>	<b>59,060</b>	<b>10,656</b>	<b>284,497</b>	<b>72,501</b>	<b>59,608</b>	<b>2,058</b>	<b>10,895</b>	<b>522,329</b>
<b>Other Information</b>										
Residual Value		-	-	1,636	-	-	-	-	-	<b>1,636</b>
Range of Estimated Useful Life (years)		Unlimited Life	10 - 150	3 - 100	20 - unlimited	15 - 300	5 - 150	20 - 80	-	
<b>*Asset Additions Comprise</b>										
Asset Renewals		9	584	1,782	8,327	484	2,193	13	-	<b>13,392</b>
Other Additions		-	370	370	3,301	365	1,582	14	94	<b>6,096</b>
<b>Total Asset Additions</b>		<b>9</b>	<b>954</b>	<b>2,152</b>	<b>11,628</b>	<b>849</b>	<b>3,775</b>	<b>27</b>	<b>94</b>	<b>19,488</b>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements

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The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

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

- 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 or loss when incurred. The Fair Value of borrowings disclosed in Note 16 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)

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities,

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2018.

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Fair Value Measurement using:		
	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Total \$'000
<b>2018</b>			
<b>Property, Plant and Equipment</b>			
Land	10,540	12,541	23,081
Buildings			
- Non-Specialised Buildings	2,537	-	2,537
- Specialised Buildings	-	55,787	55,787
Road, Drainage & Bridge Network	-	292,217	292,217
Water Infrastructure	-	72,921	72,921
Sewerage Infrastructure	-	59,797	59,797
Other Infrastructure Assets	-	1,897	1,897
<b>Total Property, Plant and Equipment</b>	<b>13,077</b>	<b>495,160</b>	<b>508,237</b>
<b>2017</b>			
<b>Property, Plant and Equipment</b>			
Land	10,540	12,514	23,054
Buildings			
- Non-Specialised Buildings	2,638	-	2,638
- Specialised Buildings	-	56,422	56,422
Road, Drainage & Bridge Network	-	284,497	284,497
Water Infrastructure	-	72,501	72,501
Sewerage Infrastructure	-	59,608	59,608
Other Infrastructure Assets	-	2,058	2,058
<b>Total Property, Plant and Equipment</b>	<b>13,178</b>	<b>487,601</b>	<b>500,779</b>

Council's policy for determining transfers between Fair Value hierarchies is at the end of the reporting period.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

##### (2) Valuation techniques used to derive Level 2 and Level 3 Fair Values

###### Specific valuation techniques used to value Council assets:

Condition ratings are a significant unobservable input of most Council assets. The condition rating scale that Council has used in determining fair value of all relevant assets (unless stated otherwise) is outlined in the following table.

Condition Rating	Condition Description	Description Explanation	Unused Life Consumed
1	Very Good	All components free of defects and structure well maintained. Only planned maintenance required.	0-20%
2	Good	Minor maintenance required plus planned maintenance. Free of defects affecting performance, integrity and durability.	20-40%
3	Fair / Satisfactory	Defects affecting durability which require monitoring and/or maintenance. Significant maintenance required to return to accepted level of service.	40-60%
4	Poor	Defects affecting performance and structural integrity. Renewal or upgrade required.	60-80%
5	Very Poor	Unserviceable. Requires urgent attention, life and property at risk.	80-100%

##### Infrastructure, Property, Plant and Equipment

###### Land (Level 2 and 3)

A comprehensive revaluation has been undertaken as at 30 June 2017 by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based on available market data for comparable land sites within the region. Council determined that no material change in values as evident therefore no adjustments to fair value were made at 30 June 2018.

Level 2 and 3 market approach inputs were utilised to establish the fair value of land. These inputs include: analysis of price movements in local property market, registered sales, discussions with agents and current property listings.

Where a lack of directly comparable sales evidence was available, or a significant level of adjustment was required between sales evidence and the asset, a level 3 has been assigned to the asset. Where there was an active and liquid sales evidence available and significant adjustments have not been applied, a level 2 has been assigned to the asset.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

##### **Buildings (Level 2 and 3)**

A comprehensive revaluation has been undertaken as at 30 June 2017 by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based upon the ABS Producers' Price Index "Non-residential Building Construction - Queensland". The index increased by 0.43066% since June 2017. This movement is considered immaterial although an indexation was performed to allow corrections due to asset discrepancies.

##### **Current replacement cost**

In determining the fair value of Council's building assets, Australis Asset Advisory Group measured fair value by way of either market approach when an observable market for Council's buildings could be identified. Otherwise the fair value was measured on the basis of a cost approach. Under this methodology the gross replacement cost was assessed on the basis that it reflected a modern equivalent asset with similar service potential.

##### *Level 2 valuation inputs - Market approach*

Inputs utilised were: registered sale transactions, agent advised sale transactions, agent advised lease agreements or registered lease transactions and property listings.

##### *Level 3 valuation inputs - Cost approach*

Inputs utilised were: construction cost guides, available market data for current construction projects, discussions with builders and suppliers working within the locality, database of costs created by Australis, construction data from Council for new projects, data relating to potential future trends in the area that may affect the usage, capacity, functionality or obsolescence of an asset or asset category, historic data about the age of the asset, physical condition grade, Council's asset management policy and observations of consumption patterns of similar assets.

##### **Accumulated depreciation**

In determining the level of accumulated depreciation for the specialist nature assets, the asset has been disaggregated into five significant components which exhibit different useful lives. The condition score of the asset has a direct influence on the remaining useful life. The remaining useful life takes into consideration the assets physical characteristics, age, recent repairs or capital works, functionality, capability, utilisation and obsolescence. There are no residuals on the Council's building assets.

The remaining service potential score system is on a 0-10 rating scale.

<u>RSP Score</u>	<u>Percentage of Useful Remaining Life</u>
0	91% - 100%
1	81% - 90%
2	71% - 80%
3	61% - 70%
4	51% - 60%
5	41% - 50%
6	31% - 40%
7	21% - 30%
8	11% - 20%
9	1% - 10%
10	0%

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

##### **Infrastructure assets (Road, drainage and bridge network, water and sewerage and other infrastructure)**

All Council infrastructure assets are 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.

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.

##### **Road and bridge network (Level 3)**

###### **Current replacement cost**

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. The road network is managed in segments of varying lengths. All road segments are then componentised into formation, pavement and surface (where applicable). Council categorises its bridge network into four components; superstructure, substructure, railings and wearing surface.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, service costs, and overhead allocations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Inputs used include: historical construction price and renewal records, construction cost guides, feedback from Council staff, Australis in-house databases and local contractor information.

CRC is calculated as the cost per unit of service potential of the most appropriate modern replacement facility, adjusted for any differences in future service potential of the asset being valued. The bridge network were valued using the modern day equivalent being concrete structures. The concrete component unit rates were used to calculate the CRC for Councils entire bridge network including timber and composite bridges.

###### **Accumulated depreciation**

In determining the level of depreciation, remaining useful lives were calculated based on condition assessments.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

##### **Road and bridge network (Level 3) (continued)**

###### *Bridges*

The condition assessments were made using a five point scale. A 1 condition assessment indicates an asset with a very high level of remaining service potential whereas a 5 represents an asset at the end of its useful life.

A comprehensive valuation of the bridge infrastructure assets was undertaken effective 30 June 2015 by Councils internal asset management officers and qualified engineers. A review was undertaken as at 30 June 2018 based upon the ABS Producers' Price Index "Road and Bridge Construction - Queensland". The index increased by 2.20386% since June 2017. This movement is considered immaterial and although an indexation was performed to allow corrections due to asset discrepancies.

###### *Roads and other transport assets*

Australis has utilised a 0 to 10 point scoring system for the physical condition assessment where 10 relates to a new asset and 0 to a asset at the end of its useful life. This condition score table can be sourced further below.

A comprehensive revaluation has been undertaken as at 30 June 2017 by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based upon the ABS Producers' Price Index "Road and Bridge Construction - Queensland". The index increased by 2.20386% since June 2017. This movement is considered immaterial although an indexation was performed to allow corrections due to asset discrepancies.

##### **Drainage infrastructure (Level 3)**

A comprehensive revaluation of the drainage network was undertaken as at 30 June 2016 by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based on the ABS Producers' Price Index "Road and Bridge Construction - Queensland". The index increased by 2.20386% since June 2017. Although the movement as a result of indexation is considered immaterial, adjustments to fair value were made to allow for corrections resulting from asset discrepancies.

##### **Current replacement cost**

Drainage infrastructure assets are componentised into pits and pipes. CRC has been calculated with reference to unit rates. Council construction data has been utilised where possible when developing the unit rates in addition to a combination of other resources; 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 (concrete), is able to be locally (<1hr) with precast components further afield.
- source of water available at low to moderate cost for rural works (<10km).

##### **Accumulated depreciation**

In determining the level of depreciation, remaining useful lives were calculated based primarily upon physical condition data for visible assets and chronological construction dates for underground or inaccessible assets. The condition data was verified through a sample condition survey that consisted of a physical inspection of a sample of aboveground pits within each town, the age and condition was inferred from this inspection for each asset based town area.

The physical condition score was then combined with any relevant obsolescence factors to arrive at an adopted remaining life.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

The condition scale that Australis Advisory Asset Group has used in determining fair value is outlined below:

Score	Description
0	Failed asset. Inhabitable, inoperable.
1	Extremely poor condition with almost failed
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

#### Water and sewerage infrastructure (Level 3)

##### Current replacement cost

The water and sewerage assets were segregated into active (above ground) and passive (below ground) assets. Passive assets consist of water and sewer reticulation. Passive assets have been valued independently by Australis Asset Advisory Group as at 30 June 2017 through the use of unit rates calculated from reference to cost guides, historical costs, contractor rates, future works and regional information.

Active assets have been further segregated into water reticulation, water storage, water supply, water treatment, sewer reticulation and sewer treatment. These categories were further refined with the adoption of sub-systems based on functional asset breakdown. Active assets CRC has been calculated with reference to lump sum figures for complex assets. A combination of sources have been relied upon: cost guides, historical costs, contractor rates, future works and regional information.

##### Accumulated depreciation

In determining the level of depreciation for the passive assets, remaining useful lives were calculated based on pattern of consumption and condition score.

A comprehensive revaluation has been undertaken as at 30 June 2017 by Australis Asset Advisory Group for below ground assets. A review was undertaken as at 30 June 2018 base on the ABS Producers' Price Index "Roads and Bridge Construction - Queensland". The index increased by 2.20386% since June 2017. This movement is considered immaterial although an indexation was performed for corrections due to asset discrepancies.

A comprehensive revaluation was conducted as at 30 June 2016 for above ground water and sewerage by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based on the ABS Producers' Price Index "Road and Bridge Construction - Queensland". The index increased by 2.20386% since June 2017. This movement is considered immaterial although an indexation was performed for corrections due to asset discrepancies.



## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

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##### **Accumulated depreciation (continued)**

In determining the level of depreciation for the active assets, remaining useful lives were measured based primarily on recent physical condition data for visible assets and chronological construction dates for inaccessible assets. The physical condition score was then combined with any relevant obsolescence factors to arrive at an adopted remaining life.

##### **Other infrastructure assets (Level 3)**

Other infrastructure assets were last valued as at 30 June 2016 by Australis Asset Advisory Group. A review was undertaken as at 30 June 2018 based on the ABS Producers' Price Index "Non-Residential Building Construction - Queensland". The index has increased cumulatively by 4.5169% since June 2016. As this movement is considered immaterial, no adjustments have been provided for as at 30 June 2018.

##### **Current replacement cost**

Other infrastructure assets have been segregated into the following categories: park assets, waste assets, pedestrian bridges and ecological works. The CRC has been calculated with reference to unit rates and component unit rates for complex structures. A combination of sources has been relied upon such as: cost guides, historical costs, contractor rates, future works and regional information. The primary factors used in assumptions on unit rates are below:

- location factor 0-15% (site remoteness factor)
- project intangibles of 10-20% (inc design, planning, project management, preliminaries, overheads)
- ready supply of labour and materials.

##### **Accumulated depreciation**

In determining the level of depreciation, the remaining useful lives was measured based primarily on physical condition data. The physical condition score was then combined with any relevant obsolescence factors to arrive at an adopted remaining life.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Fair Value Measurements (continued)

##### (3). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	<b>Buildings</b>
	\$'000
<b>Opening Balance - 1/7/16</b>	32,633
Additions	348
Transfers from/(to) another asset class	11
Depreciation	(1,364)
Disposals (WDV)	(4)
Transfers from/(to) Level 2 FV hierarchy	28,764
Revaluation Adj to OCI (Asset Reval Surplus)	(3,965)
<b>Closing Balance - 30/6/17</b>	<b><u>56,422</u></b>
Transfers from/(to) another asset class	(72)
Additions	2,300
Disposals (WDV)	(39)
Depreciation	(2,865)
Revaluation Adj to OCI (Asset Reval Surplus)	41
<b>Closing Balance - 30/6/18</b>	<b><u>55,787</u></b>

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

The changes in level 3 assets with recurring fair value measurements are detailed in Note 12 (Property, Plant and Equipment). However, since the building and land asset classes disclosed in those notes comprise both level 2 and level 3, assets the movement in level 3 buildings and land is detailed above.

##### (4). Valuation process

Council's valuation policies and procedures are set by the Executive Leadership Team which comprises the Chief Executive Officer, Deputy Chief Executive Officer and General Managers. 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.n.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Intangible Assets

Notes	2018 \$'000	2017 \$'000
<b>Intangible Assets are as follows:</b>		
<b>Software</b>		
<b>Opening Gross Carrying Value</b>	2,779	2,624
Additions	-	155
<b>Closing Gross Carrying Value</b>	<u>2,779</u>	<u>2,779</u>
<b>Opening Accumulated Amortisation and Impairment</b>	(1,701)	(1,435)
Amortisation charges	(266)	(266)
<b>Closing Accumulated Amortisation and Impairment</b>	<u>(1,967)</u>	<u>(1,701)</u>
<b><u>TOTAL INTANGIBLE ASSETS</u></b>	<u><u>812</u></u>	<u><u>1,078</u></u>

Software assets have a finite life estimated at 10 years.  
Straight line amortisation has been used with no residual value.

#### Note 15. Trade and Other Payables

##### Current

Creditors and Accruals	4,611	5,786
Annual Leave	2,048	1,910
Other Entitlements	164	179
<b><u>TOTAL TRADE AND OTHER PAYABLES</u></b>	<u><u>6,823</u></u>	<u><u>7,875</u></u>

#### Note 16. Borrowings

##### Current

Loans - Queensland Treasury Corporation	683	652
Loans - Other	-	61
<b><u>TOTAL CURRENT BORROWINGS</u></b>	<u><u>683</u></u>	<u><u>713</u></u>

##### Non-current

Loans - Queensland Treasury Corporation	6,751	7,435
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>	<u><u>6,751</u></u>	<u><u>7,435</u></u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Borrowings (continued)

Notes	2018 \$'000	2017 \$'000
<b>Reconciliation of Loan Movements for the year</b>		
<b>Loans - Queensland Treasury Corporation</b>		
Opening Balance at Beginning of Financial Year	8,088	6,261
Loans Raised	-	2,500
Principal Repayments	(653)	(673)
<b>Book value at end of financial year</b>	<b>7,435</b>	<b>8,088</b>
<b>Loans - Queensland Treasury Corporation Contractual Cash Flows</b>		
Years to Payment		
0 to 1 Year	1,044	1,044
1 to 5 Years	3,075	3,442
Over 5 Years	6,125	6,802
<b>Total Contractual Cash Flows</b>	<b>10,244</b>	<b>11,288</b>
<b>Carrying Amount</b>	<b>7,435</b>	<b>8,088</b>

The QTC loan market value at the reporting date was \$8,263,672. 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.

The QTC generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

#### Loans - other

Opening balance at Beginning of Financial Year	61	122
Repayments	(61)	(61)
<b>Book value at end of financial year</b>	<b>-</b>	<b>61</b>

#### Loan Disclosures

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2020 to 15 March 2037 (Available from QTC Maturity Analysis).

Principal and interest repayments are made quarterly/semi annually/annually in arrears.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. Provisions

	Notes	2018 \$'000	2017 \$'000
<b>Current</b>			
Long Service Leave		1,982	1,820
<b><u>TOTAL CURRENT PROVISIONS</u></b>		<b><u>1,982</u></b>	<b><u>1,820</u></b>
<b>Non-current</b>			
Long Service Leave		450	552
Quarry Rehabilitation		85	79
Refuse Restoration		7,128	7,053
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>		<b><u>7,663</u></b>	<b><u>7,684</u></b>

#### Details of movements:

##### Long Service Leave

Balance at Beginning of Financial Year	2,372	2,619
Long Service Leave Entitlement raised/extinguished during the year	539	262
Long Service Entitlement paid	(479)	(509)
Balance at End of Financial Year	<u>2,432</u>	<u>2,372</u>

##### Refuse Restoration

Balance at Beginning of Financial Year	7,053	6,021
Decrease in Provision - Council controlled Land	(29)	(55)
Increase in Provision - Other Land not Council controlled	104	1,087
Balance at End of Financial Year	<u>7,128</u>	<u>7,053</u>

##### Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of the landfill sites useful life.

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Asset Revaluation Reserve

Notes	2018 \$'000	2017 \$'000
<b>Movements in the asset revaluation reserve:</b>		
Balance at beginning of financial year	125,682	93,347
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>		
Land	-	(1,958)
Buildings	42	(2,120)
Road, Drainage and Bridge Network	3,045	15,336
Water	1,642	5,535
Sewerage	1,387	15,443
	<u>6,116</u>	<u>32,236</u>
<b>Change in value of Future Rehabilitation Cost:</b>		
Land and Improvements	22	99
Balance at end of financial year	<u>131,820</u>	<u>125,682</u>
<b>Asset revaluation reserve analysis</b>		
The closing balance of the Asset Revaluation Reserve comprises the following asset categories:		
Land	6,621	6,599
Buildings	12,487	12,445
Road, Drainage and Bridge Network	50,208	47,163
Water	33,558	31,916
Sewerage	28,827	27,440
Other Infrastructure Assets	119	119
Balance at end of financial year	<u>131,820</u>	<u>125,682</u>

#### Note 19. Retained Surplus/(Deficit)

<b>Movements in the retained surplus:</b>		
<b>Retained Surplus/(Deficit) at Beginning of Financial Year</b>	423,445	408,479
Net Result Attributable to Council	11,715	14,966
Retained surplus at end of financial year	<u>435,160</u>	<u>423,445</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Commitments for Expenditure

	Notes	2018 \$'000	2017 \$'000
<b>Contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Garbage Collection Contract		145	206
Cleaning Contractors		49	21
Courier Contract		28	53
Facility Management		23	49
Chemical Contract		578	637
Capital Asset		2,993	6,943
		<u>3,816</u>	<u>7,909</u>

#### Note 21. Contingent Liabilities

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

##### Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

##### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$469,062 (2017: \$399,388).

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 22. Superannuation

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

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

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

Technically, Tablelands Regional Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

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

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

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

There are currently 72 entities contributing to the scheme and any changes in contribution rates would apply equally to all 72 entities. Tablelands Regional Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.



## Tablelands Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. Superannuation (continued)

	Notes	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		64	-
Other superannuation contributions for employees		2,156	2,187
Total superannuation contributions paid by Council for employees	5	<u>2,220</u>	<u>2,187</u>
			2019 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19			<u>65</u>

#### Note 23. Operating Lease Income

Council has leased several facilities to independent operators.

The minimum lease receipts are as follows:

Not later than one year	186	277
One to five years	595	606
Later than five years	2,359	2,040
	<u>3,140</u>	<u>2,923</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 24. Trust Funds

Notes	2018 \$'000	2017 \$'000
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##### Trust funds held for outside parties

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

529	705
<u>529</u>	<u>705</u>

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

#### Note 25. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	11,715	14,966
<b>Non-cash items</b>		
Depreciation and Amortisation	13,076	12,441
	<u>13,076</u>	<u>12,441</u>
<b>Investing and development activities</b>		
Net Losses on Disposal of Assets	238	106
Non Cash Capital Grants, Contributions and Donations	(10,888)	(9,205)
	<u>(10,650)</u>	<u>(9,099)</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in Receivables	342	2,083
Decrease in Provisions	171	(2,132)
Decrease in Inventories	28	29
Increase/(Decrease) in Payables and Accruals	(1,052)	2,716
	<u>(511)</u>	<u>2,696</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>13,630</u>	<u>21,004</u>

#### Note 26. Reconciliation of Liabilities arising from Finance Activities

	As at 30-Jun-17 \$'000	Cashflows \$'000	Non-Cash Changes (New Leases) \$'000	As at 30-Jun-18 \$'000
Loans	8,148	(714)	-	7,434
	<u>8,148</u>	<u>(714)</u>	<u>-</u>	<u>7,434</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 27. Financial Instruments

Council has exposure to the following risks arising from financial instruments; **(i)** interest rate risk, **(ii)** credit risk, and **(iii)** liquidity risk.

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

#### Financial Risk Management

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's risk committee / management (as appropriate) approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council does not enter into derivatives.

#### Credit Risk Exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

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

	Notes	2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Cash and Cash Equivalents	9	41,029	23,407
Current Investments	9	7,500	22,500
Receivables - Rates	10	1,961	1,292
Receivables - Other	10	1,920	2,654
<b>Total</b>		<b>52,410</b>	<b>49,853</b>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 27. Financial Instruments (continued)

	Notes	2018 \$'000	2017 \$'000
Ageing of past due sundry receivables and the amount of any impairment is disclosed in the following table:			
<b>Receivables - Other</b>			
Fully Performing		1,857	2,543
Past due:			
- 31 to 60 days overdue		25	3
- 61 to 90 days overdue		-	60
- Greater than 90 days overdue		183	176
- Impaired		(145)	(128)
<b>Total</b>	10	<u>1,920</u>	<u>2,654</u>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 28. National Competition Policy

##### Business activities to which the Code of Competitive Conduct (CCC) is applied

Tablelands Regional Council applies the CCC to the following activities:

Water Services, Sewerage Services, Waste Management, Building Certification and Caravan Parks

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The following activity statements are for activities subject to the Competitive Code of Conduct (CCC):

	Water Services \$'000	Sewerage Services \$'000	Waste Management \$'000	Building Certification \$'000
<b>2018</b>				
Revenue for services provided to the Council	627	172	76	5
Revenue for services provided to external clients	6,613	5,153	6,741	192
	7,240	5,325	6,817	197
Less : Expenditure	(6,377)	(4,470)	(5,881)	(143)
<b>Surplus/(Deficit)</b>	<b>863</b>	<b>855</b>	<b>936</b>	<b>54</b>

	<b>Caravan Parks \$'000</b>
<b>2018</b>	
Revenue for services provided to the Council	-
Revenue for services provided to external clients	668
	668
Less : Expenditure	(884)
<b>Surplus/(Deficit)</b>	<b>(216)</b>

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Note 29. Transactions with Related Parties

#### (a) Subsidiaries (ie. Entities and Operations controlled by Council)

Council incorporated Tablelands Regional Council Enterprises Pty Ltd on 20 June 2018, the purpose of the controlled entity is the consideration, research and development of beneficial enterprises in the Tablelands Regional Local Government area. This entity was dormant as at 30 June 2018.

#### (b) Associates

Council has no interest in any Associates.

#### (c) Joint Ventures

Council has no interest in any Joint Ventures.

#### (d) Other Related Parties

##### Transactions with Other Related Parties

	Details	Amount of transactions during year \$'000	Outstanding Balance (incl. Commitments) \$'000
<b>2018</b>			
<i>Purchase of materials and services from entities controlled by family members of key management personnel:</i>			
- George Fitzgerald	29a	61	-
- Erroll Fitzgerald	29a	1,130	10
- Other, not individually material	29b	39	-
Employee expenses of close family members of key management personnel	29c	140	-
<i>Transactions with other related entities:</i>			
- Tropical Tablelands Tourism	29e	39	-
		<u>1,409</u>	<u>10</u>
<b>2017</b>			
<i>Purchase of materials and services from entities controlled by family members of key management personnel:</i>			
- TMC Transport & Machinery Contractors	29a	813	-
- George Fitzgerald	29a	55	-
- Erroll Fitzgerald	29a	623	-
- Other, not individually material	29b	31	5
Employee expenses of close family members of key management personnel	29c	92	-
Fees & charges charged to KMPs	29d	1	-
<i>Transactions with other related entities:</i>			
- Tropical Tablelands Tourism	29e	38	-
		<u>1,653</u>	<u>5</u>

29a Construction and civil works awarded through regular tender process

29b Council grants and civil works awarded through regular Council procurement and grants processes

29c Employment at normal conditions governed by Council EBA. There are 2 close family members of key management personnel employed by Council.

29d Building Certification, fees & charges are consistent with Council fees&charges schedule

29e Monetary support for regional marketing activities where Councillors from TRC & another Council are members of the governing body

## Tablelands Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 29. Transactions with Related Parties (continued)

##### (e) Key Management Personnel

##### Transactions with Key Management Personnel

Key Management Personnel include the Mayor, Councillors, Executive Officer and executive management and included are a number of officers who acted in executive roles during the year.

Payments made to Key Management Personnel comprises of:

	2018	2017
	\$'000	\$'000
Short-Term Employee Benefits	1,651	1,881
Post-Employment Benefits	245	318
Long-Term Benefits	15	24
Termination Benefits	320	316
Expense Reimbursements	44	35
<b>Total</b>	<b>2,275</b>	<b>2,574</b>

##### (f) Outstanding Balances

There were no outstanding receivable balances at the end of the financial year 2017/2018

##### (g) Loans and Guarantees to/from Related Parties

Council has no loans and guarantees to/from Related Parties

##### (h) Commitments to/from Related Parties

Council has no commitments to/from Related Parties

##### (i) Transactions with Related Parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Tablelands Regional Council area. Therefore, on a regular basis, ordinary citizen transactions occur between Council and its related parties. Some examples include: Payment of rates, use of council facilities such as swimming pools and parks, borrowing books from Council libraries, visiting Council art galleries, dog registration etc.

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

# Tablelands Regional Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Management Certificate for the year ended 30 June 2018

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 46, 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.



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Joe Paronella

**MAYOR**

19 September 2018



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Justin Commons

**CHIEF EXECUTIVE OFFICER**

19 September 2018



# Tablelands Regional Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.

# Tablelands Regional Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.

# Tablelands Regional Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.

## Tablelands Regional Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

	Actual 2018	Target 2018
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#### Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)	1.72%	0 - 10%
Total Operating Revenue (excluding capital items)		

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	85.53%	more than 90%
Depreciation Expense		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-51.08%	less than 60%
Total Operating Revenue (excluding capital items)		

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

#### 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 2018.

## Tablelands Regional Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

### Certificate of Accuracy for the year ended 30 June 2018

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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Joe Paronella

**MAYOR**

19 September 2018



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Justin Commons

**CHIEF EXECUTIVE OFFICER**

19 September 2018

## Tablelands Regional Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.

## Tablelands Regional Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.

## Tablelands Regional Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

### Audit Report for the year ended 30 June 2018

Insert Audit Report here.



## Tablelands Regional Council

### Long-Term Financial Sustainability Statement

prepared as at 30 June 2018

	Target 2018	Actual 2018	2019	2020	2021	2022	Forecast					
							2023	2024	2025	2026	2027	2028

#### Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	1.72%	-5.42%	-4.38%	-2.42%	-1.90%	-0.97%	0.24%	0.01%	0.70%	0.34%	1.83%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	85.53%	94.84%	112.18%	109.66%	105.00%	105.31%	121.19%	120.00%	101.43%	88.53%	91.52%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-51.08%	-49.86%	-42.98%	-41.23%	-25.05%	-23.35%	-19.28%	-18.79%	-17.69%	-18.18%	-19.82%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

#### Tablelands Regional Council Financial Management Strategy

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

# Tablelands Regional Council

## Long-Term Financial Sustainability Statement

### Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2018

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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Joe Paronella

**MAYOR**

19 September 2018



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Justin Commons

**CHIEF EXECUTIVE OFFICER**

19 September 2018