



2014-2015





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### **Adoption**

The 2014-2015 Annual Report was adopted at the Quilpie Shire Council Ordinary Meeting, 15 February 2016 in accordance with the Queensland Local Government Act 2009 and Local Government Regulation 2012 S182.

### **Questions about the Report?**

If you would like any further information about the Quilpie Shire Council 2014-2015 Annual Report please contact Council on 07 4656 0500 or email [admin@quilpie.qld.gov.au](mailto:admin@quilpie.qld.gov.au).

### **Legislative Requirements**

The administrative practices of Quilpie Shire Council are primarily governed by the Queensland Local Government Act 2009 and Local Government Regulation 2012. Under this legislation, Council is required to prepare and adopt an Annual Report for each financial year reporting against the Shire's progress with reference to its Corporate and Operational plans.

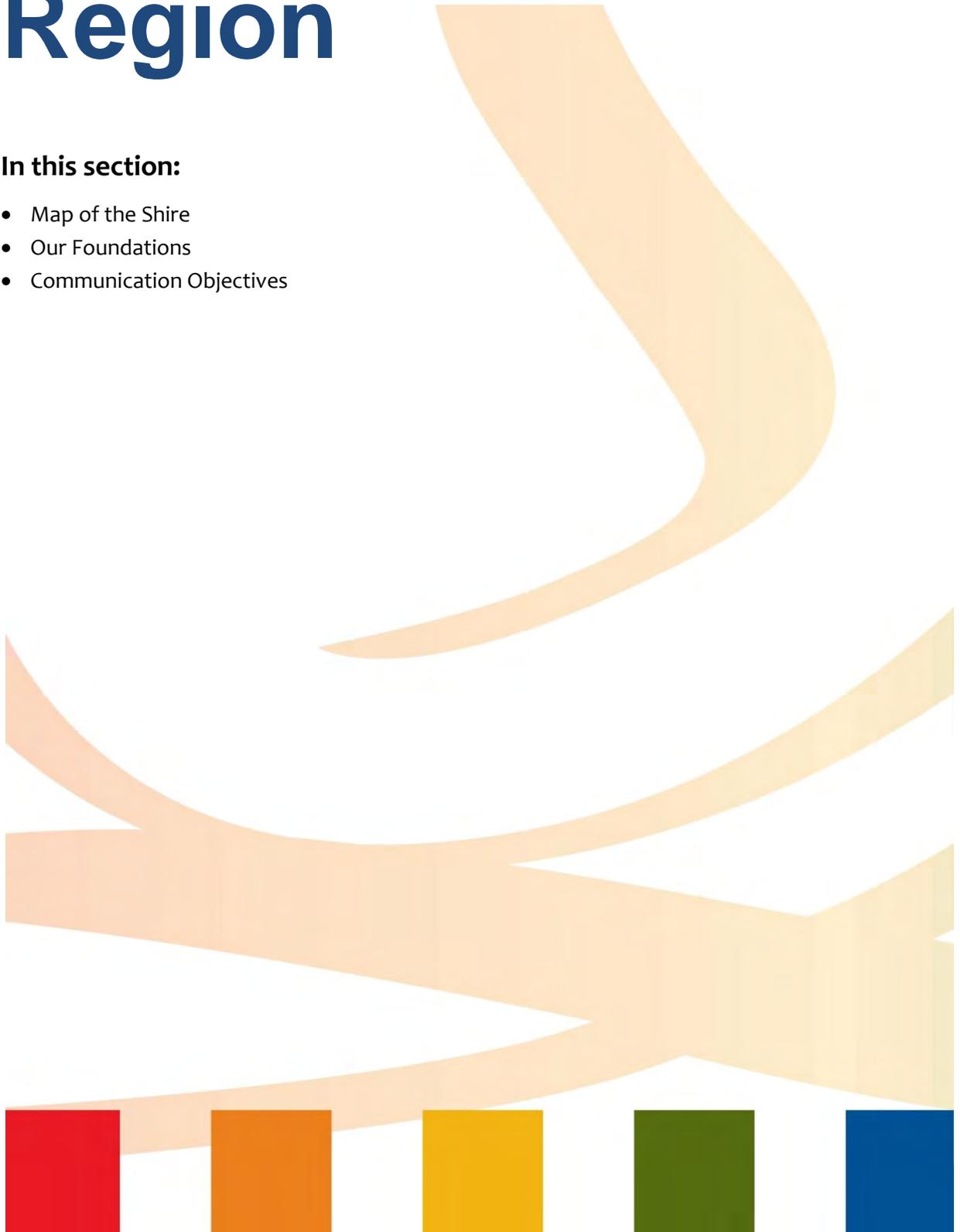
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# A Glimpse of Our Region

## In this section:

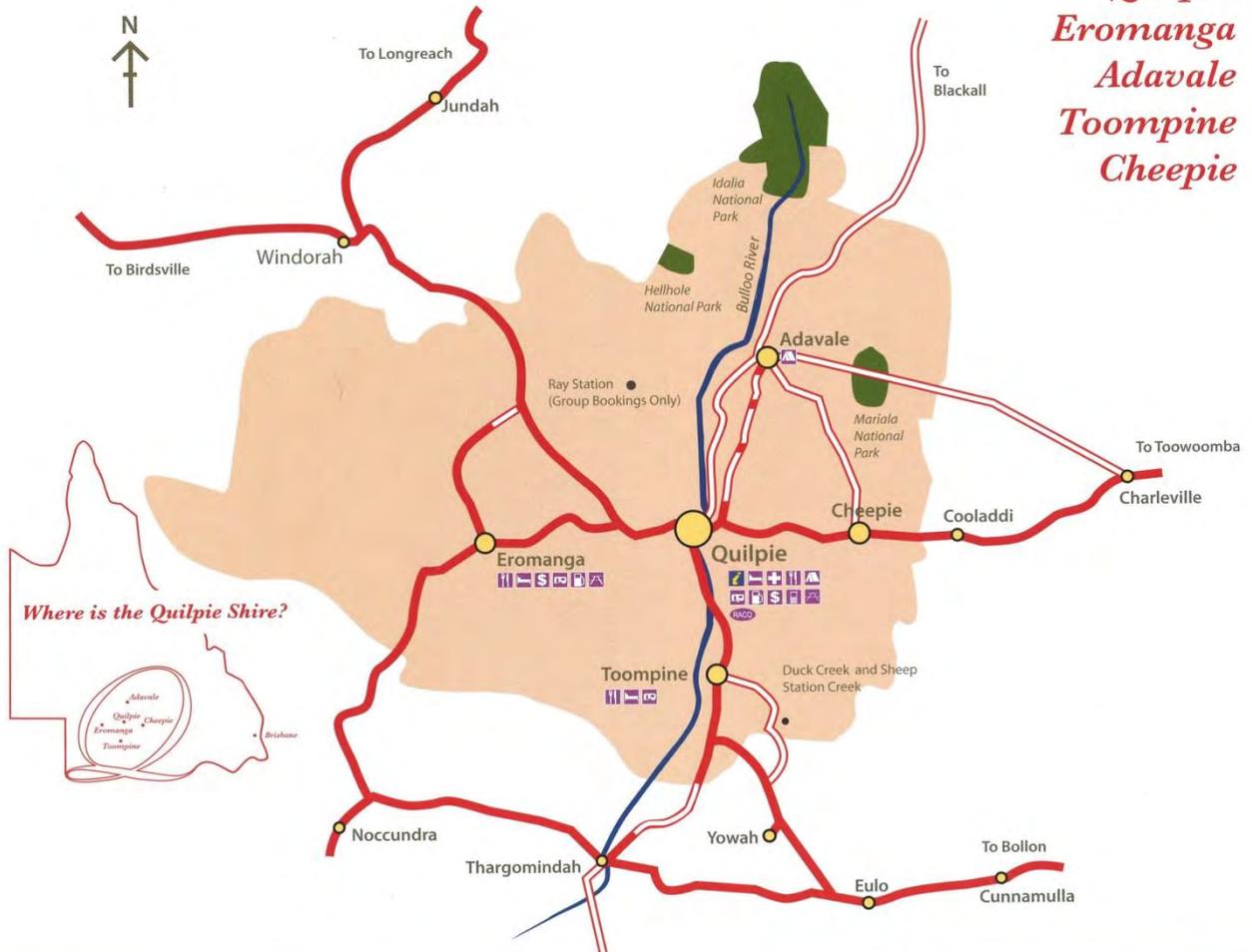
- Map of the Shire
- Our Foundations
- Communication Objectives



# Map of Shire

## Quilpie Shire

*Quilpie  
Eromanga  
Adavale  
Toompine  
Cheepie*



QUILPIE TO CHARLEVILLE	209 KM	QUILPIE TO TOOMPINE	74 KM	ACCREDITED VISITOR INFORMATION	CARAVAN PARK
QUILPIE TO CHEEPIE	74 KM	QUILPIE TO THARGOMINDAH	187 KM	FOOD	FUEL
QUILPIE TO ADAVALE	96 KM	QUILPIE TO YOWAH	195 KM	ACCOMMODATION	ATM/EFTPOS
QUILPIE TO BLACKALL	317 KM	QUILPIE TO CUNNAMULLA	294 KM	HOSPITAL/AMBULANCE	NEXT G MOBILE COVERAGE
QUILPIE TO WINDORAH	246 KM	ADAVALE TO CHARLEVILLE	187 KM	REST AREA	RACQ SERVICE
QUILPIE TO EROMANGA	108 KM	ADAVALE TO CHEEPIE	102 KM	CAMPING	SEALED ROAD
					UNSEALED ROAD

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## Our Foundations

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*We cherish our lifestyle and the uniqueness of our community.  
We value inclusion and meaningful participation in the community and are committed to strengthening all we value to ensure our future is sustainable.*

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## Communication Objectives

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Quilpie Shire Council is pleased to present its 2014-2015 Annual Report and has taken this opportunity to reflect on the year. Whilst the production of the Annual Report is a legislative requirement of the Local Government Act 2009, it is also the opportunity to highlight our performance and achievements as well as outline our strategic direction and plans for the future.

Copies of this Annual Report are available free of charge electronically on the Council's website at [www.quilpie.qld.gov.au](http://www.quilpie.qld.gov.au)

# Our Council

## In this section:

- Mayor's Review
- Chief Executive Officer's Report
- Councillors
- Council Meetings
- Organisational Structure



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# Mayor's Review

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The 2014-15 year has been a challenging year for the Quilpie Shire with economic activity dragged down by the continuing drought and the slowdown in the Resource Sector. Quilpie Shire has been drought declared for two years with no signs of that status changing. It has been a bullish year for rural commodities generally with record prices seen for beef and wool but most producers in the shire struggled to take advantage of this situation due to ever decreasing livestock numbers. Coupled with a downturn in the oil and gas sector generally, it has been a flat year for our business community.



A more positive story for the shire was the completion of a significant capital works program by Council. The \$2M Kyabra Road sealing upgrade was completed on time and within budget and was a reflection of a better organised and more efficient workforce than was previously the case. The \$820,000 construction of the first stage of the Eromanga Natural History Museum also went well, being completed on time and within budget. This project also created a lot of economic benefits for many businesses in the shire. This facility is planning to open in March 2016 and should be a real attraction for potential visitors to the Shire.

The industrial sub-division just west of Quilpie was also constructed with power, water and a sealed access road supplied to 10 blocks ranging from 2.0 to 4.5 Ha. The first development to occur in this industrial area is the new Council depot and workshop which will commence construction in 2015-16.

A substantial amount of flood damage work was carried out on our shire roads over the 12 months providing much needed roadwork for the shire's earthmoving contractors and Council crews alike. This program has been well managed by the Proterra Group and has been rolled out well especially as there have been some major challenges regarding the accessing of water in such dry times. The program should be finalised in early 2016.

The tourism season was a strong one with visitor numbers slowly building year to year. Some businesses did report slower spending however, as the prevailing lack of confidence across the country impacts on people's willingness to open their wallets. More and more though the importance of tourism becomes apparent, especially when our other industries are experiencing a downturn.

Quilpie Council is still in a strong financial position and will continue to invest in our shire in a measured and responsible manner, helping to alleviate some of the economic downturn due to the lack of investment from the private sector. In these challenging times it is critical that the Local Government takes a lead in investing and instilling confidence in our community.

Once again Council staff have shown great endeavour and a gradual path of improvement over the last 12 months culminating in a successful year. We look forward to continuing that positive management of the shire over the future years.

**Cr Stuart Mackenzie**  
**mayor@quilpie.qld.gov.au**

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# Chief Executive Officer's Report

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The 2014-15 year was, I believe, a challenging but successful year for Council. Flood damage in February 2014 has seen another round of flood damage funding awarded and crews and contractors are working in earnest to complete repairs. The challenge now and into the future is to maintain our road network to this standard.

Council also completed a significant capital works program including a \$2M sealing upgrade for Kyabra Road. Construction of Stage 1 of the Natural History Museum and the long awaited introduction of mobile phone coverage for the Eromanga district were highlights, able to be completed due to successful funding applications under the State Government "Royalties for the Regions" program.

Council has continued to maintain and improve numerous community facilities and offer support to the community through various grants and subsidies.

2014-15 saw the retirement of a number of long term employees. With a cumulative total of 76 years of service by four staff members (3 in the administration area), we took the opportunity to carefully consider and review our staff structure to identify ways to streamline some of our operations.

Council continues to operate in a very tight fiscal environment with funding from both State and Federal Governments continuing to tighten. Despite this our financial position remains very solid and allows Council to undertake some of the major activities and programs listed above.

I look forward with anticipation to the coming year as the plans and aspirations of the past year come to fruition and addressing the many challenges that continue to face rural and remote communities.

In closing I would like to thank the Mayor and Councillors for their support and guidance to the organisation over the past year and to thank all staff for their efforts and dedication in achieving the many successes we have enjoyed.

**Mr Dave Burges**

**[ceo@quilpie.qld.gov.au](mailto:ceo@quilpie.qld.gov.au)**



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# Councillors

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*Cr Jennifer Hewson*

**Deputy Mayor**

[jhewson@quilpie.qld.gov.au](mailto:jhewson@quilpie.qld.gov.au)



*Cr Tony Lilburne*

**Councillor**

[tlilburne@quilpie.qld.gov.au](mailto:tlilburne@quilpie.qld.gov.au)



*Cr Stewart Sargent*

**Councillor**

[ssargent@quilpie.qld.gov.au](mailto:ssargent@quilpie.qld.gov.au)



*Cr Milan Milosevic*

**Councillor**

[mmilosevic@quilpie.qld.gov.au](mailto:mmilosevic@quilpie.qld.gov.au)

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# Council Meetings

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Ordinary Meetings of the Quilpie Shire Council are held the second Tuesday of each month in the Quilpie Shire Boardroom, commencing at 9:30am.

The dates and times of meetings other than special meetings are fixed in accordance with the Local Government Act and Regulations.

The Chief Executive Officer must call a special meeting if:

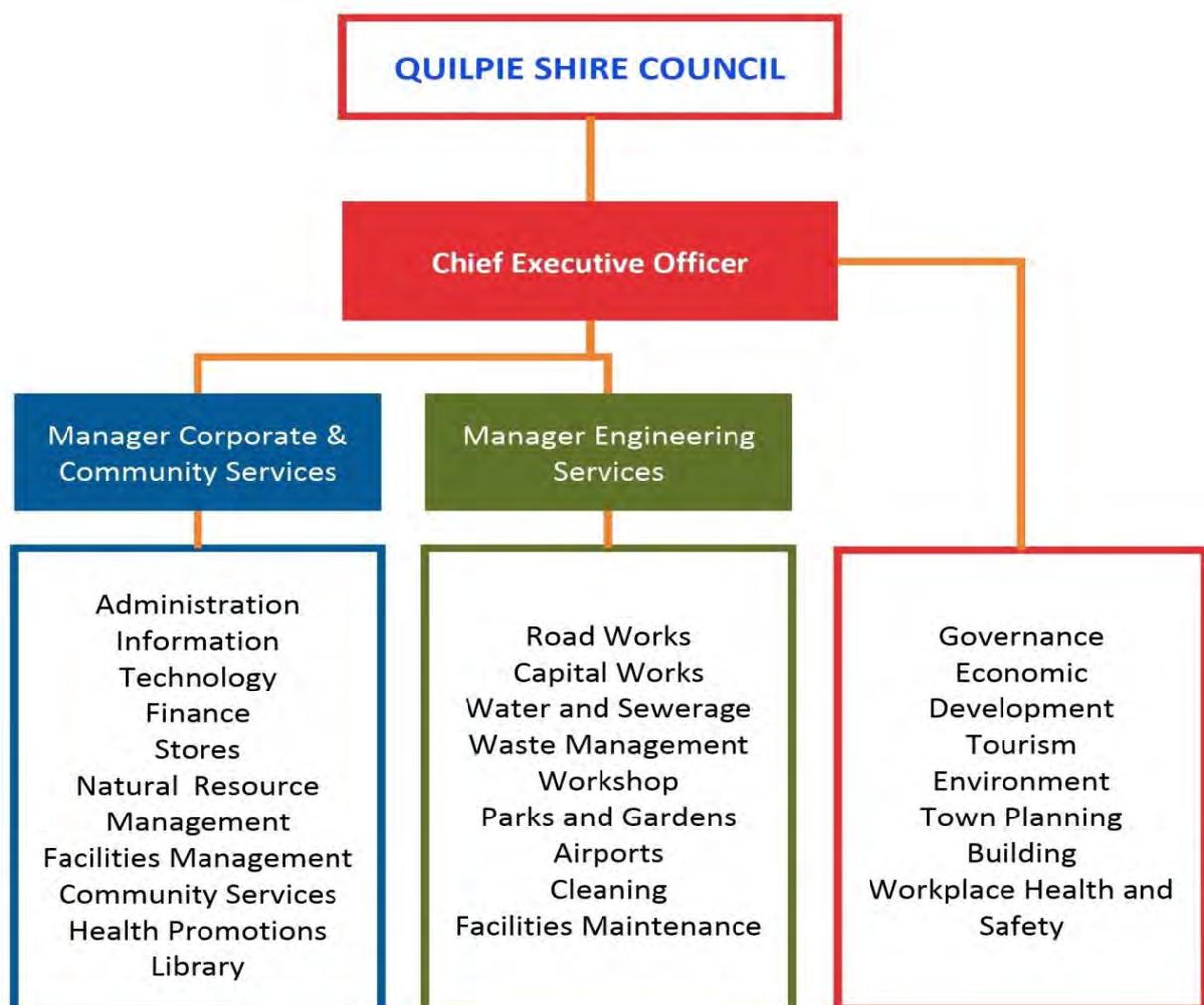
- There is a prior Council resolution specifying that the meeting will be held
- The Chief Executive Officer has identified an urgent matter that needs to be decided before the next scheduled Ordinary Council meeting
- A written request has been received by the Chief Executive Officer which has been signed by the Mayor and two other Councillors and states a particular matter(s) to be discussed.

All meetings are open to the public, unless Council resolves, under Section 274 of the Local Government Regulation 2012, that the meeting be closed whilst discussion takes place “in confidence” regarding specific issues such as staff, legal or industrial proceedings and contracts.

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# Organisational Structure

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# Legislative Requirements

## In this section:

- Councillor Remuneration
- Councillor Travel
- Administrative Action Complaints
- Registers
- Reserves and Controlled Roads
- Invitation for Changes to Tenders
- Rating Concessions
- Grants to Community Organisations
- Internal Audit
- Particular Resolutions
- Councillor Expenses Reimbursement Policy



# Councillor Remuneration

Councillors attend various committee meetings or training workshops routinely throughout the year. The Council is governed by the *Local Government Act 2009* and by a Councillor Code of Conduct.

The Local Government Remuneration Tribunal determines rates of pay for Councillors. Council has resolved to adopt the following rates: -

Councillor Remuneration – 1 July 2014

Resolution No: (11-02-14)

**Moved by:** Cr Sargent

**Seconded by:** Cr Lilburne

That Council adopt the following elected member remuneration, effective from 1 July 2014:

Mayor \$84,838

Deputy Mayor \$36,358

Councillors \$12,928 plus a meeting fee of \$1,077 per monthly meeting.

5/0

## Councillor Remuneration and Superannuation

Councillor	Gross Payment	Travel Expenses	Superannuation	Total Remuneration (\$)
Cr CA Mackenzie	84,838	12,727	10,181	107,745
Cr JC Hewson	36,358		4,363	40,721
Cr SC Sargent	25,852	3,482	3,102	32,436
Cr AM Lilburne	25,852		3,102	28,954
Cr MC Milosevic	25,852		3,102	28,954
<b>TOTAL</b>				238,810

## Councillor Meeting Attendance

	Ordinary Meeting	Special Meeting	Council Workshop	Other	Total
Cr SA Mackenzie	12		3	57	72
Cr JC Hewson	11		2	23	36
Cr SC Sargent	12	1	3	16	32
Cr AM Lilburne	12	1	3	13	29
Cr MS Milosevic	12	1	3	10	26

## Councillor Complaints, Orders and Recommendations

- No orders or recommendations were made under section 180 (Taking Disciplinary Action) of the Local Government Act 2009 during the financial year.
- No orders were made under section 181 (Inappropriate Conduct) of the Local Government Act 2009 during the financial year.
- No complaints were received about the conduct or performance of Councillors for which no further action was taken under section 176 of the Local Government Act 2009 during the financial year.

## Discretionary Funds

Councillors do not have any discretionary funds.

## Public Sector Ethics Act 1994

- Section 15 – Preparation of codes of conduct

Council has developed a code of conduct for Councillors and a code of conduct for staff.

- Section 21 – Education and training

Council ensures all staff members are aware of and understand their rights and obligations under the Code of Conduct through its induction program.

- Section 22 – Procedures and practices of public sector entities

All of Council's procedures and practices demonstrate Council's commitment to the ethical principles and obligations of the Public Sector Ethics Act 1994.

## Remuneration – Senior Management Employees

During the 2014-2015 financial year Quilpie Shire Council initially had five (5) senior management positions. Following a staffing restructure this was reduced to four (4).

- 1 senior management employee with a total remuneration package in the range of \$200,000 - \$299,000 per annum
- 3 senior management employees with a total remuneration package in the range of \$100,000 to \$199,999 per annum

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## Councillor Travel

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### Overseas Travel

During the 2014-2015 financial year no Councillor or Council employee travelled overseas in an official capacity.

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## Administrative Action Complaints

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The complaints management process is established with the following objectives:

The fair, efficient and consistent treatment of complaints about decisions and other administrative actions of the Council;

A complaints management process that is easy to understand and is readily accessible to all;

Detection and rectification, where appropriate, of administrative errors;

Identification of areas for improvement in the Council's administrative practices;

Increase in awareness of the complaints management process for the Council's staff and the community;

Enhancement of the community's confidence in the complaints management process and the reputation of the Council as being accountable and transparent;

Building the capacity of staff to effectively manage complaints in an environment of continuous improvement;

Complaints will be acknowledged and resolved in a timely manner;

Council will manage complaints confidentially and ensure that complainants do not suffer any form of reprisal for making a complaint;

Council will abide by the principles of natural justice and procedural fairness when dealing with complaints.

## Council's implementation of its Complaints Management Process and Assessment

Council is committed to dealing with administrative action complaints fairly and has reviewed and adopted the amended policy on 8 April 2014. Council's Complaints Management policy and process is available on Council's website and at the Administration office.

### Number of Administrative Complaints made, resolved by Council, not resolved by Council and complaints not resolved in the previous year.

Number of administrative action complaints made to Council	4
Number of administrative action complaints resolved by Council (Under complaints management process)	4
Number of administrative action complaints not resolved by Council (under complaints management process)	Nil
Number of administrative action complaints not resolved by Council in the previous year	Nil

### Complaints and Investigations into Business Activities

During the year Council did not have any nominated business activities.

## Registers

Council is required to keep and make available for public inspection certain documents. These documents are available from the Quilpie Shire Council Office and include:

- Investment Register
- Register of Local Planning Policies
- Register of Delegations of Authority by Council
- Register of Delegations of Authority by the CEO
- Register of Policies
- Register of Roads
- Contract Register
- Register of Legal Documents
- Register of Fees and Charges
- Building Application Register
- Cemetery Register
- Code of Conduct
- Register of Interest of Councillors
- Register of Disclosure of Electoral Gifts and Loans
- Local Laws and Subordinate Local Laws Register
- Register of Burials
- Register of Lands

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## Reserves and Controlled Roads

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- Quilpie Shire Council has control of 345 square kilometres of land that are reserves under the Land Act 1994. This land does not have a value for Council's Financial Statements.
- Council does not control any roads it does not own.

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## Invitations for Changes to Tenders

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- During the 2014-15 financial year there were no instances where tenderers were invited to change their tenders.

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## Rating Concessions

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In accordance with Sections 119 and 120 of the Local Government Regulation 2012 Council offers a concession of 50% up to \$450 on rates and utility charges to recipients of Aged, Disability and Widows Pensions and holders of Veteran Affairs cards in accordance with Council's Pensioner Rate Concession Policy.

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## Grants to Community Organisations

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During the 2014-15 financial year Council provided the following grants or in-kind support to organisations:

Grants	Value (\$)
Scholarship/Bursary Program	6,500
Community Grants Program	41,969
Community Development Grant - Eromanga	10,230
Community Development Grant - Adavale	24,456
<b>TOTAL</b>	<b>83,155</b>

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## Internal Audit

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Council engaged the services of O'Regan and Partners to perform the internal audit activities for the 2014-15 financial year. The internal auditor works with management to identify and implement recommended improvements to Council's operations, systems and processes and ensure compliance with adopted procedures.

In accordance with section 190(h) of the Local Government Regulation 2009, the internal audit report for 2014-15 is presented:

During the first visit of the Internal Auditor in October 2014 work focussed on the development of an Internal Audit Plan, initiating internal audit control works and attending both the Ordinary Meeting of Council and the initial Audit Committee meeting.

A detailed internal audit report was issued as a result of work undertaken during a visit to Council premises during the week ending 24th April 2015. Work during this visit covered a number of areas which were discussed with Council staff during the course of the visit.

The areas covered and reported on were as follows:

- Community and Council Housing
- Credit Card usage
- Private Works
- Floating Plant and Loose Tools
- Sundry Matter - NDRRA Tenders

Some other sundry issues were discussed with staff at that visit and relevant advice and comments provided at the time, however these were not considered of high enough importance to warrant inclusion in the formal written advice and recommendations subsequently presented to the Chief Executive Officer.

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## Non-Current Physical Assets

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Council made no resolution in accordance with section 206(2) of the Local Government Regulation 2012 in the 2014-15. The following amounts for each different type of non-current asset below which the value of an asset of the same type will be treated as an expense (the recognition threshold) remain as:

Type of Assets	Value (\$)
Furniture and Fittings	5,000.00
Plant and Equipment	5,000.00
Buildings and other structures	10,000.00
Infrastructure assets	10,000.00
Land	1.00

These amounts are disclosed in Note 1.0 of the financial statements.

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## Councillor Expenses Reimbursement Policy

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There was no amendment to the Councillor Expenses Reimbursement Policy in 2014-15. The current policy was adopted in April 2014.

# Progress and Performance

## In this section:

- Assessment Of Performance In Implementing Corporate And Operational Plans



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# Assessment of Performance in Implementing Corporate and Operational Plans

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In accordance with section 190(1)(a) of the Local Government Regulation 2012 the annual report must contain an assessment by the Chief Executive Officer of the local government's progress towards implementing its 5-year Corporate Plan and annual Operational Plan.

Council's Corporate Plan is the primary strategic business and organisational planning document and forms the basis of Council's annual Operational Plan. The plan translates our community's needs, expectations and aspirations into action. It sets the overall direction of the organisation and acts as a primary guide in decision making.

The Operational Plan sets out Council's work program for the financial year including costs, timelines and outcomes. The Operational Plan is reviewed quarterly and at all times remains consistent with the Corporate Plan.

Quilpie Shire Council continued to make strong progress towards implementing its 5-year (2012-2017) Corporate Plan.

Council continues to proactively liaise and collaborate with its neighbouring and other regional Councils to achieve our longer term outcomes. Meetings with State and Federal Government representatives are pursued at each opportunity where policy decisions at other levels of government may have a significant impact to our communities. Staff training and development programs continue and a focus on community engagement and communication continues to increase the ability of the community to participate in the decision making processes.

More specifically, maintenance and capital works items programmed for 2014-15 were completed in a timely manner. Key outcomes for 2014-15 included:

Strong progress in data collection for the development and implementation of an asset management improvement plan

- Initiation of road opening for Hell Hole Gorge access
- Stage 1 Eromanga Natural History Museum completed
- War History Museum established
- Electronic Records Management System implemented across Council
- Eromanga Mobile Phone coverage project completed
- Kyabra Road upgrade completed
- Quilpie Industrial Subdivision completed
- Major flood damage program underway

# Community Financial Report

In this section:

- Community Financial Report
- Financial Statements



# Community Financial Report

This Community Financial Report is a summary and analysis of the Council’s financial performance and position for the financial year 1 July 2014 to 30 June 2015. The use of graphs is intended to make it easier for readers to understand Council’s financial management and performance.

## Statement of Comprehensive Income

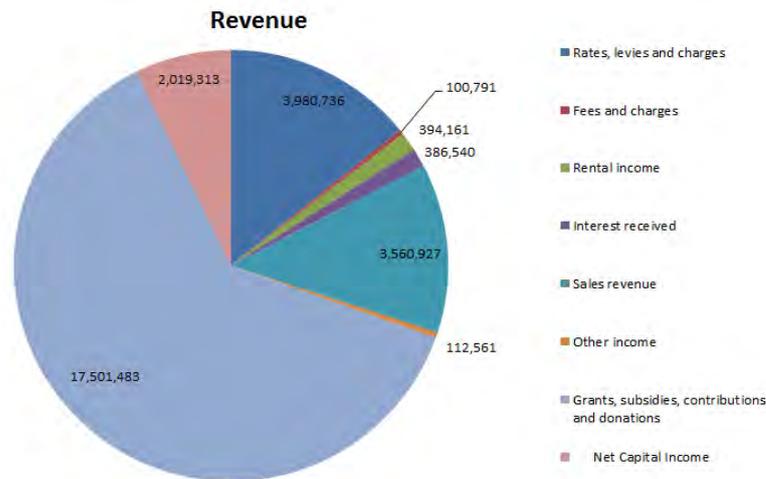
This Statement of Comprehensive Income displays Council’s performance in relation to revenue and expenditure during the financial year.

### Revenue – Where our money comes from...

Council obtains revenue from a variety of sources. The best known is Rates which raised \$3,980,736 for the year (net of discount and rebates) but this is only 14% if the total revenue.

Other major sources of revenue are works carried out for Main Roads (included in Sales Revenue) which totalled \$3,560,927 or 13% of total revenue and reimbursement for flood damage works conducted on Councils own roads (included in recurrent grants) totalling \$8,197,530 or 29% of total revenue. Financial assistance grants from the Commonwealth Government totalled \$4,731,225 or 17% of the total.

**Total Revenue - \$28,056,512**



Rates, levies and charges	3,980,736
Fees and charges	100,791
Rental income	394,161
Interest received	386,540
Sales revenue	3,560,927
Other income	112,561
Grants, subsidies, contributions and donations	17,501,483
Net Capital Income	2,019,313
	<b>28,056,512</b>

### Expenditure – where our money goes...

Employee benefits of \$5,095,780 represent 26% of total expense and includes wages actually paid, leave accrued and Councillors remuneration.

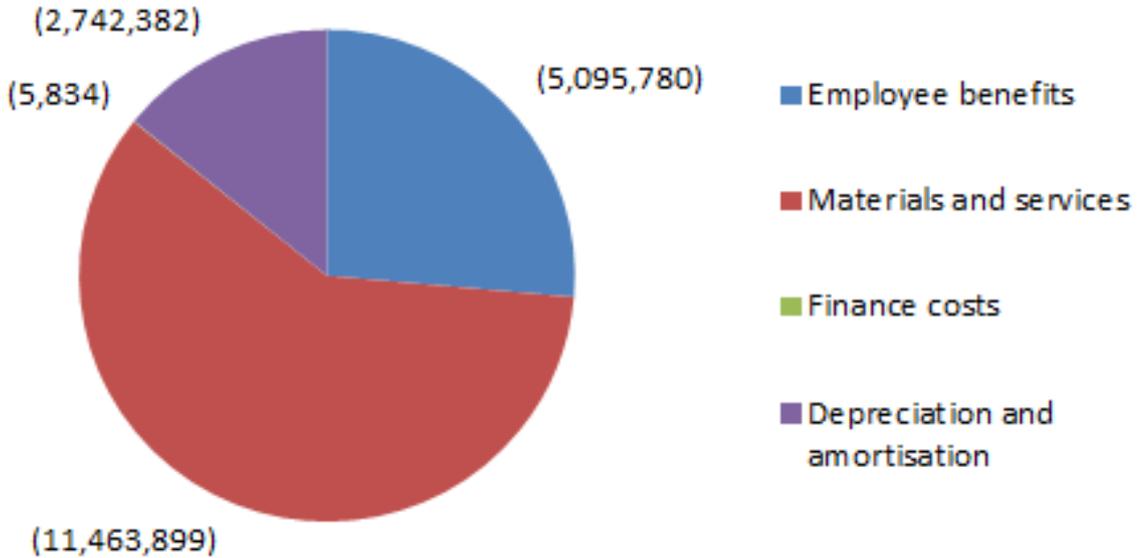
Materials and Services at \$11,463,899 is by far the largest component of expenses at 59% of the total with payments to contractors the largest items.

Depreciation comprising just 14% of total expenses, is the recognition of consumption and wear and tear on Council’s assets.

Result was a net gain of \$6.7 million caused by revenue received for work done in the previous year and work to be done.

**Total Expenditure - \$19,307,895**

## Expenditure



Employee benefits	(5,095,780)
Materials and services	(11,463,899)
Finance costs	(5,834)
Depreciation and amortisation	(2,742,382)
	(19,307,895)

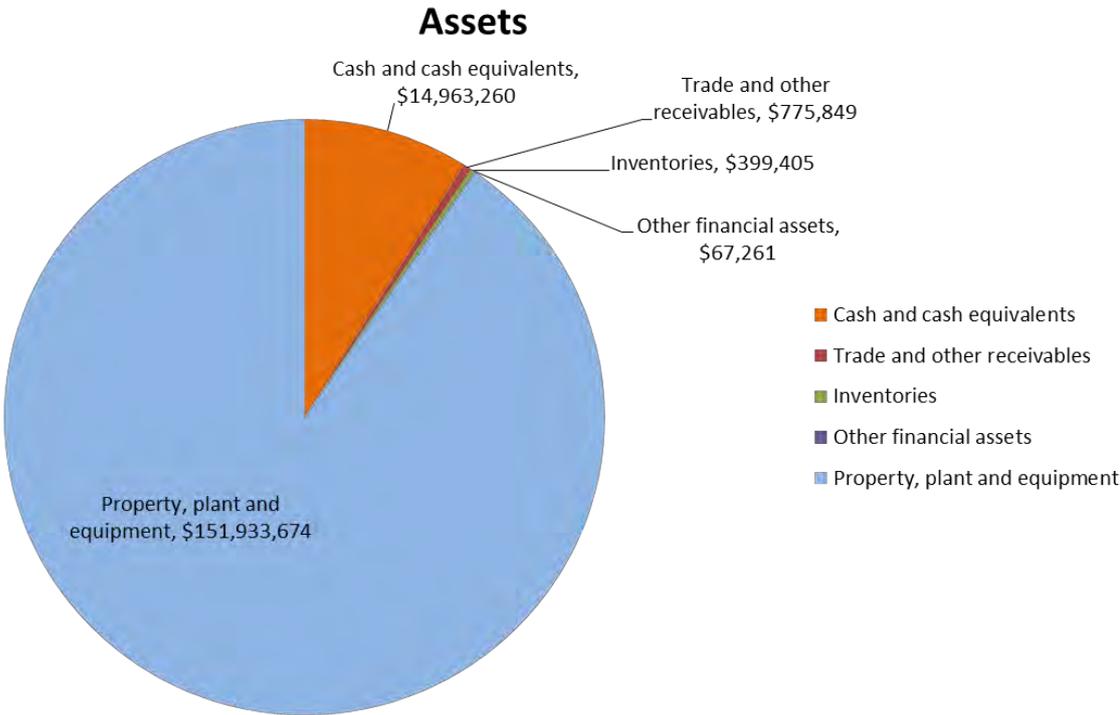
## Statement of Financial Position

The Statement of Financial Position shows what Council owns (assets) and owes (Liabilities) at the end of the financial year. Assets less liabilities are the net wealth of Council which is the net wealth of the Community.

Current Assets have increased over the course of the year due to money received for work done in the previous year and yet to be done.

Non - Current Assets increased by \$24 million due to almost entirely to revaluation of assets.

**Total Assets - \$168,139,450**



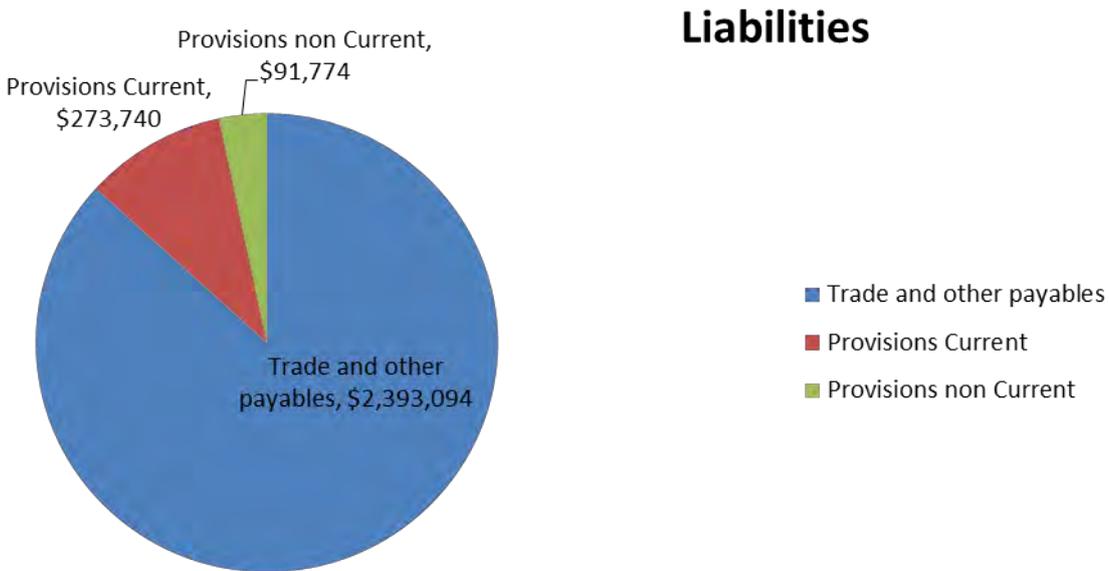
Cash and cash equivalents	\$ 14,963,260
Trade and other receivables	\$ 775,849
Inventories	\$ 399,405
Other financial assets	\$ 67,261
Property, plant and equipment	\$151,933,674
<b>Total Assets</b>	<b>\$168,139,450</b>

# Liabilities

Council’s liabilities consist of trade and other payables (amounts owed to suppliers) and provisions (amounts owed to employees for leave entitlements).

Liabilities have reduced due to the departure of some long term employees and a lower level of outstanding creditors.

**Total Liabilities - \$2,758,608**



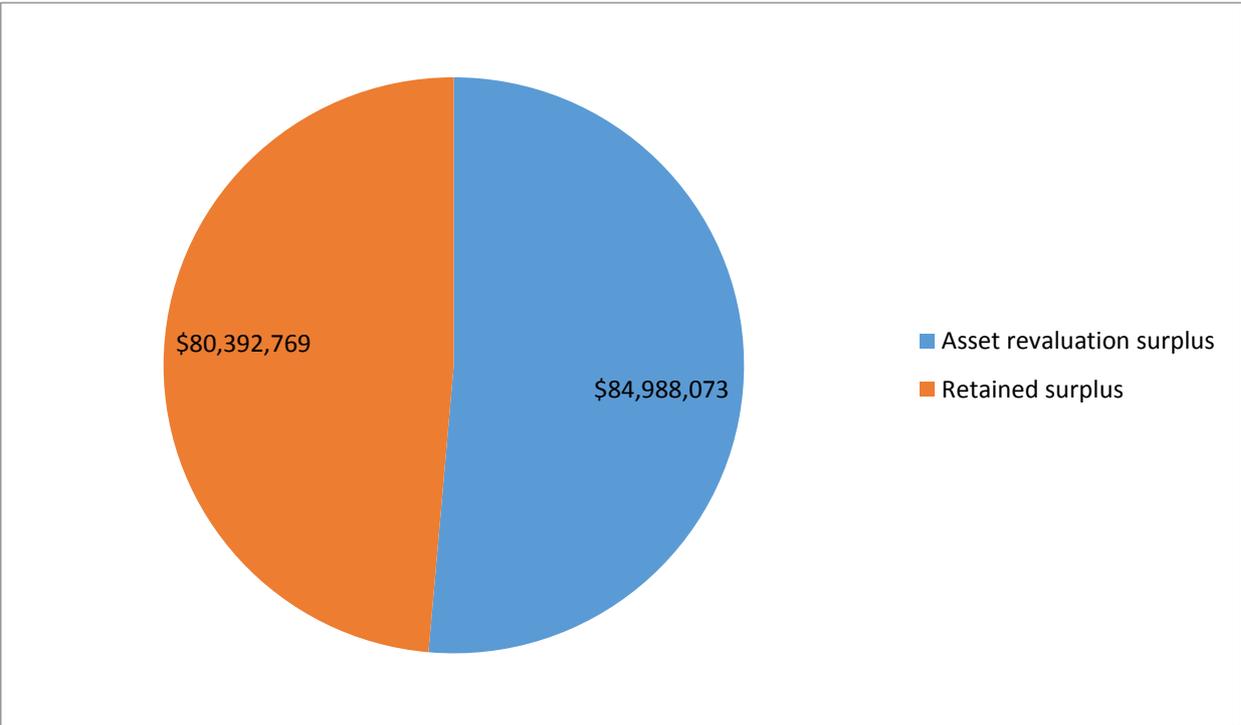
Trade and other payables	\$2,393,094
Provisions Current	\$ 273,740
Provisions Non Current	\$ 91,774
<b>Total Liabilities</b>	<b>\$2,758,608</b>

# Community Equity

Community equity equals total assets (what we own) minus total liabilities (what we owe) and consists of the asset revaluation surplus and retained surplus.

The revaluation of assets (almost \$22 million) plus the surplus from operations (\$6.7 million) accounted for the bulk of the increase in equity.

**Total Community Equity - \$165,380,842**



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# Financial Statements

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# **QUILPIE SHIRE COUNCIL**

## **Financial statements**

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

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**QUILPIE SHIRE COUNCIL**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	3,980,736	3,350,084
Fees and charges	3(b)	100,791	38,038
Rental income	3(c)	394,161	362,691
Interest received	3(d)	386,540	376,778
Sales revenue	3(e)	3,560,927	10,184,944
Other income	3(f)	112,561	58,707
Grants, subsidies, contributions and donations	4(a)	17,501,483	17,601,603
<b>Total revenue</b>		<u>26,037,198</u>	<u>31,972,845</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(5,095,780)	(5,299,143)
Materials and services	7	(11,463,899)	(27,317,492)
Finance costs	8	(5,834)	(5,984)
Depreciation and amortisation	9	(2,742,382)	(2,532,625)
<b>Total recurrent expenses</b>		<u>(19,307,895)</u>	<u>(35,155,244)</u>
<b>Net Recurrent Income</b>	2(b)	<u>6,729,303</u>	<u>(3,182,399)</u>
<b>Capital Income</b>			
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	2,433,065	1,257,858
<b>Capital expenses</b>			
Loss on disposal of assets	5	(357,274)	(85,385)
Loss on revaluation	10	(56,478)	-
<b>Net Capital Income</b>		<u>2,019,313</u>	<u>1,172,473</u>
<b>Net result</b>		<u>8,748,616</u>	<u>(2,009,926)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	19	21,800,580	-
<b>Total other comprehensive income for the year</b>		<u>21,800,580</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>30,549,196</u>	<u>(2,009,926)</u>

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

**QUILPIE SHIRE COUNCIL**  
**Statement of Financial Position**  
**as at 30 June 2015**

	2015	2014
Note	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	11 14,963,260	9,738,238
Trade and other receivables	12 708,349	1,223,086
Inventories	13 399,405	478,857
Other financial assets	14 67,261	-
<b>Total current assets</b>	<u>16,138,275</u>	<u>11,440,181</u>
<b>Non-current assets</b>		
Trade and other receivables	12 67,500	-
Property, plant and equipment	15 151,933,674	127,003,040
<b>Total non-current assets</b>	<u>152,001,175</u>	<u>127,003,040</u>
<b>Total assets</b>	<u>168,139,450</u>	<u>138,443,221</u>
<b>Current liabilities</b>		
Trade and other payables	17 2,393,094	3,122,158
Provisions	18 273,740	336,702
<b>Total current liabilities</b>	<u>2,666,834</u>	<u>3,458,860</u>
<b>Non-current liabilities</b>		
Provisions	18 91,774	152,715
<b>Total non-current liabilities</b>	<u>91,774</u>	<u>152,715</u>
<b>Total liabilities</b>	<u>2,758,608</u>	<u>3,611,575</u>
<b>Net community assets</b>	<u>165,380,842</u>	<u>134,831,646</u>
<b>Community equity</b>		
Asset revaluation surplus	19 84,988,073	63,187,493
Retained surplus	20 80,392,769	71,644,153
<b>Total community equity</b>	<u>165,380,842</u>	<u>134,831,646</u>

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

**QUILPIE SHIRE COUNCIL**  
**Statement of Changes in Equity**  
For the year ended 30 June 2015

	Asset revaluation surplus	Accumulated Surplus	Total
Note	19 \$	20 \$	\$
<b>Balance as at 1 July 2014</b>	63,187,493	71,644,153	134,831,646
Net operating surplus	-	8,748,616	8,748,616
Other comprehensive income for the year			
Increase in asset revaluation surplus	21,800,580	-	21,800,580
<b>Total comprehensive income for the year</b>	21,800,580	8,748,616	30,549,196
<b>Balance as at 30 June 2015</b>	84,988,073	80,392,769	165,380,842
<b>Balance as at 1 July 2013</b>	63,187,493	73,654,079	136,841,572
Net operating surplus	-	(2,009,926)	(2,009,926)
<b>Total comprehensive income for the year</b>	-	(2,009,926)	(2,009,926)
<b>Balance as at 30 June 2014</b>	63,187,493	71,644,153	134,831,646

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

**QUILPIE SHIRE COUNCIL**  
**Statement of Cash Flows**  
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		8,253,337	15,811,712
Payments to suppliers and employees		(17,386,126)	(32,266,262)
		(9,132,789)	(16,454,550)
Interest received		386,540	376,778
Rental income		394,161	362,691
Non capital grants and contributions		17,501,483	17,601,603
<b>Net cash inflow from operating activities</b>	24	<b>9,149,395</b>	<b>1,886,522</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(6,471,826)	(4,858,968)
Net movement in loans and advances		(71,250)	-
Proceeds from sale of property plant and equipment		185,639	345,955
Grants, subsidies, contributions and donations		2,433,065	1,257,858
<b>Net cash (outflow) from investing activities</b>		<b>(3,924,373)</b>	<b>(3,255,155)</b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>5,225,022</b>	<b>(1,368,633)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>9,738,238</b>	<b>11,106,871</b>
<b>Cash and cash equivalents at end of the financial year</b>	11	<b>14,963,260</b>	<b>9,738,238</b>

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for the following:

- financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value;

**Recurrent/capital classification**

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

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

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

- disposal of non-current assets
- 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 all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

**1.C Constitution**

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

**1.D Date of authorisation**

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

**1.E Currency**

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.F 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.

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 period. Council also decided to early adopt the amendments to AASB 13 *Fair Value Measurement* as issued by AASB 2015-7 *Amendments to AAS - Fair Value Disclosures of Not for Profit Public Sector Entities*.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value. As Council has always measured financial assets at fair value, there would be no change had this requirement been adopted at 30 June 2015.

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

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

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

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

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

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

Valuation and depreciation of property, plant and equipment - Note 1.O and Note 16

Provisions - Note 1.R and Note 18

**1.H Revenue**

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

Rates and levies

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

Grants and subsidies

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

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

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, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

Rental income

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

Interest

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

Sales revenue

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

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

Fees and Charges

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.I 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.

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

Financial assets

Cash and cash equivalents (Note 1.J)

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

Other financial assets - measured at cost (Note 1.M)

Financial liabilities

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

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

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

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

**1.J Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**1.K Receivables**

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

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

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

**1.L Inventories**

Inventories held for distribution are:

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

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

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.M Other financial assets**

Other financial assets are recognised at cost.

**1.N Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2015 Council did not have any term deposits in excess of three months.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.0 Property, plant and equipment**

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

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

Land

Buildings

Furniture & Fittings

Plant and Equipment

Infrastructure

    Road, drainage and bridge network

    Water

    Sewerage

Other infrastructure

Acquisition of assets

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

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 oncosts 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 are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

Valuation

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

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

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

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

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.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital work in progress

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

Depreciation

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

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

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

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

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 written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land under roads

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

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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 Payables**

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

**1.R Liabilities - employee benefits**

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 17 as a payable.

Annual leave

A liability for annual leave is recognised. 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 17 as a payable

As council does not have an unconditional right to defer this liability beyond 12 months all 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 18 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.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**1.S Borrowings and borrowing costs**

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

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

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

While Council does not have any borrowings currently, it is Council's intention to borrow in order to fund establishment of a new depot and workshop next year.

**1.T Asset revaluation surplus**

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

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

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

**1.U Retained surplus**

In reference to the comparative figures for the year ended 30 June 2014, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**1.V Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

On 19 August 2013, council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that were placed on council's cash and cash equivalents were then disclosed in other notes

Due to the failure of the proposed system, Council resolved to reinstate the reserves but continue to report them as cash restrictions. The reinstated reserves will work as set out below.

Future capital works reserve

When Council identifies a project to be undertaken in the future, it may decide to "put funds aside" to cover the future cost.

Asset replacement reserve

Council allocates funds each year for plant replacement. If those funds are not expended the remaining balance is put to this reserve. When the funds are subsequently spent, the corresponding amount is taken from the reserve.

Constrained works reserve

Where Council receives funds which are conditional upon them being spent in a specific way, they are put to this account until they are spent.

**1.W National competition policy**

The Quilpie Shire Council has reviewed its activities to identify its business activities and has determined that there are none.

**1.X Rounding and comparatives**

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

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

**1.Y Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include those funds from security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 23.

**1.Z Taxation**

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
For the year ended 30 June 2015

## 2. Analysis of Results by Function

### 2(a) Components of council functions

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

#### **Corporate governance**

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

#### **Finance and information**

Finance and information provides professional finance and information services across all of council. This function includes internal audit, budget support, financial accounting, indirect taxation and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

#### **Community services**

The goal of community services is to ensure Quilpie Shire is a healthy, vibrant, contemporary and connected community. Community services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

Libraries

Entertainment venues

Public health services

Sporting venues

Planning and development

#### **Environmental Health Services**

This program ensures that the community's environment is protected and maintained to acceptable levels.

#### **Engineering and Works**

The objective of the engineering and works program is to ensure the community is serviced by a high quality, appropriate and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network.

#### **Waste management**

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services.

#### **Water infrastructure**

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water reticulation, treatment and plumbing.

#### **Sewerage infrastructure**

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**2 Analysis of results by function**

**(b) Income and expenses defined between recurring and capital are attributed to the following functions:**

**Year ended 30 June 2015**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2015	2015	2015	2015		2015	2015				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate Governance	19,400	-	-	-	19,400	496,590	-	496,590	(477,190)	(477,190)	-
Finance and information	4,731,225	3,956,139	-	-	8,687,364	1,572,219	75,038	1,647,257	7,115,145	7,040,107	35,658,876
Community services	605,331	287,718	272,424	-	1,165,473	3,178,990	-	3,178,990	(2,285,941)	(2,013,517)	-
Environmental Health Services	80,000	77,044	-	-	157,044	935,722	-	935,722	(778,678)	(778,678)	-
Engineering & Works	12,065,527	3,570,615	2,079,882	-	17,716,024	12,509,290	338,714	12,848,004	3,126,852	4,868,020	125,807,583
Waste Management	-	194,874	-	-	194,874	155,906	-	155,906	38,968	38,968	-
Water & Sewerage Infrastructure	-	449,325	80,759	-	530,084	459,178	-	459,178	(9,853)	70,906	6,672,991
<b>Total Council</b>	<b>17,501,483</b>	<b>8,535,715</b>	<b>2,433,065</b>	<b>-</b>	<b>28,470,263</b>	<b>19,307,895</b>	<b>413,762</b>	<b>19,721,647</b>	<b>6,729,303</b>	<b>8,748,616</b>	<b>168,139,450</b>

**Year ended 30 June 2014**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2014	2014	2014	2014		2014	2014				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate Governance	-	-	-	-	-	517,424	-	517,424	(517,424)	(517,424)	-
Administration & Finance	1,834,726	3,239,292	-	-	5,074,018	1,407,380	18,075	1,425,455	3,666,638	3,648,563	11,607,335
Community Services	126,797	272,137	65,419	-	464,353	2,442,605	(76,657)	2,365,948	(2,043,671)	(1,901,595)	19,223,996
Environment and Health Services	176,423	23,160	-	-	199,583	919,676	-	919,676	(720,093)	(720,093)	-
Engineering & Works	15,462,657	10,001,446	902,031	-	26,366,134	29,082,339	143,967	29,226,306	(3,618,236)	(2,860,172)	99,253,465
Waste Management	1,000	175,938	-	-	176,938	362,857	-	362,857	(185,919)	(185,919)	-
Water & Sewerage Infrastructure	-	659,269	290,408	-	949,677	422,962	-	422,962	236,307	526,715	8,358,425
<b>Total Council</b>	<b>17,601,603</b>	<b>14,371,242</b>	<b>1,257,858</b>	<b>-</b>	<b>33,230,703</b>	<b>35,155,243</b>	<b>85,385</b>	<b>35,240,628</b>	<b>(3,182,398)</b>	<b>(2,009,925)</b>	<b>138,443,221</b>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>3 Revenue analysis</b>			
<b>(a) Rates, levies and charges</b>			
General rates		3,755,051	3,096,779
Water		241,746	219,485
Sewerage		183,484	190,284
Garbage charges		210,763	190,183
Total rates and utility charge revenue		<u>4,391,044</u>	<u>3,696,731</u>
Less: Discounts		(393,460)	(330,425)
Less: Pensioner remissions		(16,848)	(16,222)
		<u><u>3,980,736</u></u>	<u><u>3,350,084</u></u>
<b>(b) Fees and charges</b>			
Other fees and charges		100,791	38,038
		<u>100,791</u>	<u>38,038</u>
<b>(c) Rental income</b>			
Other rental income		394,161	362,691
		<u>394,161</u>	<u>362,691</u>
<b>(d) Interest received</b>			
Interest received from term deposits		359,261	362,406
Interest from overdue rates and utility charges		27,279	14,372
		<u>386,540</u>	<u>376,778</u>
<b>(e) Sales revenue</b>			
<b>Sale of services</b>			
Contract and recoverable works		3,560,927	10,184,944
		<u>3,560,927</u>	<u>10,184,944</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period.			
<b>(f) Other income</b>			
Other income		112,561	58,707
		<u>112,561</u>	<u>58,707</u>
<b>4 Grants, subsidies, contributions and donations</b>			
<b>(a) Recurrent</b>			
General purpose grants		8,791,079	17,601,603
State government subsidies and grants		8,560,404	-
Contributions		150,000	-
		<u>17,501,483</u>	<u>17,601,603</u>
<b>(b) Capital</b>			
State government subsidies and grants		2,433,065	1,257,858
		<u>2,433,065</u>	<u>1,257,858</u>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>5 Capital income</b>			
<b>Gain / loss on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		184,936	240,682
Less: Book value of property, plant and equipment disposed of		(542,210)	(398,902)
		<u>(357,274)</u>	<u>(158,220)</u>
Proceeds from sale of land and improvements		-	105,273
Less: Book value of land sold		-	(32,438)
		<u>-</u>	<u>72,835</u>
<b>Total capital income</b>		<u>(357,274)</u>	<u>(85,385)</u>
<b>6 Employee benefits</b>			
Total staff wages and salaries		3,921,385	3,808,462
Councillors' remuneration		245,172	205,191
Annual, sick and long service leave entitlements		640,074	755,306
Superannuation	22	507,404	498,159
		<u>5,314,035</u>	<u>5,267,118</u>
Other employee related expenses		247,099	222,831
		<u>5,561,134</u>	<u>5,489,949</u>
Less: Capitalised employee expenses		(465,355)	(190,806)
		<u>5,095,780</u>	<u>5,299,143</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:			
Elected members		5	5
Administration staff		20	18
Depot and outdoors staff		46	42
Total full time equivalent employees		<u>71</u>	<u>65</u>
<b>7 Materials and services</b>			
Advertising and marketing		8,115	-
Administration services		244,637	96,290
Audit services			
Audit of annual financial statements by the auditor general of Queensland		43,150	48,026
Internal audit services provided by O'Regan & Partners		22,276	
Communications and IT		162,336	193,258
Consultants/contractors		58,017	56,677
Community Housing payout		211,302	240,451
Community & Recreational Services		1,487,059	536,841
Rentals - operating expenses		229,483	77,341
Recoverable Works		1,084,119	-
Road repair & reinstatement		5,442,443	24,422,572
Town planning		62,591	-
Other materials and services		1,580,818	1,646,036
Rural Services		400,715	-
Water Supply		122,021	-
Sewerage Treatment		87,938	-
Waste Management		216,881	-
		<u>11,463,899</u>	<u>27,317,492</u>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>8 Finance costs</b>			
Bank charges		5,834	5,984
		<u>5,834</u>	<u>5,984</u>
<b>9 Depreciation</b>			
<b>Depreciation of non-current assets</b>			
Furniture & Fittings		98,036	92,251
Buildings		713,296	774,501
Piant and equipment		605,378	492,955
Road, drainage and bridge network		956,294	1,014,342
Water		80,021	79,614
Sewerage		80,582	78,962
Other infrastructure assets		208,775	-
	15	<u>2,742,382</u>	<u>2,532,625</u>
<b>10 Capital expenses</b>			
<b>Revaluation decrement</b>			
Revaluation down of property, piant and equipment where there is no credit balance to offset	18	56,478	-
Total capital expenses		<u>56,478</u>	<u>-</u>
<b>11 Cash and cash equivalents</b>			
Cash at bank and on hand		4,514,818	2,492,748
Term deposits		10,448,442	7,245,490
Balance per Statement of Cash Flows		<u>14,963,260</u>	<u>9,738,238</u>

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

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

Unspent government grants and subsidies	352,831	126,600
*Internally imposed expenditure restrictions at the reporting date:		
Future capital works	-	643,888
Future asset replacement	-	177,297
Future constrained works	-	879,660
Total unspent restricted cash	<u>352,831</u>	<u>1,827,445</u>

Cash and deposits are held in the National Australia Bank (NAB) & Rural Bank in normal term deposits and business cheque accounts. The NAB currently has a short term credit rating of A1+ and long term rating of AA- while Rural Bank has a short term rating of A2- and long term rating of BBB.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		\$	\$
<b>12 Trade and other receivables</b>			
<b>Current</b>			
Rateable revenue and utility charges		385,248	287,347
Other debtors		256,028	911,726
Less impairment		(1,842)	(5,000)
Loans and advances to community organisations		3,750	-
Accrued Revenue		65,166	29,013
		<u>708,349</u>	<u>1,223,086</u>
<b>Non-current</b>			
Loans and advances to community organisations		67,500	-
		<u>67,500</u>	<u>-</u>
<p>Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.</p> <p>Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.</p> <p>Movement in accumulated impairment losses (other debtors) is as follows:</p>			
		5,000	5,000
Opening balance at 1 July		5,000	5,000
Impairment Debts written off during the year		(3,158)	-
Closing Balance at 30 June		<u>1,842</u>	<u>5,000</u>
<b>13 Inventories</b>			
<b>Inventories held for distribution</b>			
Plant and equipment stores		399,405	478,857
Total inventories		<u>399,405</u>	<u>478,857</u>
<b>14 Other financial assets</b>			
<b>Current</b>			
Prepaid Expenses		67,261	-
		<u>67,261</u>	<u>-</u>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**15 Property, plant and equipment**

30/June/2015

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2014

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Transfers between classes

**Closing gross value as at 30 June 2015**

Note	Furniture & Fittings	Buildings	Plant and equipment	Road, drainage and bridge	Sewerage	Water	Land	Other Infrastructure	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	917,444	29,785,475	10,829,701	123,647,126	5,601,718	5,625,262	1,490,631	-	177,897,357
	72,095	914,616	1,076,133	2,648,522	-	908,392	71,596	1,240,447	6,931,800
5	(3,445)	-	(1,287,083)	-	-	-	-	(6,166)	(1,296,694)
19	-	(2,039,121)	-	27,144,804	(1,530,997)	(370,141)	669,069	-	23,873,614
	-	-	-	-	(56,478)	-	-	-	(56,478)
	(128,594)	(3,994,342)	(1,602,195)	(3,710,895)	63,787	6,121	-	8,519,283	(846,833)
	<b>857,500</b>	<b>24,666,628</b>	<b>9,016,556</b>	<b>149,729,557</b>	<b>4,078,030</b>	<b>6,169,634</b>	<b>2,231,296</b>	<b>9,753,564</b>	<b>206,502,765</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2014

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

**Accumulated depreciation as at 30 June 2015**

	226,859	10,915,767	6,375,426	31,031,985	1,464,325	2,318,284	-	-	52,332,646
9	98,036	713,296	605,378	956,294	80,582	80,021	-	208,775	2,742,382
5	(2,745)	-	(744,873)	-	-	-	-	(6,166)	(753,784)
19	-	(712,928)	-	3,214,804	(390,164)	17,800	-	-	2,129,512
	41,921	(1,206,094)	(1,319,332)	(1,016,924)	3,319	506	-	2,593,310	(903,294)
	<b>364,071</b>	<b>9,710,041</b>	<b>4,916,599</b>	<b>34,186,159</b>	<b>1,158,062</b>	<b>2,416,611</b>	<b>-</b>	<b>2,795,919</b>	<b>55,547,462</b>

**Total written down value as at 30 June 2015**

Range of estimated useful life in years

<b>493,429</b>	<b>14,956,587</b>	<b>4,099,957</b>	<b>115,543,398</b>	<b>2,919,968</b>	<b>3,753,023</b>	<b>2,231,296</b>	<b>6,957,645</b>	<b>150,955,304</b>
2-20	10-75	2-20	5-100	20-100	25-110	unlimited	2-50	

**Work in progress**

Opening balance 1 July 2014

Expenditure in year

Transferred to Asset Register

Closing Balance 30th June 2015

-	167,155	-	2,811	-	914,072	354,307	-	1,438,345
72,095	1,476,311	1,076,133	2,645,711	31,568	(5,680)	(64,759)	1,240,447	6,471,825
(72,095)	(914,616)	(1,076,133)	(2,648,522)	-	(908,392)	(71,596)	(1,240,447)	(6,931,800)
-	<b>728,850</b>	-	-	<b>31,568</b>	-	<b>217,952</b>	-	<b>978,370</b>

**Additions comprise:**

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	147,943	899,106	2,636,755	-	-	-	293,924	3,977,728
72,095	1,328,368	177,027	8,956	31,568	(5,680)	(64,759)	946,523	2,494,097
72,095	1,476,311	1,076,133	2,645,711	31,568	(5,680)	(64,759)	1,240,447	6,471,825

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

30/June/2014

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2013

Additions

Disposals

**Closing gross value as at 30 June 2014**

Note	Furniture & Fittings	Buildings	Plant and equipment	Road, drainage and bridge	Sewerage	Water	Land	Other Infrastructure	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
	\$	\$	\$	\$	\$	\$	\$		\$
	629,416	27,809,125	10,569,325	121,018,686	5,455,833	5,625,262	1,202,500	-	172,310,147
	288,028	2,052,986	1,000,628	2,628,440	145,885	-	320,569	-	6,436,536
5	-	(76,636)	(740,252)	-	-	-	(32,438)	-	(849,326)
	<b>917,444</b>	<b>29,785,475</b>	<b>10,829,701</b>	<b>123,647,126</b>	<b>5,601,718</b>	<b>5,625,262</b>	<b>1,490,631</b>	<b>-</b>	<b>177,897,357</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013

Depreciation provided in period

Depreciation on disposals

**Accumulated depreciation as at 30 June 2014**

	134,608	10,148,815	6,292,908	30,017,643	1,385,363	2,238,670	-	-	50,218,007
9	92,251	774,501	492,955	1,014,342	78,962	79,614	-	-	2,532,625
5	-	(7,549)	(410,437)	-	-	-	-	-	(417,986)
	<b>226,859</b>	<b>10,915,767</b>	<b>6,375,426</b>	<b>31,031,985</b>	<b>1,464,325</b>	<b>2,318,284</b>	<b>-</b>	<b>-</b>	<b>52,332,646</b>

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

Range of estimated useful life in years

<b>690,585</b>	<b>18,869,708</b>	<b>4,454,275</b>	<b>92,615,141</b>	<b>4,137,393</b>	<b>3,306,978</b>	<b>1,490,631</b>	<b>-</b>	<b>125,564,711</b>
2-20	10-75	2-20	5-100	20-100	25-110	unlimited	2-50	

**Work in progress**

Opening balance 1 July 2013

Expenditure in year

Transferred to Asset Register

Closing Balance 30 June 2014

-	1,347,129	-	1,029,324	14,081	47,892	577,469	-	-	3,015,895
288,028	873,012	1,000,628	1,601,927	131,804	866,180	97,407	-	-	4,858,986
(288,028)	(2,052,986)	(1,000,628)	(2,628,440)	(145,885)	-	(320,569)	-	-	(6,436,536)
<b>-</b>	<b>167,155</b>	<b>-</b>	<b>2,811</b>	<b>-</b>	<b>914,072</b>	<b>354,307</b>	<b>-</b>	<b>-</b>	<b>1,438,345</b>

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
274,056	231,461	994,298	2,628,440	145,885	-	-	-	4,274,140
13,972	1,821,525	6,330	-	-	-	320,569	-	2,162,396
<b>288,028</b>	<b>2,052,986</b>	<b>1,000,628</b>	<b>2,628,440</b>	<b>145,885</b>	<b>-</b>	<b>320,569</b>	<b>-</b>	<b>6,436,536</b>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**16 Fair Value Measurements**

**(i) Recognised fair value measurements**

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

Property, plant and equipment

- Council 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.

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

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

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

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

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

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

At 30 June 2015	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$		\$		\$	
		2015	2014	2015	2014	2015	2014
<b>Recurring fair value measurements</b>							
Land	15	2,231,296	1,490,631	-	-	2,231,296	1,490,631
Buildings	15	-	-	14,956,587	18,869,689	14,956,587	18,869,689
Road, drainage and bridge network	15	-	-	115,543,398	92,615,140	115,543,398	92,615,140
Water	15	-	-	3,753,023	3,306,979	3,753,023	3,306,979
Sewerage	15	-	-	2,919,968	4,137,394	2,919,968	4,137,394
Other Infrastructure	15	-	-	6,957,645	-	6,957,645	-
		2,231,296	1,490,631	137,172,976	118,929,202	139,404,272	120,419,833

There were no transfers between levels during the year.

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

Council's land, buildings and infrastructure assets were valued at fair value with effect from 30 June 2015 by independent valuers Assetval.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

Specific valuation techniques used to value Council assets comprise:

**Valuation Processes - Land Assets (level 2)**

Land fair values were determined by independent valuer, Assetval, effective 30 June 2015. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

**Valuation Processes –Building Assets (level 3)**

Where there is an active and liquid market as evidenced by sales transactions of similar property types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method involves the analysis of sales evidence and comparisons with the subject taking into account matters such as method of construction, size, condition and age.

Due to the predominantly specialised nature of Local Government Assets, all infrastructure valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost) to valuation, an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

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

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

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

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

Description	Percentage of Life Remaining
1. Brand new or rehabilitated to new with no visible deterioration	95% - 100%
2. Excellent overall, early signs of deterioration	55% - 95%
3. Fair overall condition, obvious deterioration, some serviceability loss.	15% - 55%
4. Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	5% - 15%
5. Extremely poor condition, severe serviceability problems. Renewal required immediately	0% - 5%

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgments that have been made in the determination of fair values.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**Infrastructure (level 3)**

**Calculation of Current Replacement Cost**

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

The unit rates applied are based on Greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinson's Construction Handbook.

**Accumulated Depreciation**

An assessment of remaining useful life was made by the valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

**Impact of Unobservable Inputs**

We have undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. Our analysis is summarised in the following tables:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr / m2	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The high the usage quantities, the higher the Fair Value
Condition Rating	1-5 as specified	The lower the condition rating, the higher the Fair Value
Remaining useful Life	1-100 years	The longer the raining life, the higher the Fair Value

**Percentage of Assets Inspected**

All accessible and identifiable surface water and sewer infrastructure were inspected. All sewer and water pipes and underground assets were not able to be visually inspected, as such these assets were valued purely off the data supplied to AssetVal by QSC. In addition a sample of roads was visually inspected to verify the data provided by QSC. This data was prepared by Proterra, the civil engineering firm engaged by QSC to manage flood damage works, and reviewed by Council engineering staff.

**Accumulated Depreciation**

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, build date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from QSC operations staff. Some components of road infrastructure were assessed and determined to be non-depreciable such as road formation.

The accumulated depreciation values calculated using the depreciated replacement cost model were cross referenced and correlated with publicly available advertised sale prices of assets of a similar age and condition.

**(iii) Valuation processes**

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Finance Manager and Director of Corporate Services. 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 (recurring fair value measurements) is set out in note 10. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
<b>17 Trade and other payables</b>		
<b>Current</b>		
Creditors and accruals	2,045,809	2,734,470
Annual leave	347,285	371,414
Other entitlements	-	16,274
	2,393,094	3,122,158
<b>18 Provisions</b>		
<b>Current</b>		
Long service leave	273,740	336,702
	273,740	336,702
<b>Non-current</b>		
Long service leave	91,774	152,715
	91,774	152,715
Details of movements in provisions:		
<b>Long service leave</b>		
Balance at beginning of financial year	489,417	518,184
Long service leave entitlement arising	106,135	107,067
Long Service entitlement extinguished	(60,941)	(10,586)
Long Service entitlement paid	(169,097)	(125,248)
Balance at end of financial year	365,514	489,417
<b>19 Asset revaluation surplus</b>		
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	63,187,493	63,187,493
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	669,069	-
Buildings	(1,326,192)	-
Road, drainage and bridge network	23,929,999	-
Water	(387,941)	-
Sewer	(1,084,355)	-
Balance at end of financial year	84,988,073	63,187,493
Land	1,205,352	536,283
Buildings	7,701,918	9,028,110
Road, drainage and bridge network	75,032,657	51,102,658
Water	1,048,146	1,436,087
Sewerage	-	1,084,355
	84,988,073	63,187,493

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

	2015	2014
	\$	\$
<b>20 Retained surplus/(deficiency)</b>		
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at beginning of financial year	71,644,153	73,654,079
Net result attributable to Council	8,748,616	(2,009,926)
Retained surplus at end of financial year	80,392,769	71,644,153

**21 Contingent liabilities**

**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.

The latest audited financial statements for LGM are as at 30 June 2014 and show accumulated member funds (equity) of \$26,013,447

**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 latest audited financial statements for LGW are as at 30 June 2014 and show accumulated member funds (equity) of \$27,397,130

**22 Superannuation**

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

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

The scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

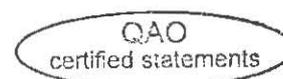
Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Quilpie Shire Council made less than 4% of the total contributions to the plan in the 2014-15 financial year.

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

	2015	2014
	\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	507,404	498,159



**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**23 Trust funds**

	2015	2014
	\$	\$
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	2,740	1,520
Security deposits	2,645	2,585
	<u>5,385</u>	<u>4,105</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.

**24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities**

Net result	8,748,616	(2,009,926)
Non-cash items:		
Depreciation and amortisation	2,742,382	2,532,625
Revaluation adjustments	56,478	-
	<u>2,798,860</u>	<u>2,532,625</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	357,274	85,385
Capital grants and contributions	(2,433,065)	(1,257,858)
	<u>(2,075,791)</u>	<u>(1,172,473)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	514,736	2,036,478
(Increase)/decrease in inventory	79,452	32,045
Increase/(decrease) in payables	(729,064)	400,765
Increase/(decrease) in other assets	(63,511)	112,480
Increase/(decrease) in other provisions	(123,903)	(45,472)
	<u>(322,290)</u>	<u>2,536,296</u>
Net cash inflow from operating activities	<u>9,149,395</u>	<u>1,886,522</u>

**25 Events after the reporting period**

There were no material adjusting events after the balance date.

*On the 29th June 2015 the Commonwealth Government announced the resumption of the practice of paying an amount equal to half of the previous years FAGS in the previous year (i.e. in 2014-2015) as an advance payment on 2015-2016.*

*The actual payment was made by the Commonwealth to the Grants Commission on 30th June 2015 but was not received by QSC until July.*

*Accordingly, there was no impact on Council in the 14-15 year. Depending on future action by the Australian Government, there could be an impact on future years.*

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**26 Financial instruments**

Quilpie Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market 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**

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

Council's management 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.

Quilpie Shire Council does not enter into derivatives.

**Credit risk**

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 Quilpie Shire 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:

	Note	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	11	14,963,260	9,738,238
Receivables - rates	12	385,248	287,347
Receivables - other	12	325,435	906,726
<b>Total financial assets</b>		<u>15,673,943</u>	<u>10,932,311</u>

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

*Cash and cash equivalents*

The Council may be exposed to credit risk through its investments with NAB and Rural Bank. The likelihood of the counterparty having capacity to meet its financial commitments is strong.

*Trade and other receivables*

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

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural with a large oil & gas industry, there is also a concentration in the agricultural & mining sector.

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

	2015	2014
	\$	\$
Not past due	695,979	1,179,873
Past due 31-60 days	13,456	13,000
Past due 61-90 days	1,248	1,200
More than 90 days	0	0
Impaired	0	0
<b>Total</b>	<b>710,683</b>	<b>1,194,073</b>

**Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Quilpie Shire Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council.

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2015</b>					
Trade and other payables	2,393,094	0	0	2,393,094	2,393,094
	2,393,094	0	0	2,393,094	2,393,094
<b>2014</b>					
Trade and other payables	3,122,158	0	0	3,122,158	3,122,158
	3,122,158	0	0	3,122,158	3,122,158

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

**QUILPIE SHIRE COUNCIL**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**Market risk**

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

*Interest rate risk*

Quilpie Shire Council is exposed to interest rate risk through investments with NAB and Rural Bank.

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

*Sensitivity*

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the Net Result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

Council	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2015</b>					
NAB Deposits	12,839,316	128,393	(128,393)	128,393	(128,393)
Rural Bank	2,123,644	21,236	(21,236)	21,236	(21,236)
<b>Net total</b>	<b>14,962,960</b>	<b>149,630</b>	<b>(149,630)</b>	<b>149,630</b>	<b>(149,630)</b>
<b>2014</b>					
NAB Deposits	9,969,570	99,696	(99,696)	99,696	(99,696)
<b>Net total</b>	<b>9,969,570</b>	<b>99,696</b>	<b>(99,696)</b>	<b>99,696</b>	<b>(99,696)</b>

**Fair value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

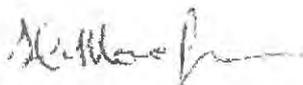
**QUILPIE SHIRE COUNCIL**  
**Financial statements**  
**For the year ended 30 June 2015**

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

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 30, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor  
Cr Stuart Mackenzie  
28-01-2016



Chief Executive Officer  
Dave Burges  
28-01-2016

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Quilpie Shire Council

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

I have audited the accompanying financial report of Quilpie Shire Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

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

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

#### *Auditor's Responsibility*

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

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

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

### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Quilpie Shire Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

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

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



  
D A STOLZ FCPA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

**QUILPIE SHIRE COUNCIL**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2015**

**Measures of Financial Sustainability**

How the measure is calculated      Actual - Council      Target

Council's performance at 30 June 2015 against key financial ratios and targets:

Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	26% Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense.	151% greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-51% not greater than 60%

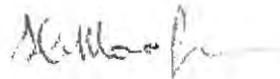
**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

**Certificate of Accuracy**

For

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).  
 In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



**Mayor**  
Stuart Mackenzie

Date: 28-01-16



**Chief Executive Officer:**  
Dave Burges

Date: 28-01-16



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Quilpie Shire Council

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

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Quilpie Shire Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

#### *Auditor's Responsibility*

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

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

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

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

### *Independence*

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

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

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Quilpie Shire Council, for the year ended 30 June 2015, has been accurately calculated.

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

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

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

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



*D. Stolz*  
D A STOLZ FCPA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

**QUILPIE SHIRE COUNCIL**  
**Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2015**

Projected for the years ended

**Measures of Financial Sustainability**

**Council**

Measure	Target	Actuals at 30 June 2015	30 June 2016	31 June 2017	31 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
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Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	26%	-10.50%	3.40%	3.30%	2.30%	1.60%	2.10%	3.40%	7.00%	6.40%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	151%	170%	125%	89%	66%	54%	58%	54%	60%	124%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-51%	-28%	-40%	-42%	-52%	-58%	-72%	-88%	-107%	-93%

**Quilpie Shire Council's 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.

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

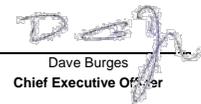
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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



Cr Stuart Mackenzie  
**Mayor**

Date: 28-01-16



Dave Burges  
**Chief Executive Officer**

Date: 28-01-16