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ISAAC REGIONAL COUNCIL

Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Income			
Revenue			
Recurrent revenue			
Rates and levies	3 (a)	68,290,350	66,757,314
Sale of goods and major services	3 (b)	4,312,473	5,972,818
Fees and charges	3 (c)	3,699,608	4,087,832
Rental and levies	3 (d)	979,113	1,046,104
Interest received	3 (e)	3,897,149	5,659,345
Sales of contract and recoverable works	3 (f)	3,741,386	5,840,887
Other recurrent income	3 (g)	267,751	165,691
Grants, subsidies, contributions and donations	4 (i)	6,127,808	3,130,002
Proceeds from sales of land developed for resale	5	50,800	1,242,782
Total operating revenue		91,366,438	93,902,775
Capital revenue			
Grants, subsidies, contributions and donations	4 (ii)	17,227,382	50,700,197
		17,227,382	50,700,197
Total revenue		108,593,820	144,602,972
Capital income	6	430,428	1,128,046
Total income	2	109,024,248	145,731,018
Expenses			
Recurrent expenses			
Employee benefits	8	(36,325,280)	(32,916,666)
Materials and services	9	(45,931,315)	(43,351,363)
Current cost of developed land sold	5	(25,056)	(413,962)
Finance costs	10	(1,519,253)	(1,015,735)
Depreciation and amortisation	11	(20,078,919)	(19,402,835)
Total operating expenses		(103,879,823)	(97,100,561)
Capital expenses			
Other capital expenses	12	(9,934,346)	(54,215,306)
Total expenses		**(113,814,169)**	**(151,315,867)**
Net result		**(4,789,921)**	**(5,584,849)**
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		22,206,262	63,411,436
Total other comprehensive income for the year		22,206,262	63,411,436
Total comprehensive income for the year		17,416,341	57,826,587

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

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ISAAC REGIONAL COUNCIL

Statement of Financial Position

As at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	14	47,746,237	66,666,854
Cash investments	18	49,258,224	41,137,038
Trade and other receivables	15 (a)	8,317,922	11,335,040
Inventories	16	17,655,950	26,924,902
Total current assets		122,978,333	146,063,834
Non-current assets			
Trade and other receivables	15 (b)	5,400,548	8,370,458
Investment properties	19	11,651,377	13,513,958
Property, plant and equipment	20	1,021,478,705	981,339,904
Intangible assets	22	46,283	29,913
Total non-current assets		1,038,576,913	1,003,254,233
TOTAL ASSETS		1,161,555,246	1,149,318,067
Current liabilities			
Trade and other payables	23	8,780,471	15,653,459
Provisions	24	520,667	298,566
Borrowings	25	1,504,172	1,417,222
Other	26	300,421	300,421
Total current liabilities		11,105,731	17,669,668
Non-current liabilities			
Trade and other payables	23	1,315,829	1,139,941
Provisions	24	4,710,659	4,739,853
Borrowings	25	36,818,597	38,320,946
Total non-current liabilities		42,845,085	44,200,740
TOTAL LIABILITIES		53,950,816	61,870,408
NET COMMUNITY ASSETS		**1,107,604,430**	**1,087,447,659**
Community equity			
Asset revaluation surplus	27	337,136,246	314,929,984
Retained surplus (deficiency)	28	675,407,815	667,711,436
Reserves	29	95,060,368	104,806,238
TOTAL COMMUNITY EQUITY		**1,107,604,430**	**1,087,447,659**

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

ISAAC REGIONAL COUNCIL

Statement of Changes in Equity
For the year ended 30 June 2015

	Note	Total		Retained surplus (deficit) Note 28		Reserves Note 29		Asset revaluation surplus Note 27	
		2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Balance at beginning of the year		1,087,447,659	1,017,951,912	667,711,436	636,808,984	104,806,238	129,624,380	314,929,984	251,518,548
Corrections to opening balances	37	2,740,430	11,669,160	2,740,430	11,669,160			-	
Restated opening balances		1,090,188,089	1,029,621,072	670,451,866	648,478,144	104,806,238	129,624,380	314,929,984	251,518,548
Net result		(4,789,921)	(5,584,849)	(4,789,921)	(5,584,849)				
Other comprehensive income for the year									
Revaluations									
Property, plant & equipment	20	22,187,023	65,257,497					22,187,023	65,257,497
Change in value of future rehabilitation costs		19,239	(1,846,061)					19,239	(1,846,061)
Total comprehensive income for the year		17,416,341	57,826,587	(4,789,921)	(5,584,849)	-	-	22,206,262	63,411,436
Transfers (to) from retained earnings and recurrent reserves	28	-	-	786,486	8,880,162	(786,486)	(8,880,162)		
Transfers (to) from retained earnings and capital reserves	28	-	-	8,959,384	15,937,980	(8,959,384)	(15,937,980)		
Balance at end of the year		1,107,604,430	1,087,447,659	675,407,815	667,711,436	95,060,368	104,806,238	337,136,246	314,929,984

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

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ISAAC REGIONAL COUNCIL

Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts			
Receipts from customers		87,623,530	99,329,643
Operating grants, subsidies and contributions		9,819,998	1,993,553
Interest received		4,533,252	5,282,774
Proceeds from sales of land developed for resale		50,800	1,242,782
Payments			
Payments to suppliers and employees		(86,709,800)	(108,478,070)
Interest expense		(1,940,594)	(2,002,052)
Net cash inflow (outflow) from operating activities	35	13,377,186	(2,631,370)
Cash flows from investing activities			
Commonwealth grants		1,304,310	189,534
State government subsidies & grants		11,043,980	41,317,368
Capital contributions		2,119,154	6,379,687
Payments for property, plant and equipment		(40,930,130)	(79,294,335)
Payments for intangible assets		(25,806)	-
Payments for investment property		(317,302)	-
Net transfer (to) from cash investments	18	(8,121,186)	(41,137,038)
Proceeds from sale of investment property		1,000,148	-
Proceeds from sale of property plant and equipment	7	85,054	160,000
Net movement in loans to controlled entities & associates		2,959,374	(597,098)
Net cash inflow (outflow) from investing activities		(30,882,404)	(72,981,882)
Cash flows from financing activities			
Repayment of borrowings	25	(1,415,399)	(1,869,276)
Net cash inflow (outflow) from financing activities		(1,415,399)	(1,869,276)
Net increase (decrease) in cash and cash equivalents held		(18,920,617)	(77,482,528)
Cash and cash equivalents at beginning of the financial year		66,666,854	144,149,382
Cash and cash equivalents at end of the year	14	47,746,237	66,666,854

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

1 Significant accounting policies

1. 1 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 and investment property which are measured at fair value;
- non-current assets held for sale which are measured at fair value less cost of disposal.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis.
Capital Revenue includes grants, subsidies and contributions received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses.
- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

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

1. 2 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. 3 Constitution

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

1. 4 Date of authorisation

The financial statements are 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. 5 Currency

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

1. 6 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 suite of consolidation standards resulted in some material changes to Council's accounting policies. These standards comprised AASB 10 *Consolidated Financial Statements* , AASB 11 *Joint Arrangements* , AASB 12 *Disclosure of Interests in Other Entities* , AASB 127 (revised 2011) *Separate Financial Statements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures* . The impact of these standards is summarised below.

1 **Significant accounting policies**

Council has applied the transitional provisions in AASB 11 in changing the accounting policy for this investment. Comparative amounts have been restated to reflect the change and the initial investment, as at 1 July 2013. Under the equity method investments are measured as the aggregate of the carrying amounts of the assets and liabilities that were previously proportionately consolidated. Council performed an impairment assessment on the initial investment at 1 July 2013 and concluded that no impairment loss is required.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

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.

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.

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.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.
The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

	Effective for annual report periods beginning on or after:
AASB 2014-1 *Amendments to Australian Accounting Standards*	Part D - 1 January 2016; Part E - 1 January 2018
AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)-Application of AASB 9 (December 2009) and AASB 9 (December 2010)	1 January 2015
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	1 January 2016
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]	1 January 2016
AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*	1 July 2015
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Centre Entities* [AASB 10, AASB 124 & AASB 1049]	1 January 2016

1 **Significant accounting policies**

1. 7 **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.

Investment Property - note 1.16 and note 19
Valuation and depreciation of property, plant and equipment - note 1.17 and note 21
Impairment of property, plant and equipment - note 1.19 and note 20
Provisions - note 1.22 and note 24
Valuation of finance leases - note 1.20
Contingencies - note 32

1. 8 **Revenue**

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

1. 8 (a) **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.

1. 8 (b) **Grants and subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the constrained grants, subsidies and contributions reserve.

Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

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

1. 8 (c) **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.

1. 8 (d) **Cash contributions**

Developers also pay infrastructure charges for trunk infrastucture, 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.

1. 8 (e) **Rental income**

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

1 **Significant accounting policies**

1. 8 (f) **Interest**

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

1. 8 (g) **Sales revenue**

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

1. 8 (h) **Fees and Charges**

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

1. 9 **Financial assets and liabilities**

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

Council has categorised and measured the financial assets and financial liabilities held at balance date as follows.

Financial assets
Cash and cash equivalents (note 1.10)
Receivables - measured at amortised cost less any impairment (note 1.11)
Other financial assets (finance leases) - measured at fair value (note 1.20)

Financial liabilities
Payables - measured at amortised cost (note 1.21)
Borrowings - measured at amortised cost (note 1.23)

Financial assets and financial liabilities are presented separately from each other and offsetting has only been applied to the GST receivable and payable balances.
All other disclosures relating to the measurement and financial risk management of financial instruments are included in note 38.

1. 10 **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. 11 **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 prior to 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.

1 **Significant accounting policies**

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 as per written agreement and interest charged at negotiated rates. Security is held over assets if applicable.

1. 12 **Inventories**

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

Inventories held for distribution (internal consumption) 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.
Inventory for distribution is 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. 13 **Other financial assets**

Other financial assets are recognised at cost.
At present Council does not have any other financial assets.

1. 14 **Non current assets held for sale**

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

1. 15 **Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents.

Where the council determines that the consolidation of a controlled entity would not have a material impact on assessing the financial performance of the council, it is not consolidated. Details of these entities are disclosed in note 36.

1. 16 **Investment property**

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

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

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

1 Significant accounting policies

1. 17 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, equipment infrastructure and buildings with a total value of less than $5,000, are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property plant and equipment recognised by the council are reported in note 20.

1. 17 (a) 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.

1. 17 (b) Capital and operating expenditure

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements 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.

1. 17 (c) Valuation

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

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

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

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

1 **Significant accounting policies**

1. 17 (d) **Capital work in progress**

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

Investment property under construction is classified as investment property. Refer to note 1.16 for further information.

1. 17 (e) **Depreciation**

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

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

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

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

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 20.

1. 17 (f) **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 Council currently does not have any such land holdings.

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

1. 18 **Intangible assets**

Intangible assets with a cost or other value exceeding $10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

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

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

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in note 22.

1 Significant accounting policies

1. 19 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. 20 Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.
The Council has no finance leases.

Operating leases

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

1. 21 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. 22 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. Under the employee awards the Council has the right to negotiate the deferment leave entitlements beyond 12 months and these are therefore classified as a current and non-current liability as specified below.

(a) 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 included in note 23 as a payable.

(b) 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, are stated at there nominal value and not discounted to reflect present value of discounted cash flow.

This liability represents an accrued expense and is reported in Note 23 as a payable.

(c) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.
Details of those arrangements are set out in note 33.

1 **Significant accounting policies**

(d) **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.

Where employees have met the prerequisite length of service and it is expected that the leave will be taken in the next twelve months, the liability is treated as a current provision, otherwise it is treated as non-current.

This liability is reported in note 24 as a provision.

1. 23 **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 borrow for capital projects and land development, for a term no longer than the expected life of the asset or the development project. 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 relating to capital assets are expensed in the period in which they are incurred. Borrowing costs relating to land delevelopment are capitalised to land held for resale.

1. 24 **Restoration provision**

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

Within each restoration provision there are many site locations which are on council controlled land. The following accounting treatments apply depending on the site location and operational status of the site.

Restoration on land controlled by Council

Restoration sites that are situated on Council controlled land and are classified as land and improvement assets. The present value of the make good asset arising from the provision for restoration is, therefore, included in the cost of the land improvements and amortised over the expected useful life. Where the site is operational, changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land improvements. If there is no available revaluation surplus or the site is closed, increases in the provision are treated as an expense and recovered out of future decreases (if any).

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

The Council has the following restoration provisions.

(a) **Refuse sites**

The provision represents the present value of the anticipated future costs associated with the closure of the refuse sites, decontamination and monitoring of historical residues and leaching on these sites.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

1 **Significant accounting policies**

The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the sites will close progressively from 2017 to 2044 and that the restoration will occur progressively over the subsequent four years.

1. 25 **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 a capital expense.

When an asset is disposed of, any revaluation amount pertaining to that asset that is carried in this surplus account is retained in the asset revaluation surplus.

1. 26 **Retained surplus (deficit)**

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1. 27 **Reserves held for funding future capital expenditure**

These are cash backed reserves and represent funds, from revenue sources, that are accumulated to meet anticipated future capital asset funding requirements. In each case the amount relates to a perceived future requirement which is not currently a liability.

Unspent loan cash reserve

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of approved loan funds from QTC that have been drawn down but not expended on the specific capital projects. As the funds are expended they are transferred to the council's capital account. Refer notes 14 and 29 (a).

Constrained grants and subsidy contributions reserve

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Buildings reserve

This reserve has been established to provide funding for future housing/building projects.

Plant and equipment reserve

This reserves was created to provide funding for new plant and equipment costs.

Roads infrastructure reserve

This reserve has been established for future construction work on roads and to enable the future introduction of business principles to construction operations.

Water reserve

This reserve has been established to provide funding for future water projects.

Sewerage reserve

This reserve has been established to provide funding for future sewerage projects.

1 **Significant accounting policies**

Other infrastructure reserve
This reserve has been established for future projects associated with infrastructure assets within Council.

Community facilities reserve
This reserve has been established to provide funding for future community facilities within Council.

Carry over capital reserve
This reserve has been established to provide funding for carry over capital projects not funded through carry over of funded depreciation.

Mines capital projects reserve
This reserve has been established to provide funding for specific capital projects funded from special charges

1. 28 **Reserves held for funding future recurrent expenditure**

These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

Natural disaster reserve
This reserve has been established to fund the trigger point for any future natural disasters which may occur for Isaac Regional Council.

Constrained works reserve
This reserve has been established to constrain unspent grant monies.

Planning & environmental enforcement - operational reserve
This reserve has been established to fund the compliance requirements of planning and environmental applications in the proceeding year.

Mines operating projects reserve
This reserve has been established to identify operating revenue that has the potential to be refunded to the contributor.

1. 29 **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. 30 **Trust funds held for outside parties**

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

For details see note 34.

1. 31 **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.

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

2 (a) Components of council functions

The activities relating to the Council's components reported on in Note 2 (b).

Office of the CEO

Chief Executive Officer

The Office of the Chief Executive Officer is responsible for the organisational leadership, administration and strategic management of the organisation. This includes organisational development and training, human resources, advocacy, day to day management of all functions of Council and to ensure that decisions and policy of Council is carried out. The Chief Executive Officer also provides advice to the Councillors and is the custodian of records and documents of Council.

Councillors

Issac Regional Councilors are responsible for the good rule and local government of the council area They are responsible for representing the current and future interests of the community and for setting the strategic direction of the local government. The responsibilities of Councillors are clearly articulated in the *Local Government Act 2009* .

Corporate, Governance & Financial Services

Corporate, Governance and Financial Services provide the following functions; strategic and business continuity planning, legal and insurance administration, brand, media, and communication, governance, risk management, disaster management, asset management, financial services, rating, internal audits, information technology, goegraphical information services, community leasing, records management, organisational safety, procurement, stores, tenders and contracts.

Engineering & Infrastructure

Engineering and Infrastructure provide the following functions; water and sewerage, land care and open spaces, resourse recovery, engineering design and projects, roads and urban services, fleet and depot management.

Planning, Environment & Community Services

Planning, Environment and Community Services provide the following functions; economic development and tourism, customer service, place management and community relations programs including youth programs, grants administration and management, stock route management, arts and library services, libraries, community development, planning and land development, regulatory and building compliance, native title, MELC childcare, corporate properties, company housing, commercial operations, tenancy, local laws and environmental services.

ISAAC REGIONAL COUNCIL

Notes to the financial statements
For the year ended 30 June 2015

2 Analysis of results by function

(b) Revenue, expenses and assets have been attributed to the following functions

Functions	Income		Total income	Total expenses	Net result for year	Assets
	Grants	Other				
	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $
Office of the CEO	35,500	61,848	97,348	(331,181)	428,529	-
Corporate, Governance & Financial Services	3,093,760	50,670,777	53,764,537	19,778,902	33,985,635	138,251,897
Engineering & Infrastructure	14,536,055	36,287,229	50,823,284	69,142,270	(18,318,986)	898,499,363
Planning, Environment & Community Services	557,436	3,781,643	4,339,079	25,224,178	(20,885,099)	124,803,986
Total	18,222,751	90,801,497	109,024,248	113,814,169	(4,789,921)	1,161,555,246

Prior Year

Functions	Income		Total income	Total expenses	Net result for year	Assets
	Grants	Other				
	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $
Office of the CEO	71,991	42,412	114,403	(398,702)	513,105	-
Corporate, Governance & Financial Services	1,204,863	56,393,566	57,598,429	5,088,542	52,509,887	129,946,045
Engineering & Infrastructure	42,621,860	32,036,187	74,658,047	118,536,440	(43,878,393)	859,761,826
Planning, Environment & Community Services	450,936	12,909,203	13,360,139	28,089,587	(14,729,448)	159,610,196
Total	44,349,650	101,381,368	145,731,018	151,315,867	(5,584,849)	1,149,318,067

	Note	2015 $	2014 $
3 Revenue analysis			
(a) Rates and levies	1.8(a)		
General rates		47,645,664	45,476,869
Separate rates		2,353,762	5,077,801
Disaster management levy		125,165	116,994
Water		9,905,377	8,854,304
Water consumption, rental and sundries		8,890	34,040
Sewerage		8,970,612	7,863,025
Sewerage connection fees		3,885	29,770
Garbage charges		4,110,097	3,666,200
Rates and utility charge revenue		73,123,452	71,119,003
Less: Discounts		(4,637,020)	(4,190,382)
Less: Pensioner remissions		(196,082)	(171,307)
Net rates and utility charges		68,290,350	66,757,314
(b) Sale of goods and major services	1.8(g)		
Recycling services		155,050	454,077
Green waste services		78,246	39,403
Tip Fees		3,373,469	4,406,782
Airport services		705,708	1,072,556
		4,312,473	5,972,818
(c) Fees and Charges	1.8(h)		
Statutory fees and charges include			
Development fees		582,134	1,353,853
Building fees & charges		186,174	125,595
Environmental Fees		70,705	65,027
Animal registrations		143,110	139,745
User fees and charges		2,717,485	2,403,612
		3,699,608	4,087,832
(d) Rental and levies	1.8(e)		
Housing rentals		450,570	469,026
Investment property rentals		176,920	287,324
Community housing rental income		87,105	64,714
Other property rental income		264,518	225,040
		979,113	1,046,104
(e) Interest received	1.8(f)		
Investments		3,557,303	4,943,742
Loan to controlled entities		162,097	597,098
Other sources		11	20,095
Over due rates and utility charges		177,738	98,410
		3,897,149	5,659,345
(f) Sales of contract and recoverable works	1.8(g)		
Revenue		3,741,386	5,840,887
		3,741,386	5,840,887

The amount recognised as revenue from contract works during the year is the amount receivable in respect of invoices issued during the year.
The contract work carried out is not subject to retentions.

	Note	2015 $	2014 $
(g) Other recurrent income			
Other income		267,751	165,691
		267,751	165,691

ISAAC REGIONAL COUNCIL

Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 $	2014 $
4 Grants, subsidies, contributions and donations	1.8(b)		
(i) Recurrent - grants, subsidies, contributions and donations			
General purpose grants		5,087,921	2,123,463
Commomwealth subsidies and grants		213,970	198,981
State government subsidies & grants		572,570	520,305
Donations		41,514	1,278
Contributions		211,833	285,975
Total recurrent revenue		6,127,808	3,130,002
(ii) Capital - grants, subsidies, and contributions			
(a) Monetary revenue designated for capital funding purposes			
Commomwealth grants		1,304,310	189,534
State government subsidies & grants		1,015,243	3,679,281
NDRRA flood damage grants		10,028,737	37,638,087
Contributions		2,119,154	6,379,687
		14,467,444	47,886,589
(b) Non-monetary revenue received is analysed as follows.	1.8(c)		
Developer assets contributed by developers at fair value		2,759,938	2,813,608
		2,759,938	2,813,608
Total capital revenue		17,227,382	50,700,197

(iii) Conditions over contributions

Non-reciprocal grants and contributions which were recognised as revenues during the reporting year and which were obtained on the condition that they be expended in a general specified manner (eg.headworks) by the contributor but had not been expended at the reporting date.

	Note	2015 $	2014 $
Grants for infrastructure		89,399	-
Contributions for infrastructure		1,179,154	6,379,687
		1,268,553	6,379,687

Non-reciprocal grants and contributions which were recognised as revenues during a previous reporting year and were expended during the current reporting year.

	Note	2015 $	2014 $
Grants for infrastructure		395,977	542,687
Grants for operations expenditure		-	3,111,941
Contributions for infrastructure		1,604,245	-
		2,000,222	3,654,628
5 Gain (loss) on the disposal of inventory land developed for resale			
Proceeds from sales of land developed for resale		50,800	1,242,782
Current cost of developed land sold	17	(25,056)	(413,962)
		25,744	828,820
6 Capital income			
Gain on the sale of capital assets	7	-	27,375
Revaluation of investment property - land and buildings	19	145,769	476,221
Recovery of revaluation down of property, plant and equipment	20	284,659	624,450
		430,428	1,128,046
7 Gain (loss) on the disposal of capital assets			
(a) Proceeds from the sale of plant and equipment		18,491	160,000
Less book value of plant and equipment sold		-	(132,625)
		18,491	27,375

ISAAC REGIONAL COUNCIL

Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 $	2014 $
(b) Proceeds from the sale of land and buildings		66,563	-
Less: Book value of land and buildings sold		(30,647)	-
		35,916	-
(c) Proceeds from the sale of investment property		1,000,148	-
Less: Book value of investment property sold		(2,325,652)	-
		(1,325,504)	-
Total gain (loss) on the disposal of capital assets	6 & 12	(1,271,097)	27,375

8 Employee benefits

	Note	2015 $	2014 $
Total staff wages and salaries		28,518,356	26,250,004
Councillors' remuneration		500,011	735,344
Annual, sick and long service leave entitlements		4,627,192	3,766,956
Superannuation	33	3,466,587	3,006,796
		37,112,146	33,759,100
Other employee related expenses		1,942,937	724,555
		39,055,083	34,483,655
Less capitalised employee expenses		(2,729,803)	(1,566,989)
		36,325,280	32,916,666

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

Total Council employees at 30 June	2015	2014
Elected members	9	9
Administration staff	196	235
Depot and outdoors staff	172	170
Total full time equivalent employees	377	405

9 Materials and services

	2015 $	2014 $
Audit of annual financial statements by the Auditor-General of Queensland	164,392	201,655
Professional fees including legal fees	5,603,457	8,381,772
Donations Paid	517,652	311,177
Electricity	3,024,206	2,422,349
Refuse collection	2,766,838	1,861,952
Plant and vehicle expense	1,634,558	2,189,150
IT and telecommunications	1,852,919	2,221,876
Contractors	1,269,313	563,600
Insurance	1,527,773	1,576,119
Rentals - Operating leases	470,789	734,836
Revaluation of land for resale (classified as inventory)	10,742,122	610,270
Other material and services	16,357,296	22,276,607
	45,931,315	43,351,363

10 Finance costs

	2015 $	2014 $
Finance costs charged by the Queensland Treasury Corporation	1,940,594	2,002,052
Bank charges	115,990	125,013
Impairment of receivables and bad debts written off	190,559	179,930
Refuse sites - change in PV over time	84,996	24,050
	2,332,139	2,331,045
Less capitalised interest	(812,886)	(1,315,310)
	1,519,253	1,015,735

	Note	2015 $	2014 $
11 Depreciation and amortisation	1.17(e)		
(a) Depreciation of non-current assets			
Land and improvements		677,566	659,979
Buildings		1,625,321	1,641,899
Plant and equipment		2,993,790	2,745,917
Road, bridge and drainage		8,002,127	7,804,349
Water		3,375,490	3,292,019
Sewerage		3,115,795	3,010,095
Waste management		98,882	68,463
Aerodrome		180,512	175,975
		20,069,483	19,398,696
(b) Amortisation of other intangible assets			
Computer software		9,436	4,139
		9,436	4,139
Total depreciation and amortisation		20,078,919	19,402,835
12 Capital expenses			
Loss on the sale of capital assets	7	1,271,097	-
Loss on write-off of capital assets	13	8,663,249	54,155,423
Loss on market value adjustment to long term debt	25	-	59,883
Total capital expenses		9,934,346	54,215,306
13 Loss on write-off of capital assets			
Land and improvements		-	10,391
Plant and equipment		2,537	-
Road, bridge and drainage		8,514,063	50,545,175
Water		146,649	1,383,280
Sewerage		-	2,216,577
	12	8,663,249	54,155,423

Details of capital asset write-offs.
At June 2015 $6,000,471 was written off roads as a result of flood damage.

	Note	2015 $	2014 $
14 Cash and cash equivalents	1.10		
Cash at bank and on hand		344,826	671,740
Deposits at call		20,838,542	27,925,225
Term deposits		26,562,869	38,069,889
Total cash and cash equivalents per statement of cash flows		47,746,237	66,666,854
Cash investments held	18	49,258,224	41,137,038
Total cash assets		97,004,461	107,803,892

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

	Note	2015 $	2014 $
Externally imposed expenditure restrictions at the reporting date relate to the following assets:			
Unspent loan monies	29 (i)	5,667,389	5,762,441
Unspent government grants and subsidies	29 (ii)	4,566,341	5,475,579
Unspent developer contributions	29 (ii)	40,504,850	40,929,941
Internally imposed expenditure restrictions at the reporting date relate to the following assets:			
Funds set aside by council and held in reserves for future projects		44,321,788	52,638,277
Total unspent restricted cash held in reserves	29	95,060,368	104,806,238

Cash and deposits at call are held in the following banks: ANZ Bank, Queensland Country Credit Union, National Australia Bank, Westpac Banking Corporation, Bank of Queensland, Queensland Treasury, AMP Bank, Suncorp Metway Ltd and Bendigo Bank.

	Note	2015 $	2014 $
15 Trade and other receivables	1.11		
(a) Current			
Rateable revenue and utility charges		3,107,808	1,670,345
Accrued government operating grants and subsidies		-	3,692,190
Accrued interest		1,086,246	1,722,349
GST recoverable		805,583	909,377
Other debtors		2,376,972	2,204,533
Less impairment provision		(350,705)	(259,750)
		7,025,904	9,939,044
Prepayments		1,292,018	1,395,996
		8,317,922	11,335,040
(b) Non-current			
Deferred debtors		93,957	104,493
Loans and advances to controlled entities and associates	15	5,306,591	8,265,965
		5,400,548	8,370,458

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.

All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates.

Movement in accumulated impairment losses (trade and other receivables)

		2015 $	2014 $
Opening balance at 1 July		259,750	199,404
Impairment adjustment in year		90,955	60,346
Balance at end of year		350,705	259,750

	Note	2015 $	2014 $
16 Inventories	1.12		
Current			
Inventories for internal use			
Quarry and road materials		1,081,213	1,771,425
Stores and materials		743,431	635,318
		1,824,644	2,406,743

Valued at cost, adjusted when applicable for any loss of service potential.

	Note	2015 $	2014 $
Land purchased for development and sale	17	15,831,306	24,518,159
Total inventories		17,655,950	26,924,902

	Note	2015 $	2014 $
17 Land purchased for development and sale	1.14		
Balance at beginning of the year		24,518,159	7,223,749
Land acquired in period		-	17,003,332
Development costs		1,267,439	-
Capitalised interest in year		812,886	1,315,310
Less cost of developed land sold		(25,056)	(413,962)
Valuation adjustment as at 30 June 2015		(10,742,122)	(610,270)
Balance at end of the year		15,831,306	24,518,159

Land purchased for development and sale is valued at the lower of cost and net realisable value.

	Note	2015 $	2014 $
18 Cash investments			
Fixed term held with other institutions realisable between 3 and 12 months - unrestricted		49,258,224	41,137,038
		49,258,224	41,137,038

Term deposits at fixed interest rates are held with the following finanical institutions: National Australia Bank, Westpac Bank, Suncorp Metway Ltd, Bank of Queensland and AMP. Maturity ranges from 4 to 10 months and bear interest rates from 2.95% to 3.8%.

	2015 $	2014 $
19 Investment properties		
Property held for rental income and capital growth	11,651,377	13,513,958
Fair value at end of the financial year	11,651,377	13,513,958
Movement in assets during the reporting year		
Property held for rental income and capital growth		
Fair value at beginning of the financial year	13,513,958	13,037,737
Acquisitions	317,302	-
Value of asset disposed	(2,325,652)	-
Revaluation adjustment to income statement	145,769	476,221
Fair value at end of the financial year	11,651,377	13,513,958

All investment property was valued at fair value by Australian Pacific Valuers Pty Ltd trading as APV Valuers and Asset Management, an independent professionally qualified valuation firm, as at 30 June 2015.

Further information about the valuation techniques used to derive fair value are included in note 21.

Income from the investment property is shown in note 3 .

Investment property does not include community housing.

20 Property, plant and equipment

	Note	Land and improvements	Buildings	Plant and equipment	Road, bridge and drainage	Water	Sewerage	Waste management	Aerodrome	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Asset Values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2014		89,090,585	132,768,974	29,562,794	565,421,517	175,509,581	147,718,519	1,534,207	9,515,359	25,638,213	1,176,759,750
Minor correction to opening balance	37	-	-	-	190,158	-	2,550,272	-	-	-	2,740,430
Additions at cost		-	-	-	-	-	-	-	-	41,247,432	41,247,432
Contributed assets at valuation		-	-	-	1,886,754	113,265	759,919	-	-		2,759,938
Internal transfers from work in progress		1,888,920	1,037,354	5,354,391	28,538,474	3,963,697	9,351,291	201,184	97,359	(50,432,670)	-
Disposals	7	(30,647)	-	(37,402)	-	-	-	-	-		(68,049)
Write-offs	12	-	-	(3,052)	(8,949,733)	(303,100)	-	-	-	-	(9,255,885)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	27	379,825	2,482,884	-	2,453,360	2,043,264	2,757,474	3,352	-		10,120,159
Revaluation adjustment to capital income	6	-	-	-	-	-	-	-	173,877		173,877
Internal transfers between asset classes		(70,171)	5,094	33,010	(51,725)	-	-	83,792	-		-
Transfer to investment properties	19	-	-	-	-	-	-	-	-	(317,302)	(317,302)
Closing gross value as at 30 June 2015		91,258,512	136,294,306	34,909,741	589,488,805	181,326,707	163,137,475	1,822,535	9,786,595	16,135,673	1,224,160,350
Accumulated depreciation and impairment											
Opening balance as at 1 July 2014		9,711,253	19,121,721	12,601,218	66,252,717	45,771,059	40,098,104	279,238	1,584,535		195,419,845
Depreciation provided in year	11	677,566	1,625,321	2,993,790	8,002,127	3,375,490	3,115,795	98,882	180,512		20,069,483
Depreciation on disposals	7	-	-	(37,402)	-	-	-	-	-		(37,402)
Depreciation on write-offs	12	-	-	(515)	(435,670)	(156,451)	-	-	-		(592,636)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	27	(236,606)	(1,123,608)	-	(6,177,281)	(2,450,379)	(2,100,064)	21,074	-		(12,066,864)
Revaluation adjustment to capital income	6	-	-	-	-	-	-	-	(110,782)		(110,782)
Internal transfers between asset classes		-	(784)	-	(125,765)	2,873	146,245	(22,569)	-		-
Accumulated depreciation as at 30 June 2015		10,152,213	19,622,650	15,557,091	67,516,128	46,542,592	41,260,080	376,625	1,654,265		202,681,644
Total written down value as at 30 June 2015		81,106,299	116,671,656	19,352,650	521,972,677	134,784,115	121,877,395	1,445,910	8,132,330	16,135,673	1,021,478,705
Range of estimated useful life in years		5 - 100	3 - 100	5 - 20	5 - 100	5 - 100	5 - 100	5 - 10	10 - 50		
Addition of renewal assets		-	-	-	-	-	-	-	-	27,314,326	27,314,326
Addition of other assets		-	-	-	1,886,754	113,265	759,919	-	-	13,615,804	16,375,742
Total additions in year		-	-	-	1,886,754	113,265	759,919	-	-	40,930,130	43,690,068

* ARS denotes - Asset Revaluation Surplus

20 Property, plant and equipment - prior year

	Note	Land and improvements	Buildings	Plant and equipment	Road, bridge and drainage	Water	Sewerage	Waste management	Aerodrome	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
Asset Values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2013		72,338,388	127,246,413	25,739,401	523,329,331	170,503,716	146,711,253	1,175,361	8,920,907	19,948,464	1,095,913,234
Minor correction to opening balance	37	941,089	2,204,569	-	4,984,742	2,064,500	1,686,600	-	-	838,957	12,720,457
Additions at cost		-	-	-	46,044,456	-	-	-	-	33,407,219	79,451,675
Contributed assets at valuation		-	226,825	-	2,586,783	-	-	-	-		2,813,608
Internal transfers from work in progress		2,544,337	1,600,168	4,036,093	14,742,609	1,569,914	3,481,732	319,909	261,665	(28,556,427)	-
Disposals	7	-	-	(212,700)	-	-	-	-	-		(212,700)
Write-offs	12	(10,391)	-	-	(50,826,255)	(1,996,501)	(3,028,388)	-	-	-	(55,861,535)
Revaluation adjust to other comprehensive income. (refer the ARS*)	27	13,258,834	1,375,218	-	24,559,851	3,363,286	(1,128,012)	173,047	-		41,602,223
Revaluation adjustment to capital income	6	-	-	-	-	-	-	-	332,787		332,787
Internal transfers between asset classes		18,328	115,782	-	-	4,665	(4,665)	(134,110)	-		0
Closing gross value as at 30 June 2014		89,090,585	132,768,974	29,562,794	565,421,517	175,509,581	147,718,519	1,534,207	9,515,359	25,638,213	1,176,759,750
Accumulated depreciation and impairment											
Opening balance as at 1 July 2013		6,225,887	21,025,062	9,942,896	66,172,583	51,912,663	43,362,090	361,572	1,700,223		200,702,976
Minor correction to opening balance	37	136,779	119,248	-	184,319	349,823	261,128	-	-		1,051,297
Depreciation provided in year	11	659,979	1,641,899	2,745,917	7,804,349	3,292,019	3,010,095	68,463	175,975		19,398,696
Depreciation on disposals	7	-	-	(80,075)	-	-	-	-	-		(80,075)
Depreciation on write-offs	12	-	-	-	(281,080)	(613,221)	(811,811)	-	-		(1,706,112)
Revaluation adjust to other comprehensive income. (refer the ARS*)	27	2,600,269	(3,671,926)	-	(7,627,454)	(9,171,387)	(5,722,236)	(62,540)	-		(23,655,274)
Revaluation adjustment to capital income	6	-	-	-	-	-	-	-	(291,663)		(291,663)
Internal transfers between asset classes		88,339	7,438	(7,520)	-	1,162	(1,162)	(88,257)	-		-
		-	-	-	-	-	-	-	-		
Accumulated depreciation as at 30 June 2014		9,711,253	19,121,721	12,601,218	66,252,717	45,771,059	40,098,104	279,238	1,584,535		195,419,845
Total written down value as at 30 June 2014		79,379,332	113,647,253	16,961,576	499,168,800	129,738,522	107,620,415	1,254,969	7,930,824	25,638,213	981,339,904
Range of estimated useful life in years		5 - 100	3 - 100	5 - 20	5 - 100	5 - 100	5 - 100	5 - 10	10 - 50		

* ARS denotes - Asset Revaluation Surplus

21 Fair value measurements

(i) Recognised fair value measurements

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

Investment properties

Property, plant and equipment

- Land and improvements
- Buildings
- Road, bridge and drainage
- Water
- Sewerage
- Waste management
- Aerodrome

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.
Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 25 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).
Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale.
A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (level 2)".

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

Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (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.

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21 Fair value measurements - continued

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

	Note	Level 2 (Significant other observable inputs)		Level 3 (Significant unobservable inputs)		Total	
		2015	2014	2015	2014	2015	2014
		$	$	$	$	$	$
Recurring fair value measurements							
Investment Property	19						
- Investment property - Land and Buildings		11,651,377	13,513,958	-	-	11,651,377	13,513,958
Property, plant and equipment	20						
- Land and improvements with comparable market value inputs		58,069,002	57,072,158	-	-	58,069,002	57,072,158
- Land and improvements with specialised structures and land use				23,037,297	22,307,174	23,037,297	22,307,174
- Buildings residential		18,216,251	46,298,050	-	-	18,216,251	46,298,050
- Buildings special purpose structures				98,455,405	67,349,203	98,455,405	67,349,203
- Road, bridge and drainage		-	-	521,972,677	499,168,800	521,972,677	499,168,800
- Water		-	-	134,784,115	129,738,522	134,784,115	129,738,522
- Sewerage		-	-	121,877,395	107,620,415	121,877,395	107,620,415
- Waste management		-	-	1,445,910	1,254,969	1,445,910	1,254,969
- Aerodrome		-	-	8,132,330	7,930,824	8,132,330	7,930,824
		87,936,630	116,884,166	909,705,129	835,369,907	997,641,759	952,254,073

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

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

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

Council adopted AASB13 Fair Value Measurement for the first time during the 2014 financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets

Property, plant and equipment

Land and improvements, buildings and other structures

As at 30 June 2015 a desktop revaluation was undertaken of Councils land and improvements, buildings and other structures assets by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows.

(1) Cost for land restricted in use (non-saleable)

Estimate cost to replace the existing land if Council had to acquire it on the open market in competition with other market participants. Due to the restricted nature and unique characteristics of this land there was insufficient market evidence of directly comparable sales. Reference was made to sales of land with a limited level of comparability at distant locations and adjusted by the Valuer using professional judgement to take account of the differing characteristics. These were evaluated for reasonableness against the price per area for other restricted in use land held by the Council that had been valued at level 2.

21 Fair value measurements - continued

(2) Long term rental yields in potentially volatile market

The market rental used were based on an analysis of current market rental yields. While there was sufficient evidence of existing market rental yields, due to the cyclical nature of the mining sector, there were concerns raised over the long term demand for properties and the associated impact on long term yields. The volatility of these assumptions were considered sufficiently high by the professionally qualified valuers who completed the valuation to recommend disclosing the valuation inputs for these properties as level 3.

(3) Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation.In order to achieve this the Valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, assets management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements

Land

Level 2 valuation inputs

These were used to value land held in freehold title (investment and non-investment) 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.

Buildings and investment properties

Level 2 valuation inputs

These were used to determine the fair value of a range of properties. These included the bulk of residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Level 3 valuation inputs

Specialised building were valued using the cost approach using professionally qualified registered values. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square meters could be supported from market evidence (level 2) other inputs (such as estimated residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are disclosed in the condition rating table below.

21 Fair value measurements - continued

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

Asset	Level of valuation input	Unobservable inputs	Sensitivity to unobservable market inputs		Amount of potential impact	
			Lower	Upper	Lower	Upper
Buildings (cost approach) - Specialised buildings	3	Condition of the asset where based on condition as supplied by Council	-2.50%	2.50%	-$2,788,222	$2,788,222
Other structures	3	Relationship between asset consumption rating scale and the level of consumed service potential	-2.50%	2.50%	-$387,212	$387,212

Road, bridge and drainage

As at 30 June 2015 a desktop revaluation was undertaken of Councils road, bridge and drainage assets by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows.

Asset Condition

The nature of road infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every asset for the purpose of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments.

To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections the valuation as at 30 June 2014 relied upon a sampling approach (18% overall) where the data held in the system is verified by a physical inspection. While the sampling approach, combined with internal controls associated with the asset management system, provides a high level of comfort over the condition data held in the asset management system it does not provide a guarantee that all the data is correct and the condition as recorded is valid as at the date of valuation.

The revaluation undertaken as at 30 June 2015 relies heavily on the 30 June 2014 valuation.

Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this the Valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, assets management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

21 Fair value measurements - continued

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements

All road network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metre or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be values at level 3 we have adopted a policy that all road network infrastructure assets are deemed to be valued at level 3.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are disclosed in the condition rating table below.

(ii) Non-recurring fair value measurements

No assets were valued as a non-recurring valuation.

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

			Sensitivity to unobservable market inputs		Amount of potential impact	
Asset	**Level of valuation input**	**Unobservable inputs**	**Lower**	**Upper**	**Lower**	**Upper**
Roads infrastructure (cost approach)	3	Condition of the asset where based on condition as supplied by Council	-3.00%	3.00%	-$15,405,794	$15,405,744
Roads infrastructure (cost approach)	3	Relationship between asset consumption rating scale and the level of consumed service potential	-3.00%	3.00%	-$15,405,794	$15,405,744

21 Fair value measurements - continued

Water and sewerage infrastructure

As at 30 June 2015 a desktop revaluation was undertaken of Councils water and sewerage network infrastructure assets by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows.

Asset Condition

The nature of water and sewerage network infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every assets for the purpose of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments. A large portion of the portfolio is located underground and may only be inspected on an irregular basis.

Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this the Valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, assets management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements

All water network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metre or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be values at level 3 we have adopted a policy that all water and sewerage network infrastructure assets are deemed to be valued at level 3.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are disclosed in the condition rating table below.

(ii) Non-recurring fair value measurements

No assets were valued as a non-recurring valuation.

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21 Fair value measurements - continued

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

Asset	Level of valuation input	Unobservable inputs	Sensitivity to unobservable market inputs		Amount of potential impact	
			Lower	Upper	Lower	Upper
Water and sewerage infrastructure (cost approach)	3	Condition of the asset where based on condition as supplied by Council	-5.00%	5.00%	-$12,236,849	$12,236,849
Water and sewerage infrastructure (cost approach)	3	Relationship between asset consumption rating scale and the level of consumed service potential	-5.00%	5.00%	-$12,236,849	$12,236,849

Waste management

As at 30 June 2013 a desktop valuation was undertaken of Councils waste management assets by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows.

Asset Condition

The nature of waste management infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every assets for the purpose of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments.

Indexes were utilised to undertake the desktop valuation developed with reference to construction guidelines, data from the Australian Bureau of Statistics and market research.

Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this the Valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, assets management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements

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21 Fair value measurements - continued

All waste management assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metre or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be values at level 3 we have adopted a policy that all waste management assets are deemed to be valued at level 3.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are disclosed in the condition rating table below.

Condition Rating Table

		% RSP of depreciable amount				
Consumption score	**Description**	**Straight-line**	**Low**	**Mod**	**High**	**Extreme**
0	New or very good condition - very high level of remaining service potential.	100%	100%	100%	100%	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	92%	94%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%	85%	99%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	40%	54%	70%	90%
4	Indicators showing the need to renew, upgrade or scrap in the near future. Should be reflected by inclusion in the capital works plan to renew or replace in short-term. Very low level of remaining service potential.	10%	20%	34%	45%	70%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%	0%	0%
6	Theoretical end of life.	Fully written off				

21 **Fair value measurements - continued**

(ii) Non-recurring fair value measurements

No assets were valued as a non-recurring valuation.

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

Asset	Level of valuation input	Unobservable inputs	Sensitivity to unobservable market inputs		Amount of potential impact	
			Lower	Upper	Lower	Upper
Waste management infrastructure (cost approach)	3	Condition of the asset where based on condition as supplied by Council	-2.50%	2.50%		
Waste management infrastructure (cost approach)	3	Relationship between asset consumption rating scale and the level of consumed service potential	-2.50%	2.50%		

Movements in asset classes that have multi-level valuation inputs

The movement in asset classes as disclosed on note 20 to which more than one valuation input level was applied to derive fair value are reported below.

	2015		2014	
	Level 2	Level 3	Level 2	Level 3
	$	$	$	$
Changes in land and site improvements				
Asset value				
Opening balance	58,854,411.17	30,236,174	49,708,739	22,629,649
Error correction to opening balance	(548,915)	548,915	941,089	-
Additions in period	691,164	1,197,756	1,428,796	1,115,541
Disposals and write-offs in period	(30,647)	-	(10,391)	-
Transfers in period	(70,171)	-	18,328	-
Revaluation adjustment included in the asset revaluation surplus	1,271,825	(892,000)	6,767,850	6,490,984
Gross closing balance Buildings	60,167,667	31,090,845	58,854,411	30,236,174

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21 Fair value measurements - continued

Accumulated depreciation				
Opening balance	1,782,253	7,929,000	1,548,794	4,677,093
Correction to accum. depreciation opening balance	26,586	(26,586)	136,779	-
Depreciation in current period	288,594	388,972	292,652	367,327
Transfer in period	-	-	88,339	-
Revaluation adjustment included in the asset revaluation surplus	1,232	(237,838)	(284,311)	2,884,580
Closing balance of accumulated depreciation	2,098,665	8,053,548	1,782,253	7,929,000
Written down (fair value) at reporting date	58,069,002	23,037,297	57,072,158	22,307,174

	2015		2014	
Changes in Buildings	Level 2	Level 3	Level 2	Level 3
	$	$	$	
Asset value				
Opening balance	53,521,497	79,247,477	54,990,533	72,255,880
Error correction to opening balance	-	-	-	2,204,569
Additions in period	223,755	813,599	119,380	1,707,613
Transfers in period	(36,135,667)	36,140,761	115,782	-
Revaluation adjustment included in the asset revaluation surplus	3,244,761	(761,877)	(1,704,197)	3,079,415
Gross closing balance Buildings	20,854,346	115,439,960	53,521,497	79,247,477
Accumulated depreciation				
Opening balance	7,223,447	11,898,274	9,070,568	11,954,494
Correction to accum. depreciation opening balance	-	-	-	119,248
Depreciation in current period	350,575	1,274,746	889,354	752,545
Transfer in period	(4,767,106)	4,766,322	7,438	-
Revaluation adjustment included in the asset revaluation surplus	(168,821)	(954,787)	(2,743,913)	(928,013)
Closing balance of accumulated depreciation	2,638,095	16,984,555	7,223,447	11,898,274
Written down (fair value) at reporting date	18,216,251	98,455,405	46,298,050	67,349,203

(iv) Valuation processes

Council's valuation policies and procedures are set by the executive leadership team. 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 and investment property (recurring fair value measurements) is set out in note 1.16 and 1.17 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

	Note	2015 $	2014 $
22 Intangible assets			
Net carrying value at year end			
Computer software		46,283	29,913
		46,283	29,913
Computer software			
Opening gross carrying value		484,987	484,987
Internal capitalised costs		25,806	-
		510,793	484,987
Accumulated amortisation			
Opening balance		455,074	450,935
Amortisation in the year		9,436	4,139
		464,510	455,074
Net carrying value at end of the year		46,283	29,913

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

	Note	2015 $	2014 $
23 Trade and other payables			
Current			
Accruals		4,678,081	9,573,512
Creditors	1.21	1,310,102	1,561,393
Employee related accruals		695,440	2,303,226
Annual leave	1.22(b)	2,071,911	2,000,279
Other entitlements		24,937	215,049
		8,780,471	15,653,459
Non Current			
Creditors for operational expenses		339,557	7,154
Annual leave	1.22(b)	976,272	1,132,787
		1,315,829	1,139,941

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.
Further details on employee entitlements are reported in Note 1.22

	Note	2015 $	2014 $
24 Provisions			
Current			
Long service leave	1.22(d)	520,667	298,566
		520,667	298,566
Non-Current			
Long service leave	1.22(d)	2,122,992	2,217,943
Property restoration			
Refuse sites	1.24	2,587,667	2,521,910
		4,710,659	4,739,853
Details of movements in provisions			
Long service leave			
Balance at beginning of the year		2,516,509	2,405,796
Amount provided for in the year		463,043	293,084
Amount paid in the year		(335,893)	(182,371)
Balance at end of the year		2,643,659	2,516,509

	Note	2015 $	2014 $
Refuse sites			
Balance at beginning of the year		2,521,910	651,799
Increase due to change in time		84,996	24,050
Increase (decrease) due to change in discount rate		(19,239)	56,139
Increase (decrease) in estimate of future cost		-	1,789,922
Balance at end of the year		2,587,667	2,521,910
Current portion		-	-
Non-current portion		2,587,667	2,521,910
		2,587,667	2,521,910

This is the present value of the estimated future cost of restoring the refuse sites under the State Government environmental regulations at the end of its useful life. The projected future cost of all work is $5,003,023 and this is expected to be incurred from 2018 to 2045.

Cash funds committed to meet this liability at the reporting date are	122,472	32,119

25 Borrowings

(a) Bank overdraft

The council does not have a bank overdraft facility.

(b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation.
All borrowings are in $A denominated amounts and carried at amortised cost, interest being expensed as it accrues. Expected final repayment dates vary from January 2029 to March 2035.

There have been no defaults or breaches of the loan agreement during the year.

Principal and interest repayments are made quarterly in arrears.

	2015 $	2014 $
Borrowings at balance date are		
Current		
Queensland Treasury Corporation	1,504,172	1,417,222
Non Current		
Queensland Treasury Corporation	36,818,597	38,320,946
Movements in borrowings		
Queensland Treasury Corporation		
Balance at beginning of the year	39,738,168	41,547,561
Principal repayments	(1,415,399)	(1,869,276)
Adjustment to loan value due to change in interest rates.	-	59,883
Balance at end of the year	38,322,769	39,738,168
Classified as		
Current	1,504,172	1,417,222
Non-current	36,818,597	38,320,946
	38,322,769	39,738,168

The QTC loan market value at the reporting date was $42,051,762
This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.
No assets have been pledged as security by the council for any liabilities.
Borrowings are all in $A and are underwritten by the Queensland State Government.

ISAAC REGIONAL COUNCIL

Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 $	2014 $
26 Other liabilities			
Current			
Capital Cash contributions with future reciprocal obligation		143,081	143,081
Construction retentions		157,340	157,340
		300,421	300,421
27 (i) Asset revaluation surplus			
Movements in the asset revaluation surplus			
Balance at beginning of the year		314,929,984	251,518,548
Adjustments to the property, plant and equipment through revaluations	20		
Land and improvements		616,431	10,658,565
Buildings		3,606,492	5,047,144
Road, bridge and drainage		8,630,641	32,187,305
Water		4,493,643	12,534,673
Sewerage		4,857,538	4,594,224
Waste management		(17,722)	235,587
		22,187,023	65,257,497
Change in value of future rehabilitation costs charged to the surplus		19,239	(1,846,061)
Balance at end of the year		337,136,246	314,929,984
(ii) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories			
Land and improvements		26,509,304	25,873,634
Buildings		36,195,907	32,589,415
Road, bridge and drainage		154,352,138	145,721,497
Water		67,374,716	62,881,073
Sewerage		52,486,317	47,628,779
Waste management		217,865	235,587
		337,136,246	314,929,984
28 Retained surplus	1.26		
Movement in retained surplus			
Balance at beginning of the year		667,711,436	636,808,984
Error correction to opening balance		2,740,430	11,669,160
Net result		(4,789,921)	(5,584,849)
		665,661,945	642,893,294
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended			
Constrained grants and subsidy contributions reserve		1,334,329	(1,566,337)
Unspent loan cash reserve		95,052	20,338,034
Buildings reserve		3,284,401	1,215,608
Plant and equipment reserve		22,212	-
Roads infrastructure reserve		329,950	-
Water reserve		36,309	146,035
Sewerage reserve		-	(3,700,099)
Other infrastructure reserve		(103,881)	(1,979,523)
Community facilities reserve		43,487	-
Carry over capital reserve		2,651,587	3,215,561
Mines capital projects reserve		1,265,938	(1,731,299)
		8,959,384	15,937,980

	Note	2015 $	2014 $
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended			
Natural disaster reserve		-	50,000
Constrained works reserve		-	3,111,941
Mines operating projects reserve		786,486	5,718,221
		786,486	8,880,162
Balance at end of the year		675,407,815	667,711,436

29 Reserves

Note 1.27

(a) Restricted capital reserves

(i) Unspent loan cash reserve

This cash forms part of council's capital value as the balance represents loan cash drawn down but unspent at balance date. The cash is restricted to specific project funding.

	2015 $	2014 $
Balance at beginning of the year	5,762,441	26,100,475
Loan cash expended in year.	(95,052)	(20,338,034)
Balance at end of the year	5,667,389	5,762,441

(ii) Constrained grants and subsidy contributions reserve

	2015 $	2014 $
Balance at beginning of the year	46,405,520	44,839,183
Transfer from retained earnings non reciprocal grants, subsidies and contributions received and allocated to specific capital projects	14,467,444	47,886,589
Transfer to retained earnings funds expended	(15,801,773)	(46,320,252)
Balance at end of the year	45,071,191	46,405,520
Total restricted capital reserves	50,738,580	52,167,961

(b) Other reserves

(1) Summary of capital reserves held for funding future projects

	2015 $	2014 $
(ii) Buildings reserve	3,499,991	6,784,392
(iii) Plant and equipment reserve	1,222,788	1,245,000
(iv) Roads infrastructure reserve	2,191,262	2,521,212
(v) Water reserve	2,193,377	2,229,686
(vi) Sewerage reserve	4,723,347	4,723,347
(vii) Other infrastructure reserve	10,800,648	10,696,767
(viii) Community facilities reserve	-	43,487
(ix) Carry over capital reserve	18,433,821	21,085,408
(x) Mines capital projects reserve	465,361	1,731,299
	43,530,595	51,060,598

(2) Summary of recurrent reserves held for funding future projects

	2015 $	2014 $
(iii) Planning & environmental enforcement - operational reserve	373,379	373,379
(iv) Mines operating projects reserve	417,814	1,204,300
	791,193	1,577,679
Total other reserves	44,321,788	52,638,277
Total reserves	95,060,368	104,806,238

Movements in capital reserves

(ii) Buildings reserve

	2015 $	2014 $
Balance at beginning of the year	6,784,392	8,000,000
Transfer from retained earnings for future expenditure	610,178	237,924
Transfer to retained earnings funds expended	(3,894,579)	(1,453,532)
Balance at end of the year	3,499,991	6,784,392

	Note	2015 $	2014 $
(iii) Plant and equipment reserve			
Balance at beginning of the year		1,245,000	1,245,000
Transfer to retained earnings funds expended		(22,212)	-
Balance at end of the year		1,222,788	1,245,000
(iv) Roads infrastructure reserve			
Balance at beginning of the year		2,521,212	2,521,212
Transfer to retained earnings funds expended		(329,950)	-
Balance at end of the year		2,191,262	2,521,212
(v) Water reserve			
Balance at beginning of the year		2,229,686	2,375,721
Transfer to retained earnings funds expended		(36,309)	(146,035)
Balance at end of the year		2,193,377	2,229,686
(vi) Sewerage reserve			
Balance at beginning of the year		4,723,347	1,023,248
Transfer from retained earnings for future expenditure		-	3,700,099
Balance at end of the year		4,723,347	4,723,347
(vii) Other infrastructure reserve			
Balance at beginning of the year		10,696,767	8,717,244
Transfer from retained earnings for future expenditure		1,220,586	2,250,344
Transfer to retained earnings funds expended		(1,116,705)	(270,821)
Balance at end of the year		10,800,648	10,696,767
(viii) Community facilities reserve			
Balance at beginning of the year		43,487	43,487
Transfer to retained earnings funds expended		(43,487)	-
Balance at end of the year		-	43,487
(ix) Carry over capital reserve			
Balance at beginning of the year		21,085,408	24,300,969
Transfer from retained earnings for future expenditure		10,888,200	13,399,895
Transfer to retained earnings funds expended		(13,539,787)	(16,615,456)
Balance at end of the year		18,433,821	21,085,408
(x) Mines capital projects reserve			
Balance at beginning of the year		1,731,299	-
Transfer from retained earnings for future expenditure		-	3,911,592
Transfer to retained earnings funds expended		(1,265,938)	(2,180,293)
Balance at end of the year		465,361	1,731,299
Movements in recurrent reserves			
(i) Natural disaster reserve			
Balance at beginning of the year		-	50,000
Transfer to retained earnings funds expended		-	(50,000)
Balance at end of the year		-	-
(ii) Constrained works reserve			
Balance at beginning of the year		-	3,111,941
Transfer to retained earnings funds expended		-	(3,111,941)
Balance at end of the year		-	-
(iii) Planning & environmental enforcement - operational reserve			
Balance at beginning of the year		373,379	373,379
Balance at end of the year		373,379	373,379

	Note	2015 $	2014 $
(iv) Mines operating projects reserve			
Balance at beginning of the year		1,204,300	6,922,521
Transfer from retained earnings for future expenditure		90,752	527,901
Transfer to retained earnings funds expended		(877,238)	(6,246,122)
Balance at end of the year		417,814	1,204,300

30 Commitments for expenditure

Operating leases

	2015 $	2014 $
Minimum lease payments in relation to non-cancellable operating leases		
Within one year	564,848	657,268
Later than 1 year but not later than 5 years	1,769,457	1,631,176
Later than 5 years	6,075,629	5,626,050
	8,409,934	7,914,494

Operating leases are entered into for land and equipment. Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.

Contractual commitments

	2015 $	2014 $
Contractual commitments at balance date but not recognised in the financial statements		
Management of Council pools and recreational dams - $476,582 - per year	407,610	889,161
Town Maintenance Contracts - $305,612 - per year	689,092	175,070
Library Lease - $11,400 - per year	34,950	11,864
Recreation Reserve - $110,000 - per year	119,644	109,802
Communication contracts - $115,941 - per year	246,334	162,151
Waste Management Collection $2,240,068 - per year	2,841,511	5,863,159
	4,339,141	7,211,207

Capital commitments

	2015 $	2014 $
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities		
Infrastructure	1,091,123	3,890,604
Other Assets	2,410,206	1,172,344
	3,501,329	5,062,948
These expenditures are payable		
Within one year	3,501,329	5,062,948
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	3,501,329	5,062,948

31 Events after balance date

There were no material financial adjusting events after balance date.

32 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities

Native Title Claims over Council Land

At 30 June 2012, thirteen native title claims have been received in respect of council land covering a total area of 162.8 hectares in the Isaac Regional Council area. The land has a carrying amount of $3.03 million.

At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effects.

	Note	2015 $	2014 $
Local Government Workcare			
The Isaac Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is		831,576	1,070,436
Local Government Mutual			
The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.		26,013,447	22,557,143

33 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.

	Note	2015 $	2014 $

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 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Isaac Regional 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.

	Note	2015 $	2014 $
The amount of superannuation contributions paid by Isaac Regional Council to the scheme in this year for the benefit of employees was		3,466,587	3,006,796

34 Trust funds

	Note	2015 $	2014 $
Trust funds	1.30		
Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		33,980	41,980
Security deposits		438,029	490,567
		472,009	532,547

The Isaac Regional Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements.

	Note	2015 $	2014 $
35 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		(4,789,921)	(5,584,849)
Non-cash operating items			
Impairment of receivables and bad debts written off	10	190,559	179,930
Depreciation and amortisation	11	20,078,919	19,402,835
Current cost of developed land sold	17	25,056	413,962
Change in restoration provisions expensed to finance costs		84,996	24,050
Revaluation of inventory land expensed to materials and services		10,742,122	610,270
		31,121,652	20,631,047
Investing and development activities			
Capital grants, subsidies and contributions	4	(17,227,382)	(50,700,197)
Capital income	6	(430,428)	(1,128,046)
Capital expenses	12	9,934,346	54,215,306
Payment for land for sale and development costs in the year		(1,267,439)	(17,003,332)
		(8,990,903)	(14,616,269)
Financing activities:			
Capitalised interest		(812,886)	(1,315,310)
Changes in operating assets and liabilities			
(Increase) decrease in receivables		2,733,117	2,704,391
(Increase) decrease in inventories (excluding land)		582,099	323,932
Increase (decrease) in payables		(7,406,008)	(6,200,335)
Increase (decrease) in provisions		127,150	110,713
		(3,963,642)	(3,061,299)
Net cash inflow from operating activities		13,377,186	(2,631,370)

36 Controlled entities that have not been consolidated

Isaac Affordable Housing Fund Pty Ltd
In November 2010, the council formed the Isaac Affordable Housing Fund Pty Ltd and has 100% ownership of the company. The company was formed to fund affordable housing within the region.
The council's total contribution to the company's share capital is $1.

Isaac Affordable Housing Fund Pty Ltd (Company) acts as trustee for the Isaac Affordable Housing Trust Fund (IAFHT) established under the Trust Deed dated 25th November 2010. Isaac Affordable Housing Fund Pty Ltd was the trustee for the IAFHT for the entire year and the sole activity for the Company was to act as trustee for the Trust. The Company does not trade in it's own right.

The Trust was established and must be maintained exclusively for public charitable purposes in Australia, being the purposes of providing money, property or benefits.

(a) to establish and maintain the Isaac Affordable Housing Fund;
(b) to manage the Trust for the purpose of providing affordable housing for the low to middle income people living in the Isaac Regional Council area.

Because the amount of the investment and the transactions of the controlled entity are not considered material, the entity is not consolidated within the council's financial statements.

The Queensland Auditor-General audits the company. Total external audit fees relating to the 2014-15 financial year are estimated to be $3,600 (2014: $6,500). There are no non-audit services included in this amount.

A summary of financial transactions and balances for Isaac Affordable Housing Trust

	Note	2015 $	2014 $
Revenues		302,856	1,067,316
Expenses		(498,883)	(594,311)
Net Surplus/(Deficit)		(196,027)	473,005
Assets		9,884,789	12,802,383
Liabilities		(4,438,301)	(7,320,437)
Net Assets		5,446,488	5,481,946

Moranbah Early Learning Centre Pty Ltd

In December 2011, the council resolved to establish the Moranbah Early Learning Centre Pty Ltd and has 100% ownership of the company. The company was formed to provide financial support for a community childcare facility within the township of Moranbah. The council's total contribution to the company's share capital is $10.

The principle activities of the company during the financial year are to provide financial support for a community childcare facility in Moranbah.

Because the amount of the investment and the transactions of the controlled entity are not considered material, the entity is not consolidated within the council's financial statements.

The Queensland Auditor-General audits the company. Total external audit fees relating to the 2014-2015 financial year are to be $12,300 (2014: $16,000). There are no non-audit services included in this amount.

A summary of financial transactions and balances for the Moranbah Early Learning Centre Pty Ltd

		2015 $	2014 $
Revenues		1,857,389	1,700,102
Expenses		(1,769,888)	(1,467,777)
Net Surplus/(Deficit)		87,501	232,325
Assets		595,971	705,501
Liabilities		(1,055,923)	(1,252,954)
Net Assets		(459,952)	(547,453)

37 Minor correction for assets not previously recognised

During the financial year Council became aware of some assets in property plant and equipment that were not previously recognised as well as some assets previously recognised that should not have been recognised.
The asset classes affected are disclosed in notes indicated

Summary details of assets not previously recognised are as follows:

	Note	2015 $	2014 $
Gross value of property, plant and equipment	20	2,740,430	12,720,457
Less accumulated depreciation	20	-	(1,051,297)
Gain from assets not previously recognised		2,740,430	11,669,160

38 Financial Instruments

Isaac Regional 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

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.

Isaac Regional 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 Isaac Regional 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
Financial Assets		$	$
Cash and cash equivalents - Bank	14	344,826	671,740
Cash investments held with - QTC	14	9,562,869	19,253,428
Cash investments held with other approved deposit taking institutio	14&18	87,096,766	87,878,724
Receivables - rates	15	3,107,808	1,670,345
Receivables - other	15	9,318,644	16,639,157
Other credit exposure			
Guarantee	32	831,576	1,070,436
Total		110,262,489	127,183,830

Cash and cash equivalents

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

38 Financial Instruments

Other financial assets

Other investments are held with financial institutions, which are rated AA- to A- based on Standard & Poors agency ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

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 Councils operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural and mining, there is also a concentration in the agricultural and mining sector.

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

	Not past due	Past due			Less	Total
		31 to 60 days	61 to 90 days	Over 90 days	Impaired	
	$	$	$	$	$	$
Receivables						
2015	9,558,851	100,321	25,147	3,477,013	(350,705)	12,810,627
2014	15,676,985	895,088	43,171	1,954,008	(259,750)	18,309,502

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.

Isaac Regional Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.
These facilities are disclosed in note 25.
The council does not have any overdraft facilities at the reporting date.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements.

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2015	$	$	$	$	$
Trade and other payables	7,023,180	-	-	7,023,180	7,023,180
Loans QTC	3,355,996	13,423,985	40,665,814	57,445,795	38,322,769
	10,379,176	13,423,985	40,665,814	64,468,975	45,345,949
2014					
Trade and other payables	13,445,285	-	-	13,445,285	13,445,285
Loans QTC	3,355,996	13,423,985	44,713,130	61,493,111	39,738,168
	16,801,281	13,423,985	44,713,130	74,938,396	53,183,453

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

38 Financial Instruments

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

Isaac Regional Council is exposed to interest rate risk through investments with QTC and other financial institutions.

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 profit 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.

2015	Net carrying	Change in profit & (loss) from		Change in equity from	
Financial assets and liabilities that are	amount	1% increase	1% decrease	1% increase	1% decrease
held at variable interest rates total	$	$	$	$	$
QTC cash funds	9,562,869	95,629	(95,629)	95,629	(95,629)
Other investments	20,838,542	208,385	(208,385)	208,385	(208,385)
Loans - QTC at fixed and generic *	(38,322,769)				
Net total	(7,921,358)	304,014	(304,014)	304,014	(304,014)
2014					
Other investments	8,671,797	86,718	(86,718)	86,718	(86,718)
Loans - QTC at fixed and generic *	(39,738,168)				
Net total	(31,066,371)	86,718	(86,718)	86,718	(86,718)

In relation to the QTC loans held by the Council, the following has been applied

*QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

*QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

**QTC Client Specific Pool - client specific pool products are often rebalanced to a target benchmark duration. This partially exposes clients to the level of interest rates at the time of rebalancing. Sensitivity on these products is provided by QTC through calculating the interest effect over the period.

The sensitivity analysis provided by QTC is currently based on a 1% change but this is subject to change.

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.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below and disclosed in note 25.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

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ISAAC REGIONAL 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 49, 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	**Chief Executive Officer**
Name: Cr Anne Baker	Name: Mr Rod Ferguson
Date: 19/10/2015	Date: 19/10/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Isaac Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Isaac Regional 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 Isaac Regional 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.

QUEENSLAND
2 8 OCT 2015
AUDIT OFFICE

C J WEH FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

QAO certified statements

ISAAC REGIONAL COUNCIL

Current-year Financial Sustainability Statement
For the year ended 30 June 2015

Measures of Financial Sustainability

(i) Operating surplus ratio

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).

(ii) Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) Net financial liabilities ratio

Total liabilities less current assets divided by total operating revenue.

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

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	-13.70%	136.10%	-75.55%

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 the year ended 30 June 2015

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

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

Mayor	**Chief Executive Officer**
Name: Cr Anne Baker	Name: Mr Rod Ferguson
Date: 19/10/2015	Date: 19/10/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Isaac Regional 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 Isaac Regional 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 Isaac Regional 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.

QUEENSLAND
28 OCT 2015
AUDIT OFFICE

C J WEH FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

ISAAC REGIONAL COUNCIL

Long-Term Financial Sustainability Statement
Prepared as at 30 June 2015

Measures of Financial Sustainability

(i) Operating surplus ratio

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).

(ii) Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) Net financial liabilities ratio

Total liabilities less current assets divided by total operating revenue.

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

		Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target		between 0% and 10%	greater than 90%	not greater than 60%
Actuals at 30 June 2015		-13.70%	136.10%	-75.55%
Projected for the years ended	30 June 2016	1.40%	164.80%	-42.70%
	30 June 2017	0.80%	73.90%	-43.10%
	30 June 2018	1.00%	76.10%	-43.30%
	30 June 2019	6.60%	95.00%	-42.50%
	30 June 2020	9.10%	90.60%	-44.00%
	30 June 2021	5.80%	92.20%	-45.20%
	30 June 2022	3.90%	78.20%	-47.70%
	30 June 2023	2.30%	73.80%	-49.20%
	30 June 2024	2.50%	79.00%	-49.70%

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.

Mayor

Name: Cr Anne Baker

Date: 19/10/2015

Chief Executive Officer

Name: Mr Rod Ferguson

Date: 19/10/2015