

FINANCIAL STATEMENTS 2013/2014

Financial Statements

For the year ended 30 June 2014

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Current-year Financial Sustainability Statement Long-Term Financial Sustainability Statement

Statement of Comprehensive Income

For the year ended 30 June 2014		2014	2012
	N. a	2014	2013
Income	Note	\$	\$
Revenue			
Recurrent revenue			
Rates and levies	3 (a)	66,757,314	76,006,921
Sale of goods and major services	3 (b)	1,566,036	2,231,530
Fees and charges	3 (c)	8,494,614	12,212,233
Rental and levies	3 (d)	1,046,104	1,394,492
Interest received	3 (e)		
Sales of contract and recoverable works	3 (f)	5,659,345 5,840,887	4,865,653
Other recurrent income			5,385,290
	3 (g)	165,691	474,469
Grants, subsidies, contributions and donations Proceeds from sales of land developed for sale	4 (i)	3,130,002	19,181,915
Total operating revenue	5	1,242,782	
rotar operating revenue	-	93,902,775	121,752,503
Capital revenue			
Grants, subsidies, contributions and donations	4 (ii) _	50,700,197	21,112,152
	_	50,700,197	21,112,152
Total revenue	_	144,602,972	142,864,655
Capital income	6	1,128,046	
Total income	2 _	145,731,018	142,864,655
Expenses			
Recurrent expenses			
Employee benefits	8	(22.016.666)	(20, 220, 050)
Materials and services		(32,916,666)	(30,232,850)
Current cost of developed land sold	9	(43,351,363)	(64,382,798)
Finance costs	5	(413,962)	-
Depreciation and amortisation	10	(1,015,735)	(840,416)
	11	(19,402,835)	(19,809,614)
Total operating expenses	•	(97,100,561)	(115,265,678)
Capital expenses			
Other capital expenses	12 _	(54,215,306)	(11,324,579)
Total expenses	_	(151,315,867)	(126,590,257)
Net result Other comprehensive income	_	(5,584,849)	16,274,398
Oner comprehensive income		-	
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus		63,411,436	(3,185,945)
Total other comprehensive income for the year	_	63,411,436	(3,185,945)
otal comprehensive income for the year	_	57,826,587	12 000 452
. g		57,020,507	13,088,453

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

Statement of Financial Position

As at 30 June 2014

at 30 June 2014			
		2014	2013
	Note	\$	\$
Current assets			
Cash and cash equivalents	14	66,666,854	113,587,092
Cash investments	18	41,137,038	30,562,290
Trade and other receivables	15 (a)	11,335,040	13,845,029
Inventories	16	26,924,902	9,954,424
Total current assets		146,063,834	167,948,835
Non-current assets			
Trade and other receivables	15 (b)	8,370,458	7,668,867
Investment properties	19	13,513,958	13,037,737
Property, plant and equipment	20 (a)	981,339,904	895,210,258
Intangible assets	22	29,913	34,052
Total non-current assets		1,003,254,233	915,950,914
TOTAL ASSETS		1,149,318,067	1,083,899,749
Current liabilities			
Trade and other payables	23	15,653,459	19,740,465
Provisions	24	298,566	359,144
Borrowings	25	1,417,222	1,309,402
Other	26	300,421	143,081
Total current liabilities	-	17,669,668	21,552,092
Non-current liabilities	-		
Trade and other payables	23	1,139,941	1,459,135
Provisions	24	4,739,853	2,698,451
Borrowings	25	38,320,946	40,238,159
Total non-current liabilities		44,200,740	44,395,745
TOTAL LIABILITIES	-	61,870,408	65,947,837
NET COMMUNITY ASSETS		1,087,447,659	1,017,951,912
Community equity			
Asset revaluation surplus	27	314,929,984	251 519 540
Retained surplus (deficiency)	28	667,711,436	251,518,548
Reserves	29	104,806,238	636,808,984 129,624,380
. FOTAL COMMUNITY EQUITY	_	1,087,447,659	1,017,951,912

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 2014

		Total	al	Retained surplus	surplus	Reserves	rves	Asset revaluation	aluation
				(deficit)	cit)			surains	lus
	Note			Note 28	28	Note 29	, 29	Note 27	27
		2014	2013	2014	2013	2014	2013	2014	2013
		8	Ø	6/3	69	S	69	¢.	,
Balance at beginning of year		1,017,951,912	1,004,863,459	636,808,984	648,985,889	129.624.380	101.173.077	251 518 548	254 204 403
Corrections to opening balances	37	11,669,160	1	11,669,160				200	624,107,152
Restated opening balances		1,029,621,072	1,004,863,459	648,478,144	648,985,889	129,624,380	101.173.077	251 518 548	254 704 403
Net result	1	(5,584,849)	16,274,398	(5,584,849)	16,274,398				271,101,172
Other comprehensive income for the period						A de le le mande and le le le le le deste serait e le l			
Revaluations									
Property, plant & equipment	20	65,257,497	(2,911,329)					707 2023	1000 11000
Change in value of future						diversion of the second		164,163,00	(425,114,2)
rehabilitation costs		(1,846,061)	(274,616)					(1.846.061)	(314 616)
Total comprehensive income for year		57,826,587	13,088,453	(5,584,849)	16,274,398	-	1	63 411 436	(2 185 045)
								001111100	(5,103,343)
Transfers (to) from retained earnings									
and recurrent reserves	28		-	8,880,162	5,397,254	(8,880,162)	(5,397,254)		
Transfers (to) from retained carnings and canital reserves	òć			1					
	0.7		-	086//56/51	(33,848,557)	(15,937,980)	33,848,557		
		,	,						
Balance at end of 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
									10.010

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



Statement of Cash Flows

For the year ended 30 June 2014 2014 2013 Note \$ S Cash flows from operating activities Receipts Receipts from customers 99,329,643 109,831,864 Non capital grants, subsidies and contributions 1,993,553 16,626,174 Interest received 5,282,774 5,177,759 Proceeds from sales of land developed for sale 1,242,782 **Payments** Payments to suppliers and employees (108,478,070) (103,570,410)Finance costs (2,002,052)(716,171)Net cash inflow (outflow) from operating activities (2,631,370)27,349,216 Cash flows from investing activities Commonwealth grants 189,534 4,023,818 State government subsidies & grants 41,317,368 5,735,346 Capital contributions 6,379,687 11,336,678 Payments for property, plant and equipment (79,294,335) (40,740,244) Net transfer (to) from cash investments 18 (41,137,038)Proceeds from sale of property plant and equipment 7 160,000 205,606 Net movement in loans to controlled entities & associates (597,098)(75,000)Net cash inflow (outflow) from investing activities (72,981,882) (19,513,796) Cash flows from financing activities Proceeds from borrowings 25 29,800,000 Repayment of borrowings 25 (1,869,276)(386,659) Net cash inflow (outflow) from financing activities (1,869,276)29,413,341

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

Net increase (decrease) in cash and cash equivalents held

Cash and cash equivalents at end of the financial year

Cash and cash equivalents at beginning of the financial year

(77,482,528)

144,149,382

66,666,854

37,248,761

106,900,621

144,149,382

Notes to the Financial Statements For the year ended 30 June 2014

I Significant accounting policies

1. 1 Basis of preparation

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

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

The current-year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013.

The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.

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 it was submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1. 5 Currency

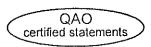
The Council uses the Australian dollar as its functional currency and its presentation currency.

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	beginning on are after
AASB 9 Financial Instruments (December 2009)	1 January 2017
AASB 10 Consolidated Financial Statements	1 January 2014
AASB 11 Joint Arrangements	1 January 2014
AASB 12 Disclosure of interests in other entities	1 January 2014
AASB 127 Separate Financial Statements (replaces the existing standard together with AASB 10	l January 2014
AASB 128 Investments in Associates and Joint Ventures (replaces the existing standard)	1 January 2014
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	l January 2015



Effective for annual report periods

Notes to the Financial Statements For the year ended 30 June 2014

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	l January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	1 July 2014 1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	l January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Refer Title column
[Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	
Interpretation 21 Levies	l January 2014

AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories; fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value.

Consolidation Standards

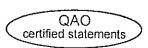
The following accounting standards apply to Isaac Regional Council as from reporting periods beginning on or after 1 January 2014

- AASB 10 Consolidated Financial Statements
- · AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- · AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2013-8 Amendments to Australian Accounting Standards Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities

These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

AASB10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements.

AASB 12 contains the disclosure requirements for interests in other entities including unconsolidated structured entities.



Notes to the Financial Statements For the year ended 30 June 2014

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 fron 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 (a)

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

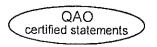
Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them.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

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. 8 (f) Interest

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



Notes to the Financial Statements For the year ended 30 June 2014

1. 8 (g) Sales revenue

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

The council generates revenues from a number of services including child care and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of materia 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, an only when, Council becomes a party to the contractual provisions of the instrument.

Isaac Regional 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 not been applied.

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

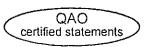
Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

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.

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.



Notes to the Financial Statements For the year ended 30 June 2014

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.

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. 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 and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

Notes to the Financial Statements For the year ended 30 June 2014

(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.

(b) Capital and operating expenditure

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

(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.

(d) Capital work in progress

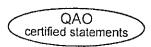
The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

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

(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.



Notes to the Financial Statements For the year ended 30 June 2014

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 (a).

(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 Isaac Regional Council currently does not have any sucl 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.

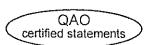
Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in note 22.

1. 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 is 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.



Notes to the Financial Statements For the year ended 30 June 2014

1. 20 Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially al the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified a 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. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(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 (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projecter future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 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.

(d) Long service leave

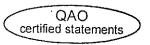
A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and 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.

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.



Notes to the Financial Statements For the year ended 30 June 2014

All borrowing costs relating to capital assets are expensed in the period in which they are incurred. Borrowing costs relating to land development 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 may be many site locations some of which can be on council controlled land and some which are not. The following accounting treatments apply depending on the site location.

Restoration on land not controlled by Council

Where the restoration site is on State reserves which the council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the year the provision is first recognised. Changes in the provision due to either time, discount rate or expected future cost are treated as an expense or income in the reporting in which they arise.

Restoration on land controlled by Council

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

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

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.

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 a site will close in 2017 and that the restoration will occur in 2018 with other sites closing progressively over the subsequent years as disclosed in note 24.

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.

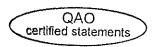
Increases and decreases on revaluation are offset within a class of assets.

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 an expense.

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

1. 26 Retained surplus (deficit)

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



Notes to the Financial Statements For the year ended 30 June 2014

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.

Other infrastructure reserve

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

Community facilities reserve

This reserve has been established to provide funding for future community facilities within Isaac Regiona 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

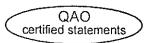
These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

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 - operational grants reserve

This reserve has been established to constrain unspent grant monies.



Notes to the Financial Statements For the year ended 30 June 2014

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.

NDRRA funding - operational grants reserve

This reserve has been established to constrain unspent NDRRA funding received in advance.

Community recovery - operational grants 2014

Reserves held for funding future recurrent expenditure as yet to be identified under the Community Recoveries Grant purposes.

1. 29 National competition policy

The Council has reviewed its activities and has identified 4 activities that are business activities. Details of these activities can be found in note 39.

1. 30 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. 31 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.

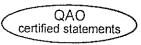
1. 32 Taxation

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.

1. 33 Carbon Pricing

Council has been, and will continue to be indirectly impacted through increased costs arising from the carbon pricing mechanism. Taking this into consideration the council has carefully assessed the current and immediate future political predictions on carbon tax pricing and considers that the impact on the council's current financial position will not be material. The council will continue to monitor the impact of carbon pricing as future political policies are determined.



Notes to the financial statements For the year ended 30 June 2014

2 (a) Components of council functions

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

Office of the CEO

The Office of the Chief Executive Officer is responsible for the day to day management of all functions of Council and to ensure that the 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.

Organisational Development

Organisational Development provides business improvement, arts and culture, libraries and community development, media, marketing and communication, community and stakeholder engagement, organisational change, and cultural development.

Corporate & Financial Services

Corporate and Financial Services provide financial services, rating, information technology, human resource services, business and commercial services, procurement, tenders and contracts.

Engineering & Infrastructure

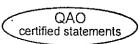
Engineering and Infrastructure provide the following functions; emergency management, long term asset planning, project management, project delivery, servicing of assets, roads and urban services, water and sewerage and resource recovery.

Built & Natural Environment

Built and Natural Environment have a responsibility to provide the following functions including; economic development and tourism, natural environment, property, compliance and statutory planning.

Legal & Governance

Legal and Governance are responsible for in-house legal services, governance and risk, land development, customer service and records management.



Notes to the financial statements For the year ended 30 June 2014

2 Analysis of results by function

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

Functions	Inc	ome	Total	Total	Net	Assets
	Grants	Other	încome	expenses	result	
					for period	
	2014	2014	2014	2014	2014	2014
	S	S	S	\$	\$	\$
Office of the CEO				(242,513)	242,513	-
Organisational Development	396,958	216,165	613,123	6,012,314	(5,399,191)	_
Corporate & Financial Services	1,192,677	57,518,802	58,711,479	18,968,233	39,743,246	266,487,298
Engineering & Infrastructure	42,681,783	34,788,169	77,469,952	118,984,382	(41,514,430)	858,312,610
Built & Natural Environment	53,978	7,597,188	7,651,166	5,740,002	1,911,164	-
Legal & Governance	24,255	1,261,043	1,285,298	1,853,449	(568,151)	24,518,159
Total	44,349,651	101,381,367	145,731,018	151,315,867	(5,584,849)	1,149,318,067

Prior Year

On July 1, 2013 the council underwent an organisational restructure, re-defining the programs and the functions that are grouped within each program. The ability of council to prepare revised comparative figures for last year under the current structure can not be achieved with any certainty or sufficient accuracy to make the comparatives of use to the reader, when comparing these figures to the current year results. The council has therefore not reported any comparatives figures this year in this note.

		2014	2013
	Note	S	\$
Revenue analysis			
(a) Rates and levies	1.8(a)		
General rates		45,476,869	43,890,33
Separate rates		5,077,801	17,610,91
Disaster management levy		116,994	101,9
Water		8,854,304	7,509,63
Water consumption, rental and sundries		34,040	428,84
Sewerage		7,863,025	6,605,2
Sewerage connection fees		29,770	229,2
Garbage charges		3,666,200	3,100,84
Total rates and utility charge revenue		71,119,003	79,477,1:
Less: Discounts		(4,190,382)	(3,303,93
Less: Pensioner remissions		(171,307)	(166,20
Net rates and utility charges	_	66,757,314	76,006,92
(b) Sales revenue	1.8(g)		
Sale of services			
Recycling services		454,077	176,84
Green waste services		39,403	251,94
Airport services		1,072,556	1,802,74
		1,566,036	2,231,53
(c) Fees and charges	1.8(h)		
Statutory fees and charges include			
Development fees		1,353,853	1,724,72
Building fees & charges		125,595	254,05
Environmental fees		65,027	197,54
Animal registrations		139,745	101,29
Other statutory fees		· •	5,34
User fees and charges		6,810,394	9,929,27
		8,494,614	12,212,23
(d) Rental and levies	1.8(e)		
Housing rentals	(.,	469,026	781,88
Investment property rentals		287,324	342,06
Community housing rental income		64,714	97,62
Other rental income		225,040	172,90
		1,046,104	1,394,49
(e) Interest received	1.8(f)		
Investments	1.0(1)	4,943,742	4,702,14:
Loan to controlled entities			-
Other sources		597,098 20,095	-
Over due rates and utility charges			162 509
Over due fates and drifty charges		98,410 5,659,345	163,508 4,865,653
(f) Sales of contract and recoverable works	1.07.5		
(1) Sales of contract and recoverable works Revenue	1.8(g)	5 940 997	5 205 207
November	-	5,840,887 5,840,887	5,385,290 5,385,290
The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.	\ 	2,0 10,001	<u> </u>
(g) Other recurrent income			
Other income		165,691	474,469
		165,691	474,469

For	r the year ended 30 June 2014			
			2014	2013
		Note	\$	\$
4	= · · · · · · · · · · · · · · · · · · ·	1.8(b)		
	(i) Recurrent - grants, subsidies, contributions			
	and donations		0.100.440	
	General purpose grants Commonwealth government subsidies and grants		2,123,463 198,981	4,931,436
	State government subsidies & grants		520,305	13,919,034
	Donations		1,278	75,945
	Contributions		285,975	255,500
		_	3,130,002	19,181,915
	A prepayment of 2014/15 Financial Assistance Grant was not paid to Council in June 2014, resulting in the reduction of grant revenue recognise at June 2014. The prepaid grant of \$2,984,692, recognised in June 2013 for the 2013/2014 period, was set aside in a reserve at June 2013 and is now transferred to retained earnings for funding in this period.			
	(ii) Capital - grants, subsidies, and contributions			
	(a) Monetary revenue designated for capital funding purposes			
	Commonwealth government grants		189,534	4,023,818
	State government subsidies & grants		3,679,281	5,735,346
	NDRRA flood damage grants		37,638,087	-
	Contributions	•	6,379,687	11,352,988
			47,886,589	21,112,152
	(b) Non-monetary revenue received is analysed as follows	1.8(c)		
	Developer assets contributed by developers at fair value		2,813,608	-
		_	2,813,608	-
	Total capital revenue		50,700,197	21,112,152
	and the second s			
	(iii) Conditions over contributions Non-reciprocal grants and contributions which were recognised as revenues during the reporting period 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.			
	Grants for infrastructure		-	6,938,051
	Contributions for infrastructure		6,379,687	11,352,988
	Non-reciprocal grants and contributions which were recognised as revenues		6,379,687	18,291,039
	during a previous reporting period and were expended during the current reporting period.			
	Grants for infrastructure		542,687	383,126
	Grants for operations expenditure		3,111,941	-
	Contributions for infrastructure		-	267,002
		_	3,654,628	650,128
5	Gain (loss) on the disposal of inventory land developed for sale			
	Proceeds from sales of land developed for sale		1,242,782	-
	Current cost of developed land sold	17	(413,962)	
	•		828,820	_
6	Capital income			
J	Gain on the sale of capital assets	7	27,375	_
	Revaluation of investment property - land and buildings	19	476,221	-
	Revaluation up of property, plant and equipment reversing		<u>.</u>	***
	previous revaluation down	20	624,450	
			1,128,046	_

z. ()1	the year ended 30 June 2014		2014	2012
			2014	2013
		Note	\$	\$
7	Gain (loss) on the disposal of capital assets			
	Proceeds from the sale of plant and equipment Less book value of plant and equipment sold		160,000	205,606
	Less book value of plant and equipment sord	•••	(132,625) 27,375	(265,955) (60,349)
			41,313	(00,349
8	Employee benefits			
	Total staff wages and salaries		26,250,004	22,550,302
	Councillors' remuneration		735,344	634,748
	Annual, sick and long service leave entitlements Superannuation	33	3,766,956	3,845,642
	oupotamination	_ دد	3,006,796 33,759,100	2,560,368 29,591,060
	Other employee related expenses		724,555	1,874,481
	•		34,483,655	31,465,541
	Less capitalised employee expenses		(1,566,989)	(1,232,691)
			32,916,666	30,232,850
	Councillor remuneration represents salary, and other allowances paid in respect			
	of carrying out their duties.			
	Total Council employees at 30 June		2014	2013
	Elected members		9	9
	Administration staff		246	189
	Depot and outdoors staff		187	166
	Total full time equivalent employees	P	442	364
9	Materials and services			
	Audit of annual financial statements by the Auditor-General of Queensland		201,655	88,200
	Professional fees including legal fees		8,381,772	4,398,536
	Donations Paid		311,177	293,195
	Electricity		2,422,349	2,362,595
	Refuse collection		1,861,952	589,435
	Plant and vehicle expense		2,189,150	2,541,045
	IT and telecommunications		2,221,876	2,511,268
	Contractors		563,600	7,811,069
	Insurance Rentals - Operating leases		1,576,119	- 1,311,066
	Revaluation of land for sale (classified as inventory)		734,836 610,270	1,176,122
	Other material and services		22,276,607	41,300,267
			43,351,363	64,382,798
10	Finance costs			
	Finance costs charged by the Queensland Treasury Corporation		2,002,052	716,171
	Bank charges		125,013	124,245
	Impairment of receivables and bad debts written off Refuse sites - change in present value over time		179,930	-
	Refuse sites - change in present value over time		24,050	940.416
	Less capitalised interest		2,331,045 (1,315,310)	840,416
		-	1,015,735	840,416
		_		
11	Depreciation and amortisation	1.17(e)		
	(a) Depreciation of non-current assets			
	Land and improvements		659,979	726,382
	Buildings		1,641,899	1,269,603
	Plant and equipment Road, bridge network and drainage		2,745,917	2,896,071
	Water		7,804,349 3,292,019	8,161,672
	Sewerage		3,010,095	3,032,499 3,090,426
	Waste management		68,463	75,694
	Aerodrome		175,975	541,328
			19,398,696	19,793,675

			2014	2013
		Note	S	S
	(b) Amortisation of other intangible assets			-
	Software		4,139	15,939
			4,139	15,939
	Total depreciation and amortisation	•	19,402,835	19,809,614
12	Capital expenses			
	Loss on the sale of capital assets	7	_	60,349
	Loss on write-off of capital assets	13	54,155,423	8,018,415
	Revaluation down of property, plant and equipment	20 (a)	•	3,245,815
	Loss on market value adjustment to long term debt	25	59,883	-
	Total capital expenses	-	54,215,306	11,324,579
13	Loss on write-off of capital assets			
	Land and improvements		10,391	1,006,352
	Buildings		•	570,050
	Road, bridge and drainage		50,545,175	5,975,948
	Water		1,383,280	142,871
	Sewerage		2,216,577	309,309
	Waste management			13,885
	Details of capital asset write-offs	12	54,155,423	8,018,415
	In 2013 expenditure on flood damage was treated as an operating expense. In 2014			
	the accounting treatment was changed to capitalise flood damage expenditure and			
	write-off the carrying value of the damaged assets.			
	At June 2014 \$46,044,456 was written off roads as a result of flood damage.			
4	Cash and cash equivalents	1,10		
	Cash at bank and on hand	1.10	671,740	29,992,518
	Deposits at call		27,925,225	114,156,864
	Term deposits		38,069,889	-
	Total cash and cash equivalents per Statement of Cash Flows	_	66,666,854	144,149,382
	Cash investments held	18	41,137,038	-
	Total cash assets	_	107,803,892	144,149,382
	Councils cash and cash equivalents are subject to a number of internal and extern	nal restrictions	s that limit amounts a	ailable for
	discretionary or future use. These include			
	Externally imposed expenditure restrictions at the reporting date relate to the			
	Unspent loan monies	29 (a) (i)	5,762,441	26,100,475
	Unspent government grants and subsidies	29 (a) (ii)	5,475,579	10,204,856
	Unspent developer contributions Internally imposed expenditure restrictions at the reporting date	29 (a) (ii)	40,929,941	34,634,327
	Funds set aside by council and held in reserves for future projects		52,638,277	E0 (04 200
	Total unspent restricted cash	29	104,806,238	58,684,722 129,624,380
	- ,		107,000,200	127,024,500
	Cash and deposits at call are held in the ANZ Bank, Queensland Country Credit			
	Union, National Australia Bank, Westpac Banking Corporation, Bank of			
	Queensland and Queensland Treasury, AMP Bank, Suncorp Metway Ltd and			
	ING Bank (Australia) Ltd.			
5	Trade and other receivables	1.11		
	(a) Current			
	Rateable revenue and utility charges		1,670,345	1,884,635
	Accrued government operating grants and subsidies		3,692,190	2,555,741
	Accrued interest		1,722,349	1,345,778
	GST recoverable		909,377	2,359,002
	Other debtors		2,204,533	5,667,120
	Less: Impairment provision		(259,750)	(199,404)
	Drama manta		9,939,044	13,612,872
	Prepayments	_	1,395,996	232,157
			11,335,040	13,845,029

		2014	2013
	Note	\$	\$
(b) Non-current			
Deferred debtors		104,493	-
Loans and advances to controlled entities and associates		8,265,965	7,668,867
		8,370,458	7,668,867
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.	s		,
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)			
Opening balance at 1 July		199,404	205,916
Impairment adjustment during the year		60,346	(6,512)
Closing balance at 30 June		259,750	199,404
	-		.,,,,,,
16 Inventories	1.12		
Current			
Inventories for internal use			
Quarry and road materials		1,771,425	1,601,955
Stores and materials		635,318	1,128,720
	<u> </u>	2,406,743	2,730,675
Valued at cost, adjusted when applicable for any loss of service potential.			
Land purchased for development and sale	17	24,518,159	7,223,749
Total inventories	• • • • • • • • • • • • • • • • • • • •	26,924,902	9,954,424
	_		7,751,124
7 Land purchased for development and sale	1.14		
Balance at beginning of the financial year	****	7,223,749	7,749,125
Transferred from other asset category		.,,, .,	(2,839,593)
Land acquired in period		17,003,332	2,314,217
Capitalised interest in period		1,315,310	-,,,
Less cost of developed land sold		(413,962)	-
Valuation adjustment as at 30 June 2014		(610,270)	
Balance at end of the financial year		24,518,159	7,223,749
Land purchased for development and sale is valued at the lower of cost and net realisable value.			
8 Cash investments Fixed term held with other institutions realisable between 3 and 12 months -			
unrestricted		41,137,038	
		41,137,038	-
		11,137,030	
Term deposits at fixed interest rates are held with the National Australia Bank, Westpac Bank, and ING Bank. Maturity ranges from 4 to 10 months and bear interest rates from 3.8% to 3.9%.			
9 Investment properties			
Property held for rental income and capital growth		13,513,958	13,037,737
Fair value at end of the financial year		13,513,958	13,037,737
Management in account Accounts of			
Movement in assets during the reporting period			
Property held for rental income and capital growth			
Fair value at beginning of the financial year		13,037,737	10,198,144
Fair value of assets transferred from other asset category	_		2,839,593
Revaluation adjustment to income statement Fair value at end of the financial year	6	476,221	-
		13,513,958	13,037,737

Notes to the financial statements For the year ended 30 June 2014

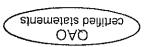
		2014	2013
All investment property was valued at fair value by Australian Penissa Valuers Pro-	Note	\$	\$

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 finn, as at 30 June 2014. APV Valuers have extensive experience in valuing properties of this nature in the Isaac Regional Council and surrounding areas.

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.



Notes to the financial statements For the year ended 30 June 2014

20 (a) Property, plant and equipment

Basis of measurement

Asset Values Opening gross value as at 1 July 2013
Minor correction to opening balance
Additions at cost * Internal transfers from work in progress Write-offs Disposats Contributed assets at valuation

Closing gross value as at 30 June 2014 Revaluation adjustment to capital income Internal transfers between asset classes Revaluation adjustment to other comprehensive income. (refer the ARS*)

Accumulated depreciation and impairment Opening balance as at 1 July 2013
Minor correction to opening balance Depreciation provided in period

Revaluation adjustment to capital income Internal transfers to other asset classes Accumulated depreciation as at 30 June 2014 Revaluation adjustment to other comprehensive income. (refer the ARS*) Depreciation on write-offs

Depreciation on disposals

37 11 7 12 27 6

Total book value as at 30 June 2014

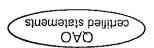
* ARS denotes - Asset Revaluation Surplus

Addition of renewal assets
Addition of other assets
Total additions in period

Range of estimated useful life in years

					č																
			0	, ,	3	7.	; -	7				Š	7 7								NOIC
000,000,00	202 000 00	8Ct. 81	,	13,258,834		(165'01)	10.201		2.544.337	-	-	7,1000	080 170	72,338,388	٠	ş 1410'	2014	Valuation		mibroventents	Land and
132,700,774	201,011	115 783		1,375,218		t	,		1.600.168	226,825		200,707	2 20% 560	127,246,413	v	£107	7012	Valuation			Buildings
29,362,794	20.20			•		•	(212,700)	מוסק בו כי	4.036.093	•		-		25,739,401	6	2014	1014	Cost		equipment	Plant and
ŀ			1	-		F			ı	,	-	-		1	e.	2014	2000000	valuation		and httmgs	Office furniture
565,421,517	•		,	24,559,851		(50,826,255)	,	(00) 72 (12.7	14 747 600	2,586,783	46,044,456	4,984,742		523,329,331	c,	2014	TO DO DE	Valuation		dramage	Office furniture Road, bridge and
175,509,580	4,000		ı	3,363,286		(1,996,501)	ŧ	1,200,514	1 560 014		•	2,064,500		170.503.716	S	2014	A STREET	Valuation			Water
147.718.519	(4,605)			(1.128,012)		(3.028,388)	-	2,401,732	2 401 733	-		1,686,600		146.711.253	S	2014	tiotiente A	Valuation			Sewerage
1.534,207	(134,110)			173,047			,	606,610	3 10 000	-	•	,	14.5000	1 175 361	S	2014	UOMENIEA	Valuation		management	Waste
9,515,359	•	101,500	TOT CEE	•	VALUE	4	r	200,000			•	ŧ	0.540,507	8 970 907	€ 2	2014	Valuation	47-1			Aerodrome
25.638,213								(28,556,427)			33,407,219	838,957	17,740,404	10 0/6 /6/	iyo	2014	Cost		ę	progress	Works in
9.515.359 25.638.213 1,176,759,749	,	332.787	10000	41.602.223	(00.001.00)	(55 96) (35)	(212.700)	•	0.00.5.00.5	2 813 608	79.451.675	12.720,457	1,095,915,234	100601333	'n	2014					Total

83 104 240	34,246,176	•	,			48,031,239	-		0.000	
21,262,867	18,449,259					10 CO 1,000,1			5 C8 9 CC	'
1.00.10						2 586 783	:	•	226,825	•
61 841 373	15,796,917	1	-	,	-	46,044,456	-	,	-	<u> </u>
		05 - 01	5-10	5 - 100	5 - 100	5 - 100		07 - 5	001 - 6	0 - 100
981,339,904	25.638.213	7.930.824	1,254,969	107.620.415	129,738,521	499,168,800	ţ	9/5/106/91	3 100	200.87.057
								17 07 1 27	117 (47 761	70 270 227
195,419,845		1,584,535	279.238	40,098,104	45,771,059	66,252,717		917,100,71	17,121,721	2411170
		-	(88,257)	(1,162)	1.162			(020,1)	10 101 701	0 711 752
(500)(67)		(2000)			1 1 2			(7 520)	7438	88.339
2001	-	701 663	,	1				,	,	-
(23,655,27/		,	(62,540)	(5,722,236)	(9.171,387)	(7.627,454)		-	(3,0/1,926)	2,000,209
										200.50
(1,706,112		1		(811.811)	(613,221)	(281,080)			-	
(80,075)			,			_	-	(00,070)		
19,398,696		173,973	00,400	2,010,033	0.676.017	1,000		(270 02)	With the first of the second s	-
1,031,297			227.03	200005	2 202 010	7 804 349	r	2.745.917	1.641.899	659,979
1061		•	•	261.128	349.823	184,319		,	119.248	136,779
700 702 97		1,700,223	361,572	43.362.090	51,912,663	66,172,583	-	9,942,896	790,020,17	180,022,0



Notes to the financial statements For the year ended 30 June 2014

20 (a) Property, plant and equipment - prior year

Basis of measurement

Asset Values
Opening gross value as at 1 July 2012
Additions at cost

Internal transfers from work in progress
Disposals
Write-offs

Revaluation adjust to other comprehensive income. (refer the ARS*)

Revaluation adjustment to capital loss

Recognition/change of future rehabilitation costs

Closing gross value as at 30 June 2013

Accumulated depreciation and impairment Opening balance as at 1 July 2012 Depreciation provided in period

Depreciation on disposals
Depreciation on write-offs
Revaluation adjust to other comprehensive income.
(refer the ARS*)

111 7 12 27

Revaluation adjustment to capital loss
Recognition of open balance on rehabilitation costs

Accumulated depreciation as at 30 June 2013

Total book value as at 30 June 2013

Range of estimated useful life in years
* ARS denotes - Asset Revaluation Surplus

-			12		77	;	12	~	1							_				Note	:
12,330,388	מסר סרר רד	535 729	,			(1,000,000)	1,006,350	,	1,000,000	Ptt (85 C		10,020,011	70 776 677	69	2015	2012	Valuation		Improvements	Land and	
127,240,413	1010101		•	•		(Croscor)	12 18 285)	1	0.77,7,303	235 057 8		100,000,711	110 350 051	20	2013	23.5	Valuation			Buildings	
25,739,401			•	•				(823.355)	000,744,4	000 000 %	•	22,009,936		'n	2013	2000	Cost		equipment	Plant and	
-				•		•		,		-		•	6	n	2013	HORINGE	valuation		and fittings	Office furniture Road, bridge and	
523,329,331		***********		10,920,352		(0,000.622)	200	•	28.377.337			490,632,064	6	9	2013	* GLUGHOUL	Valuation		drainage	Road, bridge and	
170,503,716				1		(174,272)			3,107,606			167,570,382	Ü	•	2013	A STRUCTOR	Valuation			Water	
146,711,253				•		(540,601)			18,378,487			128,873,367	٠	,	2013	valuation	V			Sewerage	
1,175,361				•		(13,885)			360,652			828.594	<u></u>	, !	2013	Valuation		0	management	Waste	
8.920,907		(2,798,505)		ı		,			233,298	4		11 486 114	S		2013	Valuation				Aerodrome	
19.948.464						•			(66.012.079)	40,740,244	2,440,677	45 220 200	69	1015	1100	Cost		bro@ress	progress	Works in	
1,095,913,234	535 729	(2,798,505)	755.076.01	10000	(0.7.0.77)	(8010 646)	(823,355)			40,740,244	410,002,000,1	1056 750 314	so.	2102	3013				,	Total	

		10 - 50	5 - 10	5 - 100	5 - 100	3 - 100		0 10		
						7 100		6.20	3 - 100	5 - 100
895,210,258	19,948,464	7,220,684	813,789	103.349.163	118,591,053	457,156,748	- Contains	10,770,000	100,144,001	,
						127 - 12			125 166 501	66 112 501
200,702,976		1,700,223	361.572	43,362,090	51,912,063	00,1/2,383		2,374,020	D	
		1			1	202.00		308 CV0 0	21 025 062	6 225 887
Ohcoci		•								
77.3 03.1		÷								040,001
447.310		447,310								150 646
13.831.681		-							•	1
			•	,		13,738,177	ı	•		93,504
125,1100										
(051,106)			•	(231,292)	(31,401)	(4,0,4,0)	***************************************			
(557,400)		,	-		(21)	127 674			(13.763)	
1010000				•	•	F		(557,400)	1	
10 703 675		541.328	75,694	3,090,426	3.032,499	8,161,672	-	1,0,0,0,1		7.0000
167,930,294		711.363	010,00	10.000.000				150 200 0	1 260 602	776 387
		711 202	286 826	40 502 056	48.911.565	44.897.408		7,604,225	19.769,222	5,247,455
					•					

(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
- Road, bridge network and drainage
- Water infrastructure Sewcrage infrastructure
- Waste management

Aerodrome

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

and represents the contractual undiscounted cash flows at balance date (level 2). 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 Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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)".

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

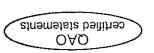
In accordance with AASB 13 fair value measurements are categorised on the following basis

Fair value based on unobservable inputs for the asset and liability (level 3)

categorisation as level 1. 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

required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs The 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





Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

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

There were no transfer between lands 1 and 1 and 1		- Aerodrome	 Waste management 	- Sewerage infrastructure	- Water infrastructure	 Road, bridge network and drainage 	- Buildings	 Land and improvements 	Property, plant and equipment	 Investment property - Land and Buildings 	Investment Property	Recurring fair value measurements					
									20		19						Note
	206,540,543						113 647 253	79 379 372	1	13.513.958		1	64	2014	observable inputs)	(Significant other	Level 2
	745,713,530	7,234,969	107,020,413	107 (20,12)	499,168.800	400 100 000						€	^	2014	unobservable inputs)	(Significant	Level 3
	7,930,824 952,254,073	1,254,969	107,620,415	129,738,521	499,168,800	113,647,253	/9,3/9,332		13,313,938			¥	7	2014			Total

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 this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review,

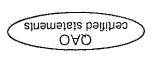
Specific valuation techniques used to value Council assets comprise

Property, plant and equipment

Land and improvements, buildings and other structures

As at 30 June 2014 a comprehensive 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.



Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

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

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 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 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

(2) Long term rental yields in potentially volatile market

qualified valuers who completed the valuation to recommend disclosing the valuation inputs for these properties as level 3. 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 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

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

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 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

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 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 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.

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

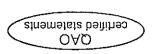
The following methods are used to determine the fair value measurements

Land

Level 2 valuation inputs

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. 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

There were also some parks and reserves for which there was no observable evidence of sales prices for comparable sites in close proximity. These were subsequently values at the level 3 valuation input hierarchy by using the professional judgement of a registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.



Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued **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

and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair supported by observable market evidence they have been classified as level 2 inputs. The unobservable inputs (such as estimates of residual values, useful life, pattern of consumption and asset condition value. As such these assets were classified as having been valued using level 3 valuation inputs. into significant parts with different useful lives and taking into account a range of factors. These included the average cost of construction and consumption score for each component. As these are 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

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.

ſ					_											_			1		_	
A	6		Ch.	•			4				tu.)		h		0	ò	Consumption score	Consumption score
CHOOLEGIA CITA OF 1110.	Throretical and of life	to be closed or decommissioned.	service. If remedial action is not taken immediately the asset will need	At intervention point. No longer providing an acceptable level of	potential.	renew or replace in short-term. Very low level of remaining service	future. Should be reflected by inclusion in the capital works plan to	Indicators showing the need to renew, upgrade or scrap in the near	obsolescence in short to mid-term.	adequate level of service in the short to medium term. May be signs of	are some concerns over the asset's ability to continue to provide an	Providing an adequate level of remaining service potential but there	service potential. No signs of immediate or short term obsolescence.	Aged and in good condition, providing an adequate level of remaining		obsolescence and providing a high level of remaining service potential.	Not new but in very good condition with no indicators of any future		potential.	New or very good condition - very high level of remaining service	Description	
	0.73	î%			10%				25%				50%			85%			100%		Straight-line	
Fully written off	0/0	2007			20%				40%				65%			92%			100%		Low	% R
itten off	070	26/			34%				54%				75%			94%			100%		Mod	% RSP of depreciable amount
	0%	000			45%				70%				85%			98%			100%	3	High	mount
	0%	,			70%			2078	7000				99%		0,000	100%		10076	100%	Distriction of	Extreme	

For the year ended 30 June 2014 Notes to the financial statements

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 Lower Upper Lower Upper Specialised buildings (cost approach) - 3 Supplied by Council - 3 Supplied by Council - 2.50% - 52,700,864 - 5374,282 - 5374,282 - 5374,282
Level of valuation input Unobservable inputs Sensitivity to unobservable market Lower Upper Lower Upper Lower Sensitivity to unobservable market Lower Upper Lower -2.50% -52,700,864 S: -5374,282
Sensitivity to unobservable market Amount of potential
Sensitivity to unobservable market Amount of potential
-\$2,700,864 \$: -\$374.282
nt of potential i
Upper

Road, bridge network and drainage

As at 30 June 2014 a comprehensive 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.

The system following maintenance activities and renewal treatments.

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 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 assets for The purpose of completing Asset Condition

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 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 To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections the valuation relies upon a sampling approach (18% overall) where

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

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. 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 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

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 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

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

Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

The approach estimated the replacement cost for each asset by compensating 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.

network infrastructure assets are deemed to be valued at level 3. 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 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

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.

6	5	4	3	2		0	Consumption score	Consumption toors
Theoretical end of life.	service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	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. At intervention point, No longer providing an acceptable level of	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. Indicators showing the need to renew unperade or scrap in the near	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence. Providing an adequate level of remaining service potential but there.	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	potential.	New or very good condition - very high level of compiling	
		10%	25%	50%	85%	100%	Straight-line	
		20%	40%	65%	92%	100%	Low	70 %
Fully written off		34%	54%	75%	94%	%00I	Mod	% vor of debrectable amount
		45%	70%	85%	98%	100%	High	mount
		70%	%06	99%	100%	100%	Extreme	

(II) Non-recurring fair value measurements

No assets were valued as a non-recurring valuation.

Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued Fair value sensitivity to unobservable input

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

3	3	Infractmentary (cost approach)	Asset Level of valua	
12	Condit	2	tion input	-
tionship between asset consumption rating scale	tion of the asset where based on condition as	Carolina and a state of the control	Unohservahle impets	Γ
-3.00%	-3.00%	19867	Towns 1	Sensitivity to unob
3.00%	3.00%	Opper	T)	servable market
-\$15,072,479	-\$15,072,479	Lower	4	Amount of pot
	\$15.072.479	Upper		ential impact

Water and sewerage infrastructure

and may only be inspected on an irregular basis.

As at 30 June 2014 a comprehensive 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**

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. Likewise, especially for water network infrastructure, a large portion of the portfolio is located underground 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

such as residual value, useful life and pattern of consumption of the future economic benefit. 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 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 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

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 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

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.

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. 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) 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

Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

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.

	ر ا	5			4				ω			2		<u></u>		0		Consumption score
i neofeticat end of title.	Theoretical and of i.e.	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be a few or to	potential.	renew or replace in short-term. Very low level of remaining service	future. Should be reflected by inclusion in the capital works plan to	Indicators showing the need to renew, upgrade or scrap in the near	obsolescence in short to mid-term.	adequate level of service in the short to medium term. May be signs of	are some concerns over the asset's ability to continue to provide an	rroviding an adequate level of remaining service potential but there	service potential. No signs of immediate or short term obsolescence.	Aged and in good condition, providing an adequate level of remaining		Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.		potential.	New or year good condition west light 1 1 1 2	Description
	0%		10%				25%				50%			85%		%001	Straight-line	C1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1
	0%		20%				40%				65%		, 22, 10	97%		100%	Low	70 17
Fully written off	0%	7.70.00	34%			0170	\$4%				75%		777/0	04%		100%	Mod	% KSF of depreciable amount
1,1000	0%	PANAL C	45%			70/0	7007				85%		70/0	000	10070	70001	High	mount
	0%	100	70%			%0%	000				000%		100%		10070	1008/	Extreme	

(ii) Non-recurring fair value measurements No assets were valued as a non-recurring valuation.

Fair value sensitivity to unobservable inputs

QAO certified statements

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

	(1900) done (2001)	infrastructure (cost approach)	Assert
J	J. J.	To or variation library	I and of voluntion in
Relationship between asset consumption rating scale	Condition of the asset where based on condition as	Unobservable inputs	£ .
-5.00%	-5.00%	Lower	Sensitivity to unobs
5.00%	5.00%	Upper	servable market
-\$11,840,656	-\$11,840,656	Lower	Amount of pote
\$11,840,656	\$11.840.656	Upper	of potential impact



For the year ended 30 June 2014 Notes to the financial statements

Fair Value Measurements - continued

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

and updates to The system following maintenance activities and renewal treatments. 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 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

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

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 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 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.

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 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

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

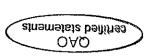
The following methods are used to determine the fair value measurements

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

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. 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 The approach estimated the replacement cost for each asset by compensating the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based

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 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 management assets are deemed to be valued at level 3.

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Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

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.

O	6	5			4			•	ىر			2		1		0		Consumption score
Liberatical end of life.	to be closed or decommissioned.	service. If remedial action is not taken immediately the asset will need	potential.	renew or replace in short-term. Very low level of remaining service	future. Should be reflected by inclusion in the capital works plan to	Indicators showing the need to renew unprade or scrap in the near	obsolescence in short to mid-term.	adequate level of service in the short to medium term. May be signs of	are some concerns over the asset's ability to continue to provide an	Providing an adequate level of remaining service potential but there	service potential. No signs of immediate or short term obsolescence.	Aged and in good condition, providing an adequate level of remaining	8 S	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining services not control.		potential.	New or very good condition was high land as	Description
	0%		10%				25%				50%		0,70	0.70		100%	Straight-line	C4
	0%		20%				40%				65%		92%		10070	100%	Low	
Fully written off	0%		34%			5770	54%				75%		94%		10070	7000	Mod	o war of achiecianie alliquit
	0%		45%			1070	700%			00.70	% 5 %		98%		0,001	1000	High	IIIOutt
676	0%		70%			90%	200			77/0	000/		100%		%UU1		Extreme	

(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.

		Infrastructure (cost approach)	Asset
12			Level of valuation input
verationship between asset consumption rating scale	official to the asset where based on condition as	Choose value inputs	
-2.50%	-2.50%	Lower	Sensitivity to unobse
2.50%	2.50%	Upper	3
-\$31,374	-\$31,374	Lower	Amount of pot
\$31,374	\$31,374	Upper	potential impact

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.

Notes to the financial statements For the year ended 30 June 2014

Fair Value Measurements - continued

Written down (fair value) at reporting date	Accumulated depreciation Opening balance Correction to accumulated, depreciation opening balance Depreciation in current period Transfer in period Closing balance of accumulated depreciation	Changes in Buildings Asset value Opening balance Error correction to opening balance Additions in period Transfers in period Revaluation adjustment included in the asset revaluation surplus Gross closing balance Buildings
43,554,137	9,070,568 889,354 7,438 9,967,360	2014 Level 2 assets \$ 54,990,533 119,380 115,782 -1,704,197 53,521,497
66,421,190	11,954,494 119,248 752,545	Level 3 assets \$ 72,255,880 2,204,569 1,707,613 3,079,415 79,247,477

(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 IR and IQ respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Notes to the financial statements For the year ended 30 June 2014

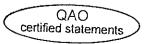
. 01	the year ended 30 June 2014		2014	2013
		Note	S	\$
22	Intangible assets			
	Computer software			
	Opening gross carrying value Closing gross carrying value		484,987 484,987	484,987 484,987
	Accumulated amortisation			
	Opening balance		450,935	434,996
	Amortisation in the period Closing balance		4,139 455,074	15,939 450,935
	Net carrying value at end of the financial year		29,913	34,052
	Software has a finite life estimated at three years.		29,913	34,032
	Straight line amoritisation has been used with no residual value.			
	Total intangible assets	_	29,913	34,052
23	Trade and other payables			
	Current			
	Accruals Creditors	1.21	9,573,512	213,053
	Employee related accruals	1.21	1,561,393 2,303,226	16,180,606 711,827
	GST payable		2,303,220	685,014
	Annual leave	1.22(b)	2,000,279	1,690,060
	Other entitlements	-	215,049	259,905
			15,653,459	19,740,465
	Non Current		2164	212.265
	Creditors for operational expenses Annual leave	1.22(b)	7,154 1,132,787	312,265
	Aumuni leave	1.22(0)	1,132,787	1,146,870 1,459,135
	Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level. The non-current portion of annual leave and long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1.22	*****		
24	Provisions			
	Current		000.00	
	Long service leave	1.22(d)	298,566 298,566	359,144 359,144
	Non-Current		298,300	335,144
	Long service leave	1.22(d)	2,217,943	2,046,652
	Property restoration			
	Refuse sites	1.24	2,521,910	651,799
	Details of movements in provisions		4,739,853	2,698,451
	Long service leave			
	Balance at beginning of the financial year		2,405,796	2,206,386
	Long service leave entitlement arising		293,084	701,222
	Long service leave entitlement paid		(182,371)	(501,812)
	Balance at end of the financial year	*****	2,516,509	2,405,796
	Refuse sites			
	Balance at beginning of the financial year		651,799	_
	Increase due to change in time		24,050	-
	Increase (decrease) due to change in discount rate		56,139	-
	Increase due to new site		-	651,799
	Increase (decrease) in estimate of future cost		1,789,922	
	Balance at end of the financial year		2,521,910	651,799

Notes to the financial statements For the year ended 30 June 2014

		2014	2013
	Note	s	\$
Current portion		-	-
Non-current portion	******	2,521,910 2,521,910	651,799 651,799
This is the present value of the estimated future cost of restoring the refuse sites		2,521,710	031,772
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		32,119	
5 Borrowings		J2,117	
(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 SA denominated amounts and carried at amortised cost, interest			
being expensed as it accrues. Expected final repayment dates vary from June 2028 to June 2034.			
There have been no defaults or breaches of the loan agreement during the period.			
Principal and interest repayments are made quarterly in arrears.			
Borrowings at balance date are Current			
Queensland Treasury Corporation	_	1,417,222	1,309,402
Non Current			
Queensland Treasury Corporation	_	38,320,946	40,238,159
Movements in borrowings			
Queensland Treasury Corporation			
Book value at beginning of the financial year Loans raised		41,547,561	12,134,220
Principal repayments		- (1,869,276)	29,800,000
Adjustment to loan value due to change in interest rates.		59,883	(386,659)
Book value at end of the financial year		39,738,168	41,547,561
Classified as			
Current		1,417,222	1,309,402
Non-current		38,320,946	40,238,159
		39,738,168	41,547,561
The QTC loan market value at the reporting date was \$42,501,914.			
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.			
Other liabilities			
Current			
Capital cash contributions with future reciprocal obligation		143,081	143,081
Construction retentions		157,340	-
		300,421	143,081

Notes to the financial statements For the year ended 30 June 2014

For	the year ended 30 June 2014			
			2014	2013
		Note	S	\$
27	(i) Asset revaluation surplus			
	Movements in the asset revaluation surplus			
	Balance at beginning of the financial year		251,518,548	254,704,493
	Adjustments to the property, plant and equipment through revaluations	20		
	Land and improvements	20	10 450 545	(02.504)
	Buildings		10,658,565 5,047,144	(93,504)
	Road, bridge and drainage		, ,	- (2.012.026)
	Water		32,187,305 12,534,673	(2,817,825)
	Sewerage		4,594,224	•
	Waste management		235,587	-
	17 usto managomone	-	65,257,497	(2,911,329)
	Change in value of future rehabilitation costs charged to the surplus	-	(1,846,061)	(274,616)
	Balance at end of the financial year	-	314,929,984	251,518,548
	Distance at one of the financial year	-	314,727,704	231,310,348
	(ii) Asset revaluation surplus analysis			
	The closing balance of the asset revaluation surplus is comprised of the			
	following asset categories			
	Land and improvements		25,873,634	17,061,130
	Buildings		32,589,415	27,542,271
	Road, bridge and drainage		145,721,497	113,534,192
	Water		62,881,073	50,346,400
	Sewerage		47,628,779	43,034,555
	Waste management		235,587	-
			314,929,984	251,518,548
		_		
28	Retained surplus / (deficiency)	1.26		
	Movement in retained surplus			
	Balance at beginning of the financial year		636,808,984	648,985,889
	Error correction to opening balance	-	11,669,160	-
	Net result		(5,584,849)	16,274,398
	70 0 (310 31 0 0 0 1 1 0 0 0		642,893,294	665,260,287
	Transfers (to)/ from capital reserves for future capital project funding, or from			
	reserves funds that have been expended or closed			
	Constrained grants and subsidy contributions reserve		(1,566,337)	(21,972,833)
	Unspent loan cash reserve		20,338,034	(22,170,521)
	Buildings reserve		1,215,608	(4,500,000)
	Roads infrastructure reserve		-	4,295,107
	Water reserve		146,035	2,071,000
	Sewerage reserve		(3,700,099)	3,263,477
	Other infrastructure reserve		(1,979,523)	9,382,138
	Carry over capital reserve		3,215,561	(4,216,925)
	Mines capital projects reserve		(1,731,299)	
	Transfers (to) recurrent reserves for future project funding, or from reserves funds	_	15,937,980	(33,848,557)
	that have been expended or closed			
	Natural disaster reserve		£0.000	
	Constrained works - operational grants reserve		50,000	- 574 100
	Mines operating projects reserve		3,111,941	574,128
	NDRRA funding - operational grants reserve		5,718,221	(2,319,851)
	Community recovery - operational grants 2014		•	7,117,585
	Community recovery - operational grains 2014		0 000 140	25,392
			8,880,162	5,397,254
	Retained surplus at end of the financial year		667,711,436	636,808,984
	Jour		007,721,730	0,50,000,704



the year ended 30 June 2014		2014	2013
	Note	\$	\$
	1.27	•	
Reserves (a) Restricted capital reserves			
(i) Unspent loan cash reserve This cash forms part of council's capital value as the balance represents loan cash The cash is restricted to specific project.			
drawn down but unspent at balance date. The cash is restricted to specific project			
funding.			
-		26,100,475	3,929,954
Balance at beginning of the financial year		20,100,175	29,800,000
Loan funds drawn down in period.		(20,338,034)	(7,629,479
Loan cash expended in period.	_	5,762,441	26,100,475
Balance at end of the financial year	-		
(ii) Constrained grants and subsidy contributions reserve		44,839,183	22,866,350
Belongs at heginning of the financial year		77,000,100	,
Transfer from retained earnings non reciprocal grants, subsidies and		47,886,589	21,112,152
contributions received and allocated to specific capital projects		(46,320,252)	860,681
Transfer to retained earnings funds expended	-	46,405,520	44,839,183
Balance at end of the financial year	-		
m. 1	-	52,167,961	70,939,658
Total restricted capital reserves			
(b) Other reserves(1) Summary of capital reserves held for funding future projects			0.000.000
(1) Summary of capital reserves near for funding factor p		6,784,392	8,000,000
(ii) Buildings reserve (iii) Plant and equipment reserve		1,245,000	1,245,000
(iv) Roads infrastructure reserve		2,521,212	2,521,212
(v) Water reserve		2,229,686	2,375,72
(vi) Sewerage reserve		4,723,347	1,023,248
(vii) Other infrastructure reserve		10,696,767	8,717,244 43,481
(viii) Community facilities reserve		43,487	24,300,969
(ix) Carry over capital reserve		21,085,408	24,300,90
(x) Mines capital projects reserve		1,731,299 51,060,598	48,226,88
(2) Summary of recurrent reserves held for funding future projects			
		-	50,00
(i) Natural disaster reserve (ii) Constrained works - operational grants reserve		-	3,111,94
(iii) Planning & environmental enforcement - operational reserve		373,379	373,37
(iv) Mines operating projects reserve		1,204,300	6,922,52
(v) NDRRA funding - operational grants reserve		-	_
(vi) Community recovery - operational grants 2014		1,577,679	10,457,84
(1)		1,377,019	10,10110.
m . I. day recommon		52,638,277	58,684,72
Total other reserves		104,806,238	129,624,38
Total reserves			
Movements in capital reserves			
(ii) Buildings reserve		8,000,000	3,500,00
Balance at beginning of the financial year		237,924	5,050,00
Transfer from retained earnings for future expenditure		(1,453,532)	(550,00
Transfer to retained earnings funds expended		6,784,392	8,000,0
Balance at end of the financial year			
(iii) Plant and equipment reserve Balance at beginning of the financial year		1,245,000	1,245,0
		- 140 101000	1,245,0

Notes to the financial statements For the year ended 30 June 2014 For the yea

Note		
	\$	\$
	2,521,212	6,816,319 (4,295,107)
	2,521,212	2,521,212
	2,375,721	4,446,721
		(2,071,000)
	2,229,686	2,375,721
	1,023,248	4,286,725
	3,700,099	
		(3,263,477)
	4,723,347	1,023,248
		
	8,717,244	18,099,382
	2,250,344	301,100
_	(270,821)	(9,683,238)
_	10,696,767	8,717,244
	43,487	43,487
	43,487	43,487
	24,300,969	20,084,044
	13,399,895	18,200,365
	(16,615,456)	(13,983,440)
-	21,085,408	24,300,969
-		
	3,911,592	-
	(2,180,293)	
-	1,731,299	
•		
	50,000	50,000
	(50,000)	
	-	50,000
	3,111,941	3,686,069
	-	3,111,941
	(3,111,941)	(3,686,069)
		3,111,941
	373,379	373,379
	373,379	373,379
	6.922.521	4,602,670
	527,901	3,547,680
	·	(1,227,829
		6,922,521
		(146,035) 2,229,686 1,023,248 3,700,099 4,723,347 8,717,244 2,250,344 (270,821) 10,696,767 43,487 43,487 43,487 24,300,969 13,399,895 (16,615,456) 21,085,408 3,911,592 (2,180,293) 1,731,299 50,000 (50,000) 3,111,941 (3,111,941) 373,379 373,379 373,379

Notes to the financial statements For the year ended 30 June 2014

For the year ended 30 June 2014		2014	2013
		2014	2013
	Note	\$	\$
(v) NDRRA funding - operational grants reserve			7 117 595
Balance at beginning of the financial year		-	7,117,585
Transfer to retained earnings funds expended		-	(7,117,585)
Balance at end of the financial year			
(vi) Community recovery - operational grants 2014			26.202
Balance at beginning of the financial year		-	25,392
Transfer to retained earnings funds expended		-	(25,392)
Balance at end of the financial year		•	-
30 Commitments for expenditure			
Operating leases			
Minimum lease payments in relation to non-cancellable operating			
leases		657,268	669,913
Within one year		1,631,176	1,492,616
Later than 1 year but not later than 5 years		5,626,050	5,997,658
Later than 5 years	_	7,914,494	8,160,187
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			
Contractual commitments at balance date but not recognised			
in the financial statements		000 171	1 222 204
Management of Council pools and recreational dams - \$443,729 - per year		889,161	1,233,286 207,758
Town Maintenance Contracts - \$689,381 - per year		175,070	207,738
Library Lease - \$11,864 - per year		11,864	
Recreation Reserve - \$146,269 - per year		109,802	221,462
Communication contracts - \$80,941 - per year		162,151	430,794
Waste Management Collection \$2,584,605 - per year	-	5,863,159 7,211,207	2,114,590
		7,211,207	2,114,550
Capital commitments			
Commitment for the construction of the following assets contracted for at the			
reporting date but not recognised as liabilities		3,890,604	3,242,710
Infrastructure		1,172,344	1,364,477
Other Assets	_	5,062,948	4,607,186
ma		3,002,710	.,50,,,50
These expenditures are payable		5,062,948	4,607,186
Within one year		2,00=,210	,
Later than 1 year but not later than 5 years		_	0
Later than 5 years	_	5,062,948	4,607,186
	_	- 1	***************************************

31 Events after balance date

There were no material financial adjusting events after balance date.

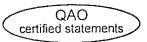
32 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities

(a) 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.



Notes to the financial statements For the year ended 30 June 2014

he year ended 30 June 2014		2014	2013
,	Note	s	\$
(b) Contractor Dispute			
Council is currently in legal dispute with a contractor in regards to works undertaken			
with funding from the NDRRA program. The financial impact to Council is not yet			
known with any certainty, however, it is not considered by management that it will not be a material amount.			
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 an indemnity towards a bank			
guarantee to cover bad debts which may remain should the self insurance licence			
be cancelled and there was insufficient funds available to cover outstanding			
liabilities. Only the Queensland Government's workers compensation authority			
may call on any part of the guarantee should the above circumstances arise.		1,070,436	897,604
The Council's maximum exposure to the bank guarantee is		1,070,430	897,004
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 2013 the financial statements reported an accumulated surplus and			
it is not anticipated any liability will arise.		22,557,143	14,173,836
it is not anticipated any national with arise.			

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;

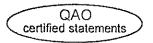
The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

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.



inflow (outflow) from operating activities

Depreciation and amortisation

Current cost of developed land sold

Impairment of receivables and bad debts written off

Change in restoration provisions expensed to finance costs

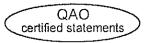
Revaluation of inventory land expensed to materials and services

Non-cash operating items

Net result

Notes to the financial statements For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice			•
from the scheme's actuary. As at the reporting date, no changes had been made to			
prescribed employer contributions which remain at 12% of employee assets and there			
are no known requirements to change the rate of contributions.			
Any amount by which the fund is over or under funded would only affect future			
benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over			
or under funding of the scheme.			
As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.			
The most recent actuarial assessment of the scheme was undertaken as at 1 July			
2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but			
modest financial position and remains vulnerable to adverse short and medium term			
experiences.			
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.			
reconstituted 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.			
the assets of the DDF are insufficient to meet members benefits.			
There are currently 72 entities contributing to the Regional DBF plan and any			
changes in contribution rates would apply equally to all 72 entities. Isaac Regional			
Council made less than 4% of the total contributions to the plan in the 2013-14			
financial year.			
The next actuarial investigation will be conducted as at 1 July 2015.			
The amount of superannuation contributions paid by Isaac Regional Council			
to the scheme in this period for the benefit of employees was		3,006,796	2,560,36
Trust funds	1.31		
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		41,980	41.09
Security deposits		490,567	41,986 758,549
2000. J. C.		532,547	800,52
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.			



16,274,398

19,809,614

19,809,614

(5,584,849)

179,930

413,962

610,270 20,631,047

24,050

19,402,835

10

11

17

Notes to the financial statements For the year ended 30 June 2014

		2014	2013
	Note	S	\$
Investing and development activities			
Capital grants, subsidies and contributions	4	(50,700,197)	(21,112,15
Capital income	6	(1,128,046)	
Capital expenses	12	54,215,306	11,324,57
Payment for land for sale and development costs in the period		(17,003,332)	(2,314,21
•		(14,616,269)	(12,101,79
Financing activities			, , , , , , , , , , , , , , , , , , , ,
Capitalised interest		(1,315,310)	_
Changes in operating assets and liabilities		(-,,,	
(Increase) decrease in receivables		2,704,391	(1,308,33
(Increase) decrease in inventories (excluding land)		323,932	(757,99
Increase (decrease) in payables		(6,200,335)	5,233,91
Increase (decrease) in provisions		110,713	199,41
		(3,061,299)	3,366,99
Net cash inflow from operating activities		(2,631,370)	27,349,21

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 2013-14 financial year are estimated to be \$6,500 (2013: \$5,400). There are no non-audit services included in this amount.

A summary of financial results for Isaac Affordable Housing Trust

Revenues	1,067,316	2,256,191
Expenses	(594,311)	(207,138)
Net Surplus/(Deficit)	473,005	2,049,053
Assets	12,802,383	12,049,757
Liabilities	(7,320,437)	(6,757,662)
Net Assets	5,481,946	5,292,095

Notes to the financial statements For the year ended 30 June 2014

***	the year cruded 30 state 2014		2014	2013
		Note	\$	\$
	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 2013-2014 financial year are to be \$16,000 (2013: \$17,580). There are no non-audit services included in this amount.			
	A summary of financial results for the Moranbah Early Learning Centre Pty Ltd			
	Revenues		1,700,102	1,125,548
	Expenses		(1,467,777)	(1,947,961)
	Net Surplus/(Deficit)	_	232,325	(822,413)
	Assets		705,501	462,326
	Liabilities		(1,252,954)	(1,242,105)
	Net Assets	_	(547,453)	(779,778)
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	20	10 000 450	
	Gross value of property, plant and equipment	20	12,720,457	-
	Less: Accumulated depreciation	20	(1,051,297)	-
	Net value	_	11,669,160	

Notes to the financial statements For the year ended 30 June 2014

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

Isaac Regional 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.

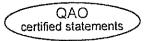
Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

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	2014	2013
Financial assets		\$	\$
Cash and cash equivalents - Bank	14	671,740	29,992,518
Cash investments held with - QTC	14	19,253,428	30,836,150
Cash investments held with other		• ,	,,
approved deposit taking institutions	14&18	87,878,724	83,320,714
Receivables - rates	15	1,670,345	1,884,635
Receivables - other	15	16,639,157	19,397,104
Other credit exposure			, ,
Guarantee	32	1,070,436	897,604
Total financial assets		127,183,830	166,328,725



Notes to the financial statements For the year ended 30 June 2014

38 Financial instruments - continued

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.

Other financial assets

Other investments are held with financial institutions, which are rated AA- to A- based on rating Standard & Poor's 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 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		Past due		Less	Total
s	31 to 60 days \$	61 to 90 days	Over 90 days	Impaired	ę		
15,676,985	895,088	43,171	1,954,008	(259,750)	18,309,502		
10,517,695	1,156,117	60,950	9,746,381	(199,404)	21.281.739		

Receivables 2014

2013

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.

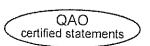
Isaac Regional Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

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.



Notes to the financial statements For the year ended 30 June 2014

38 Financial instruments - continued

	0 to 1 year	I to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2014	s	s	S	s	S
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
2013					***************************************
Trade and other payables	18,102,765	-	-	18,102,765	18,102,765
Loans QTC	3,500,267	13,922,273	48,906,318	66,328,858	41,547,561
	21,603,032	13,922,273	48,906,318	84,431,623	59,650,326

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.

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 and borrowings with QTC and other financial institutions.

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.

2014	Net carrying Effect on Net result		Net carrying Effect on Net result		Effect on Net result		n equity
	amount	1% increase	1% decrease	1% increase	1% decrease		
	S	\$	S	S	\$		
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)		
2013							
Loans - QTC at variable **	-]	-	_	-	7		
Net total	(41,547,561)	-	-	-	-		

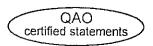
In relation to the QTC loans held by the Council, the following has been applied:

*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.

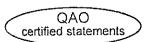


Fair value

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.



Notes to the financial statements For the year ended 30 June 2014

39 National competition policy

(a) Business activities to which the code of competitive conduct is applied

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

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

The Isaac Regional Council applies the competitive code of conduct to

Saleyards Airport Services Private & Recoverable Works Fleet Operations

(b) Statements for activities subject to the competitive code of conduct:

Revenue for services provided to the Council Revenue for services provided to external clients

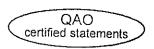
* Community service obligations

Less expenditure Surplus (deficiency)

Saleyards	Airport Services	Private &	Fleet Operations
		Recoverable	1
		Works	
2014	2014	2014	2014
\$	S	\$	S
-	-	-	10,887,156
267,185	1,073,022	5,688,993	812,741
367,300	-		-
634,485	1,073,022	5,688,993	11,699,897
634,484	1,537,857	4,991,579	6,697,023
1	(464,835)	697,414	5,002,874

(c) Description of CSO's provided to business activities during the reporting period:

Activities	CSO description	Actual
Saleyards	Community contribution for the economic benefits of providing saleyards services	367,300



FINANCIAL STATEMENTS

For the year ended 30 June 2014

MANAGEMENT CERTIFICATE

For the year ended 30 June 2014

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

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

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 52, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Mayor

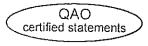
Name: Cr. Anne Baker

Date: 16 /10 /14

Acting Chief Executive Officer

Name: Mr Scott Riley

Date: 16/10/14



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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - 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 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

D A STOLZ FCPA

(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office Brisbane

Current-year Financial Sustainability Statement For the year ended 30 June 2014

Measures of Financial Sustainability

(i) Operating surplus ratio

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 (excluding capital items).

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

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and	greater than	not greater than
10%	90%	60%
-3.41%	318.79%	-89.66%

Target

Actual

Note 1 - Basis of Preparation

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

Certificate of Accuracy For the year ended 30 June 2014

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

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

Mayor

Name: Cr Anne Baker

Date: 16/10/14

Acting Chief Executive Officer

Name: Mr Scott Rilev

Date: 16 / 10 / 14

QAO certified statements

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 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

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

Emphasis of Matter - Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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

29 OCT 2014 AUDIT OFFICE

D A STOLZ FOPA

(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office Brisbane

Long-Term Financial Sustainability Statement Prepared as at 30 June 2014

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 2014 against key financial ratios

Ta	raei
12	120

Actuals at 30 June 2014
Projected for the 30 June 2015
30 June 2016
30 June 2017
30 June 2018
30 June 2019
30 June 2020
30 June 2021
30 June 2022
30 June 2022

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and	greater than	not greater than
10%	90%	60%
-3.41%	318.79%	-89.66%
2.16%	105.01%	-50.83%
1.55%	74.97%	-51.01%
10.57%	77.38%	-50.27%
10.57%	79.95%	-55.24%
7.78%	82.53%	-59.09%
6.56%	85.14%	-61.25%
5.44%	87.86%	-63.65%
6.16%	90.60%	-63.56%
6.49%	92.61%	-63.84%

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 2014

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

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

Mayor

Name: Cr Anne Baker

Date: 16 / 10 / 14

Acting Chief Executive Officer

Name: Mr Scott Riley

Date: 16 / 10 / 14