OUR FINANCES - OUR FINANCES - OUR FINANCES - OUR FINANCES -

Part 4

COMMUNITY FINANCIAL REPORT

The Community Financial Report is a simplified version of Council's audited financial statements. The aim of the report is to assist readers in evaluating Council's financial performance and position for the 2018/19 financial year without the need to interpret the annual financial statements.

Council's financial statements are audited each year by the Queensland Audit Office. Our goal is an unmodified audit opinion which essentially means 'a clean bill of health' for our financial statements. This year our financial statements were unmodified.

The key statements that are summarised in the Community Financial Report are:

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Financial sustainability ratios

The key financial highlights include:

- Unmodified financial statements
- Operating result - a surplus of $4.038 million
- Capital expenditure - $47.6 million
- Cash, cash equivalents and investments - $84.973 million with $2.036 million earned in interest and investment revenue
- New borrowings of $4.5 million
- Initial recognition of refuse sites rehabilitation provision - $24.876 million
- Net result - a deficit of $0.801 million (after initial recognition of the refuse sites rehabilitation provision).

Why did Council recognise the refuse sites rehabilitation provision? - Every council that operates a landfill or has closed a landfill site has an obligation to rehabilitate those sites under environmental legislation. The environmental authority issued by the Department of Environment and Science (DES) contains the conditions with which Council must comply. Rehabilitation, post closure monitoring and aftercare are obligations of each DES license holder. When that expenditure can be reliably estimated and is material, a provision should be recognised.

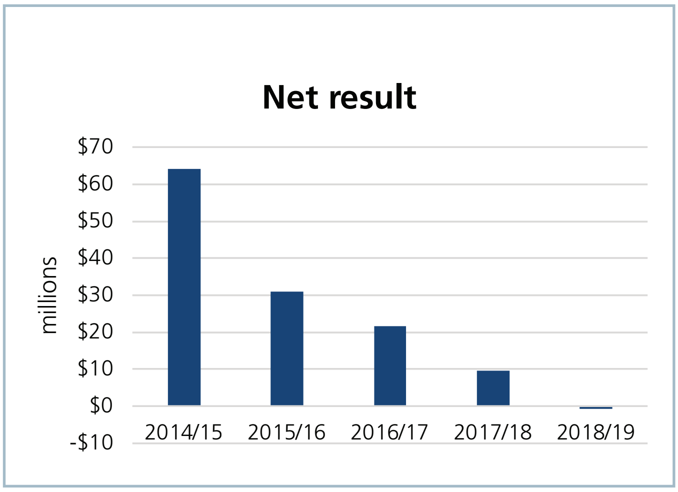
Council's annual financial statements are included in Part 4 - Financial information.

5 year financial summary	2014/15	2015/16	2016/17	2017/18	2018/19
	$'000	$'000	$'000	$'000	$'000
Capital expenditure	81,365	52,087	43,974	41,200	47,645
Net result (income less expenses)	64,215	30,931	21,659	9,532	(801)
Increase/(decrease) in net assets (total comprehensive income)	61,125	(49,256)	(88,401)	96,718	(7,255)
Income - recurrent (operating) revenue	94,351	75,694	82,500	73,531	81,562
Income - capital revenue	72,176	50,224	19,794	24,910	30,007
Capital income / (loss)	69	(317)	160	93	49
Expenses - recurrent (operating)	99,075	89,548	79,343	78,085	77,524
Expenses - capital	3,306	5,122	1,452	10,917	34,895
Cash, cash equivalents and investments	53,524	70,291	66,062	72,988	84,973
Restricted cash, cash equivalents and investments (external and internal restrictions)	37,301	52,084	41,710	40,530	51,566
Borrowings	16,506	14,425	12,964	14,321	17,385
Work in progress	45,825	30,892	48,005	45,709	38,486
	%	%	%	%	%
Percentage of total revenue from rates, levies and charges	16.35%	22.31%	29.67%	31.62%	30.41%

Statement of comprehensive income

The statement of comprehensive income measures how Council performed in relation to income and expenses for the year. For 2018/19, there was a net result (deficit) of $0.801 million (2017/18 - $9.532 million) which is the difference between total income and total expenses. The decrease from last year was largely due to an increase in capital expenses – namely the initial recognition of the refuse restoration provision of $24.876 million. This is a once off cost.

The statement of comprehensive income shows both cash transactions and non-cash transactions. For example, all rates issued are included as income even though some ratepayers have not paid. The amount not paid would show in the statement of financial position as an amount owed to Council. In accounting terms this is referred to as accrual (rather than cash) accounting.



5 year summary of income and expenses

Income	2014/15	2015/16	2016/17	2017/18	2018/19
	$'000	$'000	$'000	$'000	$'000
Rates, levies and charges (net of discounts)	27,232	28,090	30,347	31,126	33,923
Fees and charges	5,469	2,682	2,038	2,212	2,499
Rental income	717	643	603	644	643
Interest and investment revenue	1,816	2,381	2,034	2,029	2,036
Sales revenue - Saleyards	4,032	3,672	3,699	4,053	4,420
Sales revenue - Other	23,680	15,561	12,135	12,147	13,703
Grants (general purpose)	16,044	16,416	25,504	16,882	17,693
Grants (project based)	35,042	12,284	12,190	12,673	19,448
Contributions (recurrent and capital)	47,197	40,230	11,121	14,269	14,522
Other income and donations	5,298	3,959	2,623	2,406	2,682
Capital income	69	(317)	160	93	49
Total Income	166,596	125,601	102,454	98,534	111,618

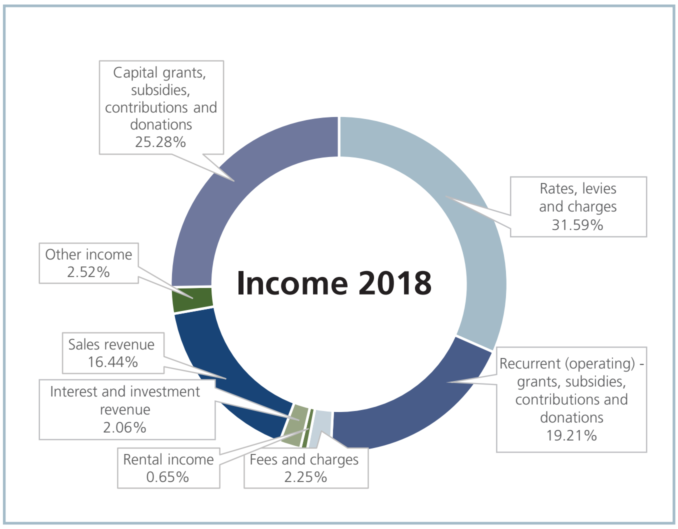
Expenses	2014/15	2015/16	2016/17	2017/18	2018/19
	$'000	$'000	$'000	$'000	$'000
Expenses - recurrent (operating):					
Employee costs	32,008	33,088	29,861	28,924	27,646
Materials and services	39,285	30,060	28,338	27,317	28,431
Finance cost	2,472	1,440	973	1,126	1,638
Depreciation	25,310	24,960	20,171	20,718	19,809
Expenses - capital	3,306	5,122	1,452	10,917	34,895
Total expenses	102,381	94,670	80,795	89,002	112,419
Net result	64,215	30,931	21,659	9,532	(801)

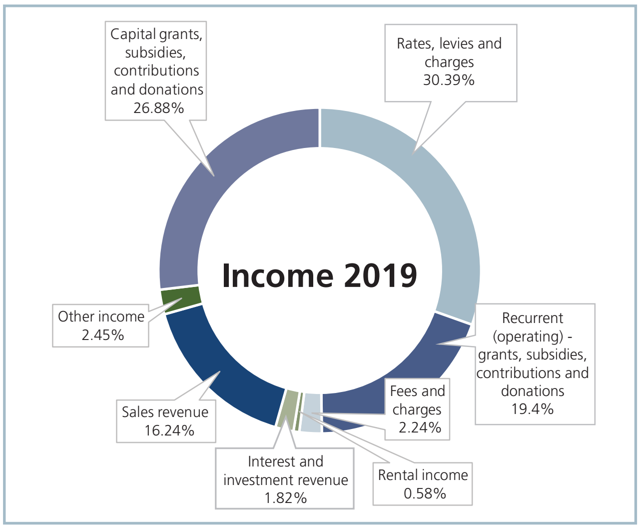
Part 4 - Our finances

Income

Council's total income for the financial year was $111.618 million.

A breakdown of Council's 2018/19 income is shown below.





Bottle trees, Maranoa region.

Net rates, levies and charges - $33.923 million

- General rates levied totalled $24.585 million less discounts allowed of $1.007 million and Council pensioner remissions of $0.287 million;
- Special rates and charges from wild dog management, state government precept and rural fire brigades of $0.749 million;
- Water charges of $3.317 million for access infrastructure charges and $2.323 million for water usage (consumption) and other water revenue (rental, sundries);
- Sewerage charges of $2.701 million;
- Waste charges of $1.542 million.

Fees and charges - $2.499 million

This amount includes user fees and charges of $1.088 million, with the balance comprising:

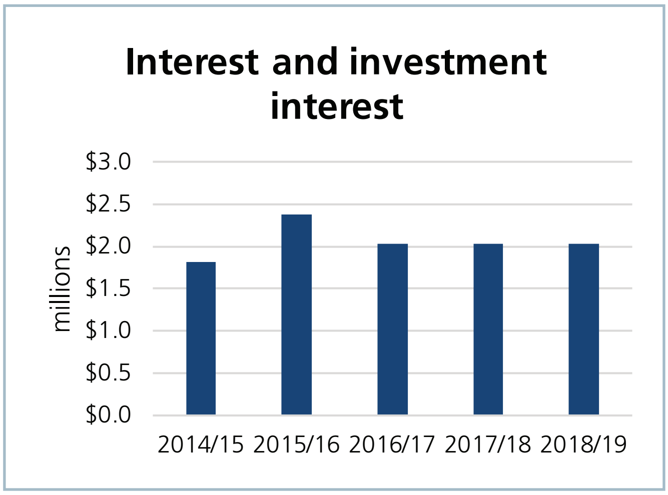
- Town planning, building and development fees - $0.201 million;
- Animal registrations - $0.137 million;
- Infringements - $0.048 million;
- Licences and registrations - $0.063 million;
- Cemetery fees - $0.126 million;
- Other statutory fees - $0.622 million;
- Other fees and charges - $0.214 million.

Interest revenue - $2.036 million

This comprises:

- Interest on investments - $1.730 million;
- Interest on outstanding rates and charges - $0.264 million;
- Bank interest - $0.042 million.

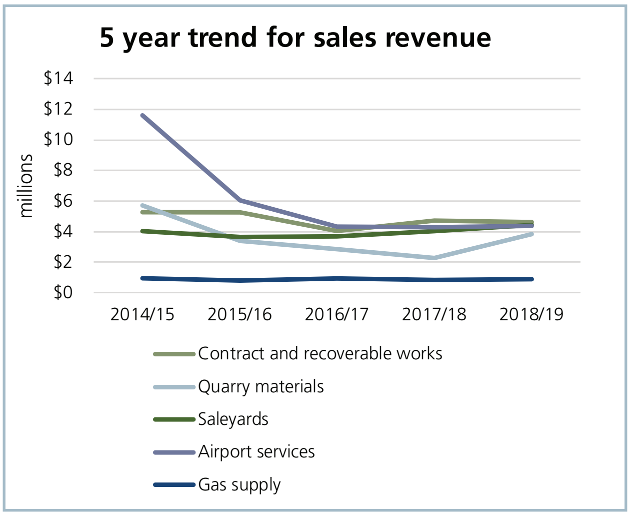
Council actively managed its cash investments in 2018/19 following Council's investment policy which allows for a diversified portfolio of investments used to maximise returns, while minimising risk.



Sales revenue - $18.123 million

Sales revenue accounted for a significant portion of Council income ($16.2 million in 2017/18).

- Quarry materials - $3.818 million;
- Airport services - $4.389 million;
- Saleyards - $4.420 million;
- Contract and recoverable works - $4.608 million;
- Gas supply - $0.888 million.



Recurrent (operating) grants, subsidies, contributions and donations - $21.657 million

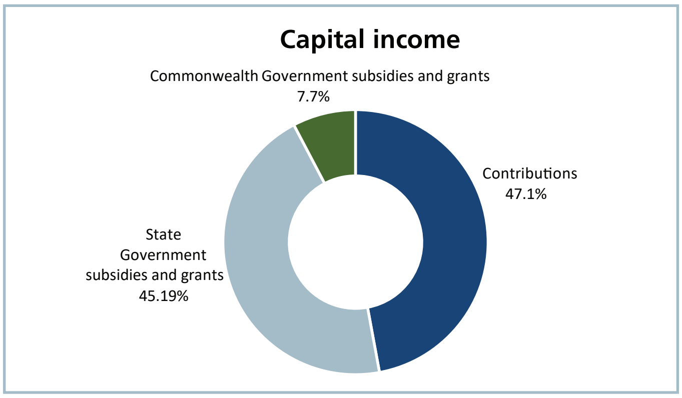
- The majority of Council's operating grants came from the Federal Government in the form of an annual Financial Assistance Grant of $17.693 million;
- Other grant revenue included $0.516 million for flood damage;
- Contributions - $0.388 million;
- Commonwealth Government subsidies and grants - $2.104 million;
- State Government subsidies and grants - $0.955 million.

Capital revenue - $30.007 million

Capital revenue varies from year to year depending on the level of grant funding secured and also the level of upgrade works funded by the energy sector (in the form of contributions).

- State Government subsidies and grants - $13.561 million (45.19%)
- Commonwealth Government subsidies and grants - $2.312 million (7.7%)
- Contributions - $14.134 million (47.1%)

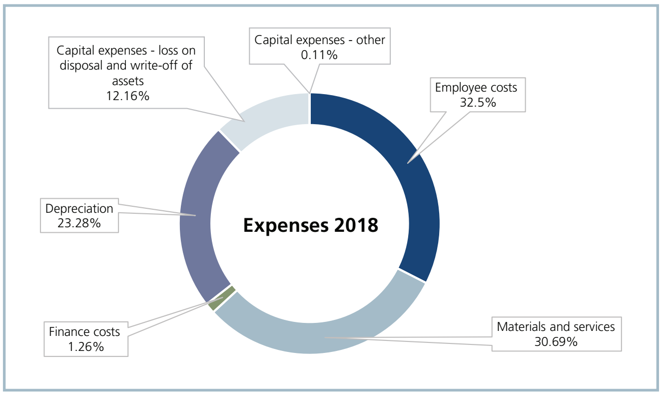
The following chart indicates the sources of capital revenue received in 2018/19.

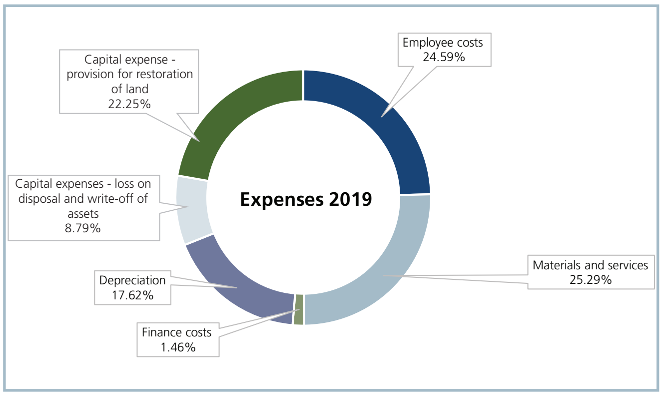


Expenses

Council's total expenses for 2018/19 were $112.419 million.

Expenses consist of materials and services, employee costs, depreciation, capital expenses and finance costs. A breakdown of Council's 2018/19 expenses is shown below.





Council provides a wide range of services to the community. This work is performed by Council staff and in some instances contractors. Where there are local suppliers and local contractors that provide the goods or service and value for money can be achieved, these are used so that the money flows back into the local community.

Normally, the three major expense categories are materials and services, employee costs and depreciation. In 2018/19 the refuse restoration provision was recognised for the first time as a capital expense, this was a once off cost of $24.876 million.

Materials and services accounted for $28.431 million of all recurrent (operating) expenses. The costs for materials and services incorporate our payments to suppliers for the provision of hundreds of services and projects to the community such as roads, parks, water, sewerage, footpaths, libraries, pools, airports, community halls and compliance and includes payments for purchases like bitumen materials, electricity, fuel and other operational costs.

Employee costs of $27.646 million included employee salaries and wages, superannuation, leave entitlements and councillors' remuneration.

Council's depreciation expense this year was $19.809 million. Although this does not represent cash spent, it recognises the value of our assets 'consumed' during the period.

Operating result	2014/15	2015/16	2016/17	2017/18	2018/19
	$'000	$'000	$'000	$'000	$'000
Operating (recurrent) revenue	94,351*	75,694	82,500	73,531	81,562
Operating (recurrent) expenses	99,075*	89,548	79,343*	78,085	77,524
Operating surplus / (deficit)	(4,724)	(13,854)	3,157	(4,554)	4,038
Operating surplus ratio	-5.01%	-18.30%	3.83%	-6.19%	4.95%

** restated.*

Statement of cash flows

Cash, cash equivalents and investments was $84.973 million as at 30 June 2019. This cash balance is sufficient to cover Council's restricted assets and commitments including unspent government grants and subsidies of $16.178 million, unspent developer contributions $4.806 million, unspent loan monies $3.765 million and internally imposed expenditure restrictions – reserves for future projects $26.106 million.

The statement of cash flows is similar to your personal bank statement. If you summarised your bank statements for the year it would be your cash flow statement.

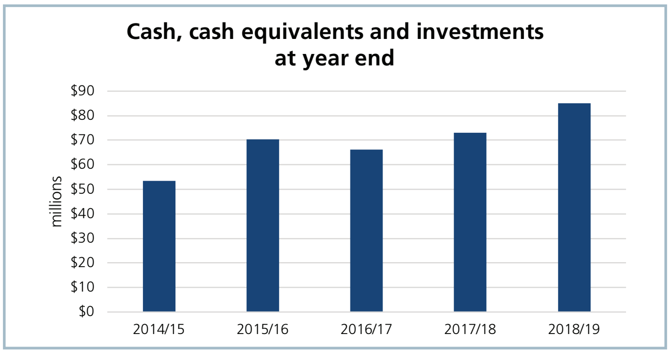
Council's cash flow statement only reports on cash movements and shows:

1. How much money we started the year with;
2. Where the incoming money came from;
3. Where the money was spent;
4. How much money we had left at the end of the year.

The statement of cash flows quantifies the inflows and outflows of cash throughout the organisation during the financial year.

Cash flows for the period are separated into operating, investing and financing activities.

- Operating activities – includes all areas such as rates, fees and charges, grants, employee costs (operating), materials and services, interest – Net inflow of $25.719 million
- Investing activities - includes money Council receives and spends when buying or selling property, plant and equipment and invests cash – Net inflow of $3.858 million
- Financing activities – incorporates cash received if Council takes out new loans or repays loans – Net inflow of $3.064 million



Statement of changes in equity

Community equity:

Asset revaluation surplus - $276.715 million

This amount represents an accumulation of the net increase in value of Council's non-current assets having regard to asset condition, useful life and time value of money.

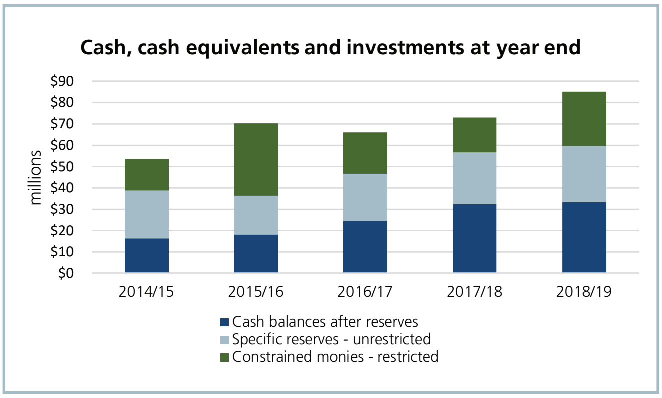
Retained surplus - $546.646 million

This amount represents Council's estimated net wealth at the end of the year.

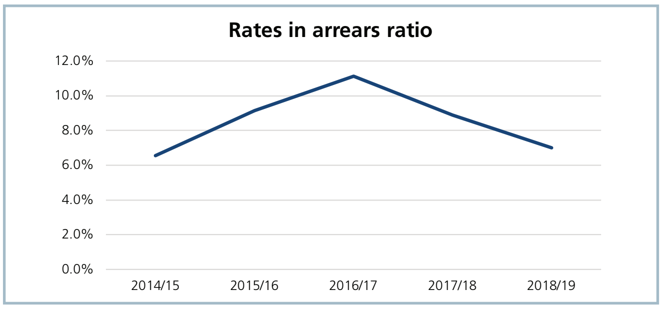
Statement of financial position

Current assets - $97.523 million

The major component of current assets was cash, cash equivalents and investments totalling $84.973 million at 30 June 2019. Of these funds, $25.46 million has external restrictions on how it is spent (i.e. specific grants, subsidies and contributions not spent) while a further $26.106 million has internally imposed restrictions (specific Council reserves).



The other component is rates and trade receivables. Below are the rates arrears over the last five years. Through proactive management we have achieved a 4.1% decrease in arrears over the past two years.



Cash flow	2014/15	2015/16	2016/17	2017/18	2018/19
	$'000	$'000	$'000	$'000	$'000
Opening cash and cash equivalents balance	44,788	32,501	27,452	28,177	21,880
Net cashflow from operating activities - net inflow	22,547	19,624	20,499	21,126	25,719
Net cashflow from investing activities - net inflow / (net outflow)	(29,476)	(22,592)	(18,313)	(28,780)	3,858
Net cashflow from financing activities - net inflow / (net outflow)	(5,358)	(2,081)	(1,461)	1,357	3,064
Closing cash balance	32,501	27,452	28,177	21,880	54,521
Plus investments on hand	21,023	42,839	37,885	51,108	30,452
Total cash, cash equivalents and investments	53,524	70,291	66,062	72,988	84,973

Council also runs its own stores which supply goods across all depots in the region. The current inventories held (including quarry stock) has increased by $156,000 to $1.945 million. Council plans to continue to monitor and review the level of these goods and materials.

Non-current assets - $788.55 million

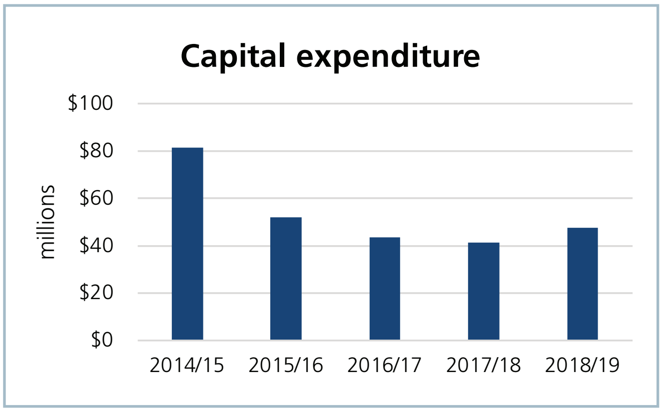
This figure is the value of Council's land, buildings, plant and equipment, infrastructure assets and capital works in progress at 30 June 2019.

Our non-current assets, including infrastructure, deliver essential services to our community. It is extremely important to have effective management of our assets (including long term planning) to meet community needs for current and future generations. Council adopted asset management plans (AMP) for rural roads and urban streets (road and drainage), water, sewerage and gas in 2017/18. The Water AMP was updated in 2018/19.

Asset group	$'000
Land and site improvements	41,804
Buildings	89,500
Plant and equipment	22,890
Road, drainage and bridge network	461,254
Water	44,758
Sewerage	42,163
Other infrastructure	28,456
Airport	19,239
Work in progress	38,486
Total	788,550

Council's road, drainage and bridge network is by far the largest asset type representing 58.49% of the total value of our assets. This is followed by buildings with 11.35% and then the water network with 5.68%.

The chart below shows what we have spent on replacing and improving our infrastructure over the past five years.



Liabilities

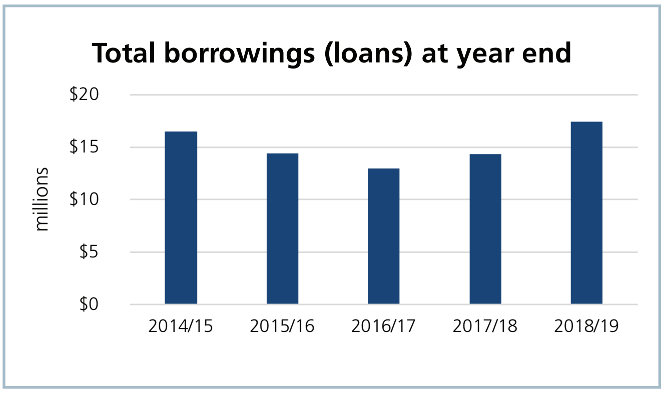
Council owes $17.385 million in loans

Local Governments, in general, have a very high level of assets under their control but are limited in revenue raising opportunities. This means that the majority of councils in Queensland have to rely on borrowing or substantial grants to fund major capital works, while using their general revenue (rates, fees and charges) to provide services and maintain community assets.

Details of all loan balances as at 30 June 2019 are as follows:

Loan balances	
Description of purpose	**$**
Levee	2,352,837
Water infrastructure (Roma)	3,485,324
Roma Saleyards Precinct - truck stop infrastructure	2,045,308
Roma Saleyards Precinct - land purchase and washdown facility	2,198,447
Roma Airport runway	2,463,504
Water bores	338,126
Sewer relining	3,000,739
Energy upgrade facilities	1,500,239
Total	17,384,522

There was an additional $4.5 million borrowed in 2019. Our total repayments of borrowings were $1.436 million.



Financial sustainability ratios

Operating surplus ratio

The Operating Surplus Ratio indicates the extent to which operational (recurrent) revenues raised cover operating (recurrent) expenses.

Calculated as: Net operating result/Total operating revenue (excluding capital items).

The Financial Management Sustainability Guideline 2013 has set the target of between 0% and 10%. Council's performance when compared to the last few years has been negatively impacted in part due to loss of sales revenue and maintaining service levels to customers at previous levels. The ratio for 2018/19 is 4.95% and within the target range.

Asset sustainability ratio

The Asset Sustainability Ratio indicates the extent to which assets are being replaced as they reach the end of their useful lives.

Calculated as: Capital expenditure on replacement infrastructure assets (renewals)/Depreciation expense on infrastructure assets.

The Financial Management Sustainability Guideline 2013 has set the target at greater than 90%. Achieving this target indicates that Council is renewing and replacing its assets at a greater rate than they are wearing out.

The ratio was 205.94% in 2018/19, which is within target range. Council has made a concerted effort to achieve the recommend target.

Net financial liabilities ratio

The Net Financial Liabilities Ratio indicates the extent to which operating revenue (including grants and subsidies) can cover net financial liabilities (usually loans and leases).

Calculated as: (Total liabilities – current assets)/Total operating revenue.

The Financial Management Sustainability Guideline 2013 has set the target as not greater than 60%.

Councils that have net financial liabilities that are greater than 60 per cent of operating revenue have a limited capacity to increase loan borrowings and may experience stress in servicing current debt.

Council has a negative 42.68% ratio, which means that Council has ability to increase its borrowings. In the case of this particular ratio, a negative ratio is a strength.

Key local government financial indicators		2019 actual result	Benchmark	Within limits
Ratio	Description			
Operating surplus ratio	This is the indicator of the extent to which operating (recurrent) revenue raised cover operational expenses only or is available for capital funding.	4.95%	0-10%	Yes
Asset sustainability ratio	This ratio helps to show whether Council is replacing assets as their service potential is used up.	205.94%	Greater than 90%	Yes
Net financial liability	This ratio explains the extent to which operating revenue can cover net financial liabilities.	-42.68%	Less than 60%	Yes

5 year trend - local government financial indicators					
Ratio	2014/15	2015/16	2016/17	2017/18	2018/19
Operating surplus ratio	-5.01%*	-18.3%	3.83%*	-6.19%	4.95%
Asset sustainability ratio	21.86%	23.08%	52.2%*	44.55%	205.94%
Net financial liability	-46.94%*	-68.83%*	-63.3%	-71.85%	-42.68%

* Restated

Part 4 - Our finances

Maranoa Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Maranoa Regional Council

General Purpose Financial Statements
for the year ended 30 June 2019

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Maranoa Regional Council

Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	33,923	31,126
Fees and Charges	3b	2,499	2,212
Rental Income		643	644
Interest and Investment Revenue		2,036	2,029
Sales Revenue	3c	18,123	16,200
Other Income		2,681	2,394
Grants, Subsidies, Contributions and Donations	4a	21,657	18,926
Total Recurrent Revenue		81,562	73,531
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	30,007	24,910
Total Revenue		111,569	98,441
Capital Income / (loss)	5	49	93
Total Income		111,618	98,534
Expenses			
Recurrent Expenses			
Employee Costs	6	27,646	28,924
Materials and Services	7	28,431	27,317
Finance Costs	8	1,638	1,126
Depreciation and Amortisation	12	19,809	20,718
Total Recurrent Expenses		77,524	78,085
Capital Expenses	9	34,895	10,917
Total Expenses		112,419	89,002
Net Result		(801)	9,532
Other Comprehensive Income			
Amounts which will not be reclassified to the Net Result			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	17	(6,454)	87,186
Total Other Comprehensive Income for the year		**(6,454)**	**87,186**
Total Comprehensive Income for the year		(7,255)	96,718

Statement of Financial Position
as at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	54,521	21,880
Investments	10	30,452	51,108
Trade and Other Receivables	11	10,605	8,854
Inventories		1,945	1,789
Total Current Assets		**97,523**	**83,631**
Non-Current Assets			
Property, Plant and Equipment	12	788,550	777,843
Total Non-Current Assets		**788,550**	**777,843**
TOTAL ASSETS		886,073	861,474
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	14,420	10,911
Borrowings	15	1,314	1,600
Provisions	16	3,915	3,308
Total Current Liabilities		**19,649**	**15,819**
Non-Current Liabilities			
Borrowings	15	16,071	12,721
Provisions	16	26,992	2,260
Total Non-Current Liabilities		**43,063**	**14,981**
TOTAL LIABILITIES		62,712	30,800
Net Community Assets		**823,361**	**830,674**
COMMUNITY EQUITY			
Asset Revaluation Surplus	17	276,715	283,169
Retained Surplus		546,646	547,505
Total Community Equity		**823,361**	**830,674**

Maranoa Regional Council

Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Asset Revaluation Surplus $'000	Retained Surplus $'000	Total Equity $'000
2019				
Opening Balance		283,169	547,505	**830,674**
a. Adjustment on initial application of AASB 9	11	-	(58)	**(58)**
Revised Opening Balance (as at 1/7/18)		**283,169**	**547,447**	**830,616**
b. Net Result		**-**	(801)	**(801)**
c. Other Comprehensive Income				
- Revaluations : Property, Plant and Equip.	17	(6,454)	-	**(6,454)**
Other Comprehensive Income		**(6,454)**	**-**	**(6,454)**
Total Comprehensive Income		**(6,454)**	**(801)**	**(7,255)**
Equity Balance as at 30 June, 2019		**276,715**	**546,646**	**823,361**
2018				
Opening Balance		195,983	537,973	**733,956**
a. Net Result		-	9,532	**9,532**
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equip.	17	87,186	-	**87,186**
Other Comprehensive Income		**87,186**	**-**	**87,186**
Total Comprehensive Income		**87,186**	**9,532**	**96,718**
Equity Balance as at 30 June, 2018		**283,169**	**547,505**	**830,674**

Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Receipts:			
Receipts from Customers		60,325	60,211
Investment and Interest Revenue Received		2,036	2,029
Rental Income		643	644
Non Capital Grants and Contributions		23,303	18,926
Payments:			
Borrowing Costs		(1,638)	(1,126)
Payments to Suppliers and Employees		(58,950)	(59,558)
Net Cash Flows - Operating Activities	22	25,719	21,126
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		840	733
Grants, Subsidies, Contributions and Donations		30,007	24,910
Redemption of Investment Securities		20,656	-
Payments:			
Purchase of Investment Securities		-	(13,223)
Purchase of Property, Plant and Equipment		(47,645)	(41,200)
Net Cash Flows - Investing Activities		3,858	(28,780)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		4,500	2,900
Payments:			
Repayment of Borrowings and Advances		(1,436)	(1,543)
Net Cash Flows - Financing Activities		3,064	1,357
Net Increase/(Decrease) for the year		32,641	(6,297)
Plus: **Cash and Cash Equivalents - beginning**		21,880	28,177
Cash and Cash Equivalents - closing	10	**54,521**	**21,880**
Additional Information:			
Plus: **Investments on hand - end of year**	10	30,452	51,108
Total Cash, Cash Equivalents and Investments		**84,973**	**72,988**

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012.* Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

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

Recurrent/Capital Classification

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

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

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

- Disposal of non-current assets
- Discount rate adjustments to restoration provisions
- Revaluations of investment property and property, plant and equipment.

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

(1.b) Statement of Compliance

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

(1.c) Constitution

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

(1.d) Date of Authorisation

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

(1.e) Currency

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

(1.f) Adoption of New and Revised Accounting Standards

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

Maranoa Regional Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Note 1. Summary of Significant Accounting Policies (continued)

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, except for receivables which decreased by $57,689 due to an increase in the allowance for expected credit losses determined under the new rules. A corresponding adjustment was made to retained earnings as at 1 July 2018 (see note 11).

Financial asset/liability	Measurement Category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

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

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

Effective for annual reporting periods beginning on or after 1 July 2019

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

  AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as grant funds are received (i.e. control is obtained). Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations and these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council’s assessment, the initial application of the standards on 1 July 2019 will have the following impacts on the 2019-20 financial statements:

- Revenue of $2,319,140 recognised up to 30 June 2019 does not qualify for recognition under the new standards until the 2019-20 financial year. This amount, which relates to the deferral of grant funding, pre-paid rates, and other sales related revenue (as discussed above), will be brought to account as an adjustment to retained surplus at 1 July 2019 in accordance with the transition provisions described below. The amount of the

Note 1. Summary of Significant Accounting Policies (continued)

initial impact as disclosed above is based on facts available to Council at the date of these financial statements.

- Disclosure changes will be made to accounting policies to reflect revisions to existing polices disclosed in notes 3 and 4 as a result of the initial application of the standard; and.

- Additional disclosures will be required in the 2019-20 financial statements regarding contract assets and contract liabilities.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach permitted within the standards. This approach prescribes that the cumulative effect of initially applying this standard (estimated to be $2,310,140 as disclosed above) be recognised as an adjustment to the opening balance of retained surplus. Accordingly, comparative balances will not be restated.

Other standards that have been issued but are not yet effective are not expected to have a material impact on Council's future financial statements.

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

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

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

- Valuation and depreciation of Property, Plant & Equipment – Note 13
- Provisions – Note 16
- Contingent Liabilities – Note 19.
- Financial Instruments – Note 24

(1.h) Rounding and Comparatives

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

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

(1.i) Taxation

Income of Council 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.

Note 2(a). Council Functions - Component Descriptions

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

OFFICE OF THE CEO

The objective of this function is to provide open and accountable leadership through our Corporate Vision of Quality, Safety, Environment and Affordability. It includes organisational development, recruitment and onboarding and human resource management.

CORPORATE & COMMUNITY SERVICES

The objective of this function is to provide professional corporate and community services including financial management, information and communication technology, information management, customer service, animal control and community safety, elected member services, communications, cemeteries and integrated quality, safety and environment (including enterprise risk) and asset management.

DEVELOPMENT, FACILITIES & ENVIRONMENT

The objective of this function is to provide emergency management, town planning, building control and pool safety, environmental and public health, facilities, rural land management, economic development, tourism, sport and recreation, local development and events, arts and culture, libraries, council housing, affordable land and housing across our region.

ENERGY SECTOR ROADWORKS

The objective of this function is to deliver identified road projects that mitigate energy sector impacts ensuring they are undertaken within time, cost and scope of expectations, with a high level of monitoring and supervision.

ROAD NETWORK

The objective of this function is to administer, maintain, renew and upgrade the region's road network, incorporating the related functional areas of kerb and channel, stormwater drainage, lighting, footpaths and other pathways.

INFRASTRUCTURE SERVICES

The objective of this function is to demonstrate best practice in our service and delivery. Includes depots, commercial road activities, quarry pits, town and surrounds (including parks, gardens and reserves), street lighting and public space lighting and flood mitigation.

WASTE

The objective of this function is to provide affordable collection, receipt and disposal of waste generated by households, businesses and industry that is compliant with legislation and the agreed service levels for presentation and maintenance of Council's waste facilities.

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

GAS

The objective of this function is to provide a safe and reliable retail supply to an expanding distribution network within a commercially viable framework.

PLANT, FLEET & WORKSHOPS

The objective of this function is to provide a competitively priced, reliable and fit for purpose plant that enables the delivery of Council's services and programs.

WATER INFRASTRUCTURE

The objective of this function is to provide water for domestic, commercial and industrial use in accordance with legislation and Council standards, established for the safety and benefit of the community.

SEWERAGE INFRASTRUCTURE

The objective of this function is to provide for the transporting and treating of effluent from domestic, commercial and industrial properties within defined urban areas in accordance with legislation and Council standards, established for safety and the benefit of the community.

QUARRY (ROMA)

The objective of this function is to provide Council and external customers, within our region and beyond, aggregate road base and rock suitable for use in asphalt, concrete, road construction and infrastructure construction works.

AIRPORTS

The objective of this function is to provide an air transport gateway to the Maranoa region that supports the commercial expansion and social connection of the region.

SALEYARDS (ROMA)

The objective of this function is to provide an accredited centre for store, prime, stud and special sales, private weighing and spelling services.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
2019	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Office of the CEO	66	169	-	-	235	(1,321)	-	(1,321)	(1,086)	(1,086)	-
Corporate & Community Services	14,077	25,938	42	-	40,057	(11,890)	(3)	(11,893)	28,125	28,164	98,510
Development, Facilities & Environment	1,425	2,424	1,103	-	4,952	(16,090)	(463)	(16,553)	(12,241)	(11,601)	125,406
Energy Sector Roadworks	368	4,897	13,699	-	18,964	(4,746)	-	(4,746)	519	14,218	-
Road Network	4,132	114	11,257	-	15,503	(19,753)	(8,205)	(27,958)	(15,507)	(12,455)	502,398
Infrastructure Services	-	775	-	-	775	(3,259)	-	(3,259)	(2,484)	(2,484)	3,772
Waste	-	2,408	145	-	2,553	(2,284)	(24,876)	(27,160)	124	(24,607)	1,452
Gas	-	890	-	-	890	(820)	(195)	(1,015)	70	(125)	4,996
Plant, Fleet & Workshops	1,589	15	-	49	1,653	1,029	(242)	787	2,633	2,440	18,444
Water Infrastructure	-	6,202	1,169	-	7,371	(5,265)	(55)	(5,320)	937	2,051	46,734
Sewerage Infrastructure	-	2,785	154	-	2,939	(2,001)	(46)	(2,047)	784	892	43,188
Quarry (Roma)	-	4,288	-	-	4,288	(3,738)	(136)	(3,874)	550	414	2,301
Airports	-	4,403	1,600	-	6,003	(3,424)	(664)	(4,088)	979	1,915	25,062
Saleyards (Roma)	-	4,597	838	-	5,435	(3,962)	(10)	(3,972)	635	1,463	13,810
Total	**21,657**	**59,905**	**30,007**	**49**	**111,618**	**(77,524)**	**(34,895)**	**(112,419)**	**4,038**	**(801)**	**886,073**

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
2018	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Office of the CEO	87	79	-	-	166	(2,721)	-	(2,721)	(2,555)	(2,555)	-
Corporate & Community Services	13,516	23,637	-	-	37,153	(10,783)	-	(10,783)	26,370	26,370	84,371
Development, Facilities & Environment	491	2,192	1,348	-	4,031	(15,191)	(221)	(15,412)	(12,508)	(11,381)	133,885
Energy Sector Roadworks	361	4,996	13,461	-	18,818	(4,434)	-	(4,434)	923	14,384	-
Road Network	4,181	73	6,034	-	10,288	(21,616)	(10,314)	(31,930)	(17,362)	(21,642)	492,967
Infrastructure Services	-	706	-	-	706	(4,511)	-	(4,511)	(3,805)	(3,805)	3,918
Waste	-	2,222	-	-	2,222	(2,163)	-	(2,163)	59	59	1,242
Gas	-	862	-	-	862	(586)	-	(586)	276	276	4,689
Plant	290	96	-	93	479	1,938	(282)	1,656	2,324	2,135	18,866
Water Infrastructure	-	5,764	1,056	-	6,820	(5,335)	-	(5,335)	429	1,485	45,186
Sewerage Infrastructure	-	2,617	155	-	2,772	(2,474)	-	(2,474)	143	298	41,681
Quarry (Roma)	-	2,940	-	-	2,940	(2,902)	(8)	(2,910)	38	30	2,343
Roma Airport	-	4,343	9	-	4,352	(3,492)	(92)	(3,584)	851	768	18,059
Saleyards (Roma)	-	4,078	2,847	-	6,925	(3,815)	-	(3,815)	263	3,110	14,267
Total	**18,926**	**54,605**	**24,910**	**93**	**98,534**	**(78,085)**	**(10,917)**	**(89,002)**	**(4,554)**	**9,532**	**861,474**

Note 3. Revenue Analysis

	Notes	2019 $'000	2018 $'000

(a). Rates, Levies and Charges

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

		2019	2018
General Rates		24,585	23,438
Special Rates		749	748
Water		3,317	3,199
Water Consumption, Rental and Sundries		2,323	2,007
Sewerage		2,701	2,499
Waste Management		1,542	1,457
Total rates and utility charge revenue		35,217	33,348
Less: Discounts		(1,007)	(1,935)
Less: Pensioner remissions		(287)	(287)
TOTAL RATES, LEVIES AND CHARGES		33,923	31,126

(b). 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.

		2019	2018
Town Planning Fees		95	87
Building and Development Fees		106	90
Animal Registrations		137	96
Infringements		48	18
Licences and Registrations		63	57
Cemetery Fees		126	133
Other Statutory Fees		622	541
User Fees and Charges		1,088	1,137
Other Fees and Charges		214	53
TOTAL FEES AND CHARGES		2,499	2,212

(c). Sales Revenue

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

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

Note 3. Revenue Analysis

	Notes	2019 $'000	2018 $'000
(c). Sales Revenue (continued)			
Sale of services			
Contract and Recoverable Works		4,608	4,706
Saleyards		4,420	4,053
Gas supply		888	859
Airport Services		4,389	4,288
Total Sale of Services		14,305	13,906
Sale of goods			
Quarry Materials		3,818	2,294
Total Sale of Goods		3,818	2,294
TOTAL SALES REVENUE		18,123	16,200

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Note 4. Grants, Subsidies, Contributions and Donations

Grants and subsidies

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

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

Non-cash contributions

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

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

Cash contributions

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

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

	Notes	2019 $'000	2018 $'000
(a) Recurrent			
General Purpose Grants		17,693	16,882
State Government Subsidies and Grants		955	592
Commonwealth Government Subsidies and Grants		2,104	400
Donations		1	12
Contributions		388	398
Flood Damage Grants		516	642
TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		21,657	18,926
(b) Capital			
State Government Subsidies and Grants		13,561	7,444
Commonwealth Government Subsidies and Grants		2,312	3,595
Contributions		14,134	13,871
TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		30,007	24,910

Note 5. Capital Income

Gain on disposal of non-current assets

	Notes	2019 $'000	2018 $'000
Proceeds from the Disposal of Property, Plant and Equipment		163	290
Less: Book Value of Property, Plant and Equipment Disposed	12	(114)	(197)
TOTAL CAPITAL INCOME		49	93

Note 6. Employee Costs

	Notes	2019 $'000	2018 $'000
Wages and Salaries		19,384	21,002
Annual, Sick and Long Service Leave Expenses		4,497	4,064
Superannuation	20	2,850	3,039
Councillors Remuneration		782	751
		27,513	28,856
Other Employee Related Expenses		133	68
TOTAL EMPLOYEE COSTS		27,646	28,924

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

Additional information:

	2019	2018
Total Employees at year end:		
Administration Staff	142	145
Depot and Outdoors Staff	189	206
Total full time equivalent employees	331	351
Total Elected Members	9	9

Note 7. Materials and Services

	2019	2018
Advertising and Marketing	205	223
Administration Supplies and Consumables	50	54
Audit of Annual Financial Statements by the Auditor-General of Queensland	103	104
Communications and IT	1,674	1,767
Consultants	210	281
Contractors	6,125	4,513
Donations Paid	202	181
Insurance	1,303	1,436
Legal Services	523	474
Materials Issued from Store	1,351	1,259
Plant and Vehicle Running Costs	2,035	2,040
Power	2,175	2,079
Operations and Maintenance	10,432	12,542
Subscriptions and Registrations	155	155
Travel	11	19
Other Materials and Services	1,877	190
TOTAL MATERIALS AND SERVICES	28,431	27,317

Note 8. Finance Costs

	Notes	2019 $'000	2018 $'000
Finance costs - Queensland Treasury Corporation		743	597
Bank Charges		108	92
Movement in allowance for expected credit losses/provision for impairment		746	395
Quarry Rehabilitation		41	42
TOTAL FINANCE COSTS		1,638	1,126

Note 9. Capital Expenses

(a) Loss on disposal of non-current assets

	Notes	2019	2018
Proceeds from the Disposal of Property, Plant and Equipment		677	443
Less: Book Value of Property, Plant and Equipment Disposed	12	(966)	(932)
Loss on disposal of non-current assets		289	489

(b) Provision for restoration of land

	Notes	2019	2018
Discount Rate Adjustment - Quarry Rehabilitation		136	8
Initial Recognition of Refuse Restoration		24,876	-
		25,012	8

(c) Revaluation decrement

	Notes	2019	2018
Downwards Revaluation of Property, Plant and Equipment	12	-	92

(d) Other capital expenses

	Notes	2019	2018
Loss on Write-Off of Assets	12	9,594	10,328
TOTAL CAPITAL EXPENSES		34,895	10,917

Note 10. Cash, Cash Equivalents and Investments

	Notes	2019 $'000	2018 $'000

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

	Notes	2019 $'000	2018 $'000
Cash at Bank and on Hand		2,073	748
Cash Equivalent Assets[1]			
- Deposits at Call		52,448	21,132
Total Cash and Cash Equivalents		54,521	21,880

Investment Securities - Current

	Notes	2019 $'000	2018 $'000
Short Term Deposits		30,452	51,108
Total Current Investment Securities		30,452	51,108
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		84,973	72,988

[1] Those Investments where time to maturity (from date of purchase) is < 3 mths.

Restricted Cash, Cash Equivalents and Investments
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

	Notes	2019 $'000	2018 $'000
Unspent Government Grants and Subsidies		16,178	11,958
Waste levy refund received in advance		711	-
Unspent Loan Monies		3,765	2,857
Unspent Developer Contributions		4,806	1,683
Total External Restrictions		25,460	16,498
Internally imposed Expenditure Restrictions at the reporting date:			
Future Capital Works		26,106	24,032
Total Internal Restrictions		26,106	24,032
Total Unspent Restricted Cash, Cash Equivalents and Investments		51,566	40,530

Cash at bank and on hand at 30 June 2019 includes $710,829 received from the State Government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

All term deposits comply with the Investment Policy and are less than 12 months in maturity.

Note 11. Trade and Other Receivables

	Notes	2019 $'000	2018 $'000

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. All known bad debts were written off at 30 June 2019.

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.

Current

	Notes	2019 $'000	2018 $'000
Rateable Revenue and Utility Charges		2,586	3,092
Other Debtors		6,816	4,573
GST Recoverable		397	416
Prepayments		214	92
Accrued Revenue		983	868
Total		10,996	9,041
less: Provision for Impairment			
Other		(391)	(187)
Total Provision for Impairment - Receivables		(391)	(187)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES		10,605	8,854

Movement in allowance for expected credit losses

	2019	2018
Opening balance at 1 July determined in accordance with AASB 139	187	94
Adjustment to opening balance upon application of AASB 9	58	-
Add : Additional allowance recognised	149	134
Less : debts written off as bad during the year	(3)	(41)
Balance at the end of the year	391	187

Council applied AASB 9 for the first time this year. Council has applied the simplified expected credit loss model prescribed under AASB 9 to determine an allowance for expected credit losses on its trade receivables. The balance of the allowance for credit losses as determined at 30 June 2018 was $245,000, which is $58,000 higher than the balance of the provision of receivables recognised in the financial statements at 30 June 2018. This adjustment has been recognised in retained surplus as permitted under the transition rules on initial application of AASB 9. Further details of Council's expected credit loss assessment are contained in note 24.

Note 12. Property, Plant and Equipment

30 June 2019	Note	Land and Site Improvements	Buildings	Plant and equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Infrastructure	Airport	Works in Progress	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Measurement Basis		Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Balance - at Cost		-	-	42,153	-	-	-	-	-	45,709	**87,862**
Opening Gross Balance - at Fair Value		43,274	127,050	-	607,729	76,632	60,252	42,536	18,738	-	**976,211**
Opening Gross Balance		43,274	127,050	42,153	607,729	76,632	60,252	42,536	18,738	45,709	**1,064,073**
Additions*		-	-	-	-	-	-	-	-	47,645	**47,645**
Disposals	5,9	(102)	(200)	(2,545)	-	-	-	-	-	-	**(2,847)**
Write-offs	5,9	(5)	(430)	(52)	(12,077)	(143)	(73)	(587)	(3,412)	-	**(16,779)**
Revaluation Decrements to Equity (ARR)	17	(2,958)	(3,438)	-	-	-	-	(3,654)	-	-	**(10,050)**
Revaluation Increments to Equity (ARR)	17	-	-	-	11,954	1,025	3,418	-	223	-	**16,620**
Work in Progress Transfers		1,702	1,629	3,503	30,666	2,505	1,635	4,718	8,510	(54,868)	**-**
Total Gross Value of Property, Plant and Equipment - at Cost		**-**	**-**	**43,059**	**-**	**-**	**-**	**-**	**-**	**38,486**	**81,545**
Total Gross Value of Property, Plant and Equipment - at Fair Value		**41,911**	**124,611**	**-**	**638,272**	**80,019**	**65,232**	**43,013**	**24,059**	**-**	**1,017,117**
Total Gross Value of Property, Plant and Equipment		**41,911**	**124,611**	**43,059**	**638,272**	**80,019**	**65,232**	**43,013**	**24,059**	**38,486**	**1,098,662**
Opening Accumulated Depreciation		107	30,047	19,534	163,015	33,528	19,302	13,850	6,847	-	**286,230**
Depreciation Expense		-	2,187	2,423	11,263	1,323	711	1,125	777	-	**19,809**
Disposals	5,9	-	(3)	(1,763)	-	-	-	-	-	-	**(1,766)**
Write-offs	5,9	-	(116)	(25)	(3,876)	(87)	(27)	(305)	(2,749)	-	**(7,185)**
Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	-	(113)	(55)	-	**(168)**
Revaluation Increments to Equity (ARR)	17	-	2,996	-	6,616	497	3,083	-	-	-	**13,192**
Total Accumulated Depreciation of Property, Plant and Equipment		**107**	**35,111**	**20,169**	**177,018**	**35,261**	**23,069**	**14,557**	**4,820**	**-**	**310,112**
Total Net Book Value of Property, Plant and Equipment		**41,804**	**89,500**	**22,890**	**461,254**	**44,758**	**42,163**	**28,456**	**19,239**	**38,486**	**788,550**
Other Information											
Range of Estimated Useful Life (years)		Not Depreciated	8 -130	3 -100	10 - 200	6 - 210	6 - 210	10 - 200	13 - 210	Not Depreciated	-
*Asset Additions Comprise											
Asset Renewals on Infrastructure		-	-	-	-	-	-	-	-	35,804	**35,804**
Asset Renewals on other asset classes		-	-	-	-	-	-	-	-	2,471	**2,471**
Other Additions		-	-	-	-	-	-	-	-	9,370	**9,370**
Total Asset Additions		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47,645**	**47,645**

Maranoa Regional Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Property, Plant and Equipment

30 June 2018		Land and Site Improvements	Buildings	Plant and equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Infrastructure	Airport	Works in Progress	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Measurement Basis	Note	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Balance - at Cost		-	-	40,924	-	-	-	-	-	48,005	**88,929**
Opening Gross Balance - at Fair Value		43,225	124,169	-	578,181	71,487	58,125	39,649	18,810	-	**933,646**
Opening Gross Balance		43,225	124,169	40,924	578,181	71,487	58,125	39,649	18,810	48,005	**1,022,575**
Additions*		-	-	-	-	-	-	-	-	41,243	**41,243**
Disposals	5,9	(300)	(70)	(2,560)	-	-	-	-	-	-	**(2,930)**
Write-offs	5,9	-	(18)	(35)	(14,922)	-	-	-	-	-	**(14,975)**
Revaluation Decrements to Equity (ARR)	17	(1,934)	-	-	-	-	-	-	(91)	-	**(2,025)**
Revaluation Increments to Equity (ARR)	17	-	2,423	-	8,534	4,972	2,089	2,222	-	-	**20,240**
Work in Progress Transfers		2,338	546	3,824	35,936	173	38	665	19	(43,539)	**-**
Adjustments and Other Transfers		(55)	-	-	-	-	-	-	-	-	**(55)**
Total Gross Value of Property, Plant and Equipment - at Cost		**-**	**-**	**42,153**	**-**	**-**	**-**	**-**	**-**	**45,709**	**87,862**
Total Gross Value of Property, Plant and Equipment - at Fair Value		**43,274**	**127,050**	**-**	**607,729**	**76,632**	**60,252**	**42,536**	**18,738**	**-**	**976,211**
Total Gross Value of Property, Plant and Equipment		**43,274**	**127,050**	**42,153**	**607,729**	**76,632**	**60,252**	**42,536**	**18,738**	**45,709**	**1,064,073**
Opening Accumulated Depreciation		107	29,505	18,753	203,545	41,374	30,610	12,578	4,367	-	**340,839**
Depreciation Expense		-	2,147	2,614	11,635	1,513	1,040	944	825	-	**20,718**
Disposals	5,9	-	(3)	(1,798)	-	-	-	-	-	-	**(1,801)**
Write-offs	5,9	-	(5)	(35)	(4,607)	-	-	-	-	-	**(4,647)**
Revaluation Decrements to P&L	10	-	-	-	-	-	-	-	92	-	**92**
Revaluation Decrements to Equity (ARR)	17	-	(1,597)	-	(47,558)	(9,359)	(12,348)	-	-	-	**(70,862)**
Revaluation Increments to Equity (ARR)	17	-	-	-	-	-	-	328	1,563	-	**1,891**
Total Accumulated Depreciation of Property, Plant and Equipment		**107**	**30,047**	**19,534**	**163,015**	**33,528**	**19,302**	**13,850**	**6,847**	**-**	**286,230**
Total Net Book Value of Property, Plant and Equipment		**43,167**	**97,003**	**22,619**	**444,714**	**43,104**	**40,950**	**28,686**	**11,891**	**45,709**	**777,843**
Other Information											
Range of Estimated Useful Life (years)		Not Depreciated	8 -130	3 -100	10 - 200	6 - 210	6 - 210	10 - 200	13 - 210	Not Depreciated	
*Asset Additions Comprise											
Asset Renewals on Infrastructure		-	-	-	-	-	-	-	-	8,066	**8,066**
Asset Renewals on other asset classes		-	-	-	-	-	-	-	-	110	**110**
Other Additions		-	-	-	-	-	-	-	-	33,067	**33,067**
Total Asset Additions		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,243**	**41,243**

Note 12. Property, Plant and Equipment (continued)

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, accumulated depreciation and accumulated impairment losses.

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.

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.

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

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

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

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. Other plant and equipment and work in progress are measured at cost.

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

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

Note 12. Property, Plant and Equipment (continued)

Valuation (continued)
An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

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

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

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

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

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

Depreciation
Land 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.

Road formation and earthworks are considered to be a non depreciable asset under *AASB Interpretation 1055 – Accounting for Road Earthworks.*

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date.

The ranges of useful lives adopted for each class of asset are disclosed in the tables above.

Note 12. Property, Plant and Equipment (continued)

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

Note 13. Fair Value Measurements

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

Property, plant and equipment
- Land and Site Improvements
- Buildings
- Road, Drainage and Bridge Network
- Water
- Sewerage
- Other Infrastructure
- Airport

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 15 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

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

In accordance with AASB 13 fair value measurements are categorised on the following basis:
- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**
- Fair value based on inputs that are directly or indirectly observable for the asset or liability **(Level 2)**
- Fair value based on unobservable inputs for the asset and liability **(Level 3)**

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

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

Note 13. Fair Value Measurements (continued)

Council engages external, independent and qualified valuers to determine the fair value of the entity's land, buildings and infrastructure on a regular basis. As at 30 June 2019 a desktop revaluation was undertaken for road, drainage and bridge network and airport classes subject to revaluation by APV Valuers. As at 30 30 June 2019 a comprehensive valuation was undertaken for water network, sewerage network, other infrastructure, land and building asset classes by APV Valuers.

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

		Fair Value Measurement using:			
		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
2019		$'000	$'000	$'000	$'000
Property, Plant and Equipment					
- Land and Site Improvements	30/06/19	-	41,804	-	41,804
- Buildings - Residential	30/06/19	-	5,496	-	5,496
- Buildings - Other	30/06/19	-	-	84,004	84,004
- Road, Drainage and Bridge Network	30/06/18	-	-	461,254	461,254
- Water	30/06/19	-	-	44,758	44,758
- Sewerage	30/06/19	-	-	42,163	42,163
- Other Infrastructure	30/06/19	-	-	28,456	28,456
- Airport	30/06/18	-	-	19,239	19,239
Total Property, Plant and Equipment		**-**	**47,300**	**679,874**	**727,174**
2018					
Property, Plant and Equipment					
- Land and Site Improvements	01/07/16	-	43,167	-	43,167
- Buildings - Residential	01/07/16	-	6,300	-	6,300
- Buildings - Other	01/07/16	-	-	90,703	90,703
- Road, Drainage and Bridge Network	30/06/18	-	-	444,714	444,714
- Water	01/07/16	-	-	43,104	43,104
- Sewerage	01/07/16	-	-	40,950	40,950
- Other Infrastructure	01/07/16	-	-	28,686	28,686
- Airport	30/06/18	-	-	11,891	11,891
Total Property, Plant and Equipment		**-**	**49,467**	**660,048**	**709,515**

Note 13. Fair Value Measurements (continued)

(2) Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Level 1 and Level 2 during the year. There were transfer between level 2 and 3.

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

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

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs) Council instead uses a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while using Level 2 and Level 3 inputs are as follows:

Land and Site Improvements (Level 2)
Land fair values were determined by independent valuer, APV Valuers & Asset Management effective 30 June 2019. APV carried out a comprehensive revaluation, including physical inspection, with an effective date of 30 June 2019. Level 2 valuation inputs 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. The direct comparison to sales approach is the preferred and most commonly used approach in land valuations. In this approach to value, the property is compared to recently sold properties which are of a similar type. This comparison is adjusted to take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. The most significant inputs into this valuation approach are price per square meter.

Buildings (Level 2 and 3)
The fair value of buildings were also determined by independent valuer, APV Valuers & Asset Management effective 30 June 2019. APV carried out a comprehensive revaluation, including physical inspection, with an effective date 30 June 2019. Level 2 inputs were used to determine the fair value of a range of properties. This 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.

Some residential properties were located in isolated locations where there was no evidence to support a market approach. These properties were valued using the cost approach and due to the range of assumptions used to determine the fair value have been classified as Level 3.

Note 13. Fair Value Measurements (continued)

Buildings (Level 2 and 3) (continued)

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres 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.

In determining the level of accumulated depreciation the assets have been disaggregated into significant components, and further disaggregated into short and long-term components, which exhibit different useful lives and service potential patterns. Allowance has been made for the typical asset life cycle and renewal treatments of each component, and the condition of the asset. When assessing the level of remaining service potential or the rate of consumption of that service potential (depreciation) a range of factors are considered including condition, obsolescence, restrictions and other relevant factors. They can generally be described and spilt into two types, holistic and component specific. Holistic factors impact at the whole asset level and include factors such as functionality, capacity, utilisation, safety and obsolescence. Component specific factors include physical condition and breakage and repair history.

The consumption score methodology is based on assessing the relative level of remaining service potential.
The scale is as follows:

Phase Points	Description
0.00 ↓ 0.99	New or very good condition - very high level of remaining service potential.
1.00 ↓ 1.99	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2.00 ↓ 2.99	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.
3.00 ↓ 3.99	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.
4.00 ↓ 4.99	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.
5.00	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.

Note 13. Fair Value Measurements (continued)

Infrastructure Assets (Level 3)

All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Roads and Airport

Current replacement cost:

Roads, drainage and bridge and airport assets were comprehensively valued by APV Valuers as at 30 June 2018.
A desktop revaluation updated was subsequently undertaken effective 30 June 2019.

The indexation percentage for the infrastructure desktop valuations effective 30 June 2019 has been derived from reference to costing guides issued by the Australian Institute of Quality Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics and APV's own internal market research and costings.

The analysis of these construction cost guides and research has determined that the approximate increase in infrastructure costs over the period from 1 July 2018 to 30 June 2019 is as following:

Infrastructure Category	Index %
Airport	0.1 - 2.3%
Roads	0.1 - 3.3%

Unit rates for some components were reviewed by Council and supplied to APV based on internal construction estimates.

Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. Roads are split into segments which vary in length depending on the attributes of each segment and the previous construction history – as described below. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

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

Note 13. Fair Value Measurements (continued)

Roads and Airport (continued)
CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Segment lengths and widths and pavement depths are actual where known from design plans and/or construction records, or are confirmed by field measure. Unconfirmed pavement depths are assumed constructed to 200mm for sealed roads and 150mm for unsealed roads. Council also assumes that all raw materials can be sourced from local quarries. For internal constructions estimates, material and services prices were based on existing supplier contract rates and supplier price lists while labour wage rates were based on Council’s Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years, where sufficiently representative capital works have been undertaken; otherwise, these were based on rates supplied by an independent valuer determined using professional judgement, and externally available cost data.

CRC for airport assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Accumulated depreciation:
In determining the level of accumulated depreciation, roads and airports were disaggregated into significant components which exhibited different useful lives and bridges are summarised into one lump sum item.

Useful lives are an estimate of the total service capacity in years for that type of asset. The remaining useful life of the asset is determined based on an asset condition rating, which reflects both physical characteristics (e.g. age and physical condition) as well as holistic factors such as functionality, capability, utilisation and obsolescence. Accumulated depreciation represents the decline in service potential (i.e. the difference between useful life and remaining useful life) for an asset. In periods when a comprehensive valuation is not undertaken, the remaining useful of the asset is then calculated based purely on the time elapsed since the previous valuation, as adjusted for any known improvements or deterioration in asset condition.

In order to assess the level of remaining service potential the following consumption scoring methodology was applied.

Phase Points	Description
0.00 ↓ 0.99	New or very good condition - very high level of remaining service potential.
1.00 ↓ 1.99	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2.00 ↓ 2.99	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.
3.00 ↓ 3.99	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.
4.00 ↓ 4.99	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.
5.00	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.

Note 13. Fair Value Measurements (continued)

Water, Sewerage and Gas Infrastructure

Current replacement cost:

The fair value of water, sewerage and gas was determined by an independent valuer, APV Valuers & Asset Management effective 30 June 2019.

All water, sewerage and gas network infrastructure assets were valued using Level 3 valuation inputs using the cost approach. CRC was calculated using a range of sources including actual construction or purchase prices for recent projects, appropriate APV databases where APV record details of actual costs from recent projects that are sourced directly from their clients. Preference is provided to nearby locations. Rawlinson's Construction Guide or similar guide and benchmarking against other valuations. An allowance was then made to adjust for condition and comparability.

Physical inspections were conducted to assess condition and validate key attributes such as material type, dimensions, etc. Some assets (such as underground pipes and pits) were unable to be inspected due to the their nature and the cost involved in undertaking extensive engineering assessments. Where available, reliance was placed on condition assessment and attribute data maintenance within council's asset management and GIS systems. Where such data was not readily available APV developed a range of assumptions based on the expected physical condition and attributes given the age of the asset and typical design characteristics. These assumptions were reviewed and confirmed reasonable by Council staff.

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 valued at Level 3 we have adopted a policy that all road and water network infrastructure assets are deemed to be valued at Level 3.

Accumulated depreciation:

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a consumption assessment, which was used to estimate remaining useful life. Refer to consumption scoring methodology in Roads section.

For assets that are not available for visual inspection the useful life remaining was based on age and adjusted where there were known factors to impact on the condition.

Note 13. Fair Value Measurements (continued)

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

The changes in Level 3 assets with recurring fair value measurements are detailed in note 12 (property, plant and equipment). However, since the residential buildings disclosed in those notes comprise both Level 2 and level 3 assets, the movement in Level 3 buildings (other) are detailed below. Three residences where transferred from Level 2 to Level 3.

Changes in buildings (other) (Level 3):

	Buildings 2019 $'000	Buildings 2018 $'000
Opening gross value as at 1 July	120,750	117,799
Additions	1,588	494
Disposals	(417)	(14)
Revaluation adjustment (ARR)	(3,137)	2,471
Transfer from Level 2	310	-
Closing gross value as at 30 June	**119,094**	**120,750**
Accumulation depreciation		
Opening balance as at 1 July	30,047	29,505
Depreciation in current period	2,000	1,936
Revaluation adjustment (ARR)	3,159	(1,390)
Disposals	(116)	(4)
Accumulated Depreciation as at 30 June	**35,090**	**30,047**
Consolidated book value as at 30 June	**84,004**	**90,703**

Note 14. Trade and Other Payables

	Notes	2019 $'000	2018 $'000

Trade creditors

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Accrued employee entitlements

Liabilities are recognised for employee benefits such as wages and salaries and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the report date, annual leave is classified as a currently liability.

Current

		2019 $'000	2018 $'000
Creditors and Accruals		8,662	6,211
Employee Related Accruals		326	346
Annual Leave Entitlements		4,015	3,833
Waste levy refund received in advance		711	-
Other		706	521
TOTAL CURRENT TRADE AND OTHER PAYABLES		14,420	10,911

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which takes effect from 1 July 2019. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

Note 15. Borrowings

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

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

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

Note 15. Borrowings (continued)

	Notes	2019 $'000	2018 $'000
Current			
Loans - Queensland Treasury Corporation		1,314	1,600
TOTAL CURRENT BORROWINGS		1,314	1,600
Non-current			
Loans - Queensland Treasury Corporation		16,071	12,721
TOTAL NON-CURRENT BORROWINGS		16,071	12,721

Reconciliation of Loan Movements for the year

	2019	2018
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	14,321	12,964
Loans Raised	4,500	2,900
Principal Repayments	(1,436)	(1,543)
Book value at end of financial year	17,385	14,321

The QTC loan market value at the reporting date was $18,873,319 (2018: $15,173,978). 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.

Loan Disclosures

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

All borrowings are in $AUD denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2024 to 15 June 2039.

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

Principal and interest repayments are made quarterly in arrears.

Note 16. Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:
- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense/finance cost.

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 yields attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

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

Restoration Provisions

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

Within each restoration provision there may be many site locations some of which can be on Council controlled land and some that are not. The following account treatments apply depending on the site location:

Restoration on land not controlled by Council
Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites is 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 costs are treated as a capital expense or capital income in the reporting period in which they arise.

Note 16. Provisions (continued)

Restoration on land controlled by Council
A provision is recognised for the estimated discounted cost of restoration, where required. The estimated cost of restoration is capitalised within land and improvement assets and is not immediately expensed.

As land and improvement assets are measured at fair value, the effects of a change in the measurement of a restoration provision that results from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or change in the discount rate are recognised within the asset revaluation surplus as follows:

Changes in the provision not arising from the passage 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 passage of time (the unwinding of the discount) are treated as a finance cost.

The Council has the following restoration provisions:

Quarry Rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. All Council quarries are situated on Council controlled land.

Refuse Sites Rehabilitation

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 rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. The Mitchell and part of Roma refuse sites are on Council controlled land. All other refuse sites are on State reserves.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 16. Provisions (continued)

	Notes	2019 $'000	2018 $'000
Current			
Long Service Leave		3,915	3,308
TOTAL CURRENT PROVISIONS		3,915	3,308
Non-current			
Long Service Leave		479	800
Quarry Rehabilitation		1,637	1,460
Refuse Restoration		24,876	-
TOTAL NON-CURRENT PROVISIONS		26,992	2,260

Details of movements in Provisions:

	Notes	2019 $'000	2018 $'000
Quarry Rehabilitation			
Balance at Beginning of Financial Year		1,460	1,464
Increase in provision due to unwinding of discount	8	41	42
Increase/(decrease) in provision due to change in discount rate	9	136	(46)
Balance at End of Financial Year		1,637	1,460
Refuse Restoration			
Balance at Beginning of Financial Year		-	-
Additional Provision		24,876	-
Balance at End of Financial Year		24,876	-

Quarry rehabilitation

This is the present value of the estimated cost of restoring the quarry site to a useable state at the end of its useful life. The projected cost is $1,708,769 and this cost is expected to be incurred in 2036.

Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is $28,922,482 and this cost is expected to be incurred from 2026 to 2111 after closing the sites from 2019 to 2080 and allowing a period for settlement.

Note 17. Asset Revaluation Surplus

	Notes	2019 $'000	2018 $'000

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

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

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

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

Movements in the asset revaluation surplus:

	Notes	2019 $'000	2018 $'000
Balance at beginning of financial year		283,169	195,983
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and Site Improvements		(2,958)	(1,934)
Buildings		(6,434)	4,020
Road, Drainage and Bridge Network		5,338	56,092
Water		528	14,331
Sewerage		335	14,437
Other Infrastructure		(3,541)	1,894
Airport		278	(1,654)
	12	(6,454)	87,186
Balance at end of financial year		276,715	283,169

Asset revaluation surplus analysis

The closing balance of the Asset Revaluation Reserve comprises the following asset categories:

	2019 $'000	2018 $'000
Land and Site Improvements	21,666	24,624
Buildings	31,060	37,494
Road, Drainage and Bridge Network	145,032	139,694
Water	36,415	35,887
Sewerage	22,339	22,004
Other Infrastructure	19,926	23,467
Airport	277	(1)
Balance at end of financial year	276,715	283,169

Note 18. Commitments for Expenditure

	Notes	2019 $'000	2018 $'000

(a) Capital Commitments (exclusive of GST)

		2019	2018
Property, Plant and Equipment			
Infrastructure		13,321	12,683
Total Commitments		13,321	12,683

Capital commitments are payable within the next year and funded from unrestricted general funds.

(b) Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

		2019	2018
Waste Collection Contracts (per year) - Expiry 30 June 2023		723	785
Software Licences & ICT Services (per year) - Various Expiry 30 June 2020 to 8 December 202		339	335
Airport Services (per year) - Various Expiry 16 April 2020 to 7 July 2020		957	812
Saleyard Services (per year) - Various Expiry 30 April 2020 to 31 March 2021		1,470	1,149
Facilities Management (per year) - Various Expiry 31 July 2019 to 12 October 2021		474	524
Communication Services - Expires 31 August 2019		15	89
Quarry Services - Expires 31 August 2019		279	-
		4,257	3,694

Note 19. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Note 19. Contingent Liabilities (continued)

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government’s workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is $465,710 (2018: $488,212).

Note 20. Superannuation

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

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

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

Technically Maranoa Regional Council can be liable to the scheme for a portion of another local government's obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that “At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2021.

Note 20. Superannuation (continued)

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

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

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

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Maranoa Regional Council made 0.79% of the total contributions to the plan in the 2018-19 financial year.

	Notes	2019 $'000	2018 $'000
Superannuation contributions made to the Regional Defined Benefits Fund		157	151
Other superannuation contributions for employees		2,693	2,888
Total superannuation contributions paid by Council for employees	6	2,850	3,039

	2020 $'000
Contributions Council expects to make to the Regional Defined Benefits Fund for 2019-20	128

Note 21. Trust Funds

	Notes	2019 $'000	2018 $'000

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012* , a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account 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). 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.

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

Trust funds held for outside parties

	2019	2018
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	61	53
Security Deposits	471	502
	532	555

Note 22. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

	2019	2018
Net operating result from Income Statement	(801)	9,532
Non-cash items		
Depreciation and Amortisation	19,809	20,718
	19,809	20,718
Investing and development activities		
Net Losses/(Gains) on Disposal of Assets	240	396
Loss on Write-Off of Assets	9,595	10,336
Capital Grants and Contributions	(30,007)	(24,910)
Capital Expenses	25,012	96
	4,840	(14,082)
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	(1,955)	2,465
Movement in allowance for expected credit losses/provision for impairment of receivat	146	93
(Increase)/Decrease in Inventories	(156)	(151)
Increase/(Decrease) in Payables and Accruals	2,451	2,135
Increase/(Decrease) in Other Liabilities	1,058	380
Increase/(Decrease) in Employee Leave Entitlements	286	40
Increase/(Decrease) in Other Provisions	41	(4)
	1,871	4,958
Net cash inflow from operating activities to the Statement of Cash Flows	25,719	21,126

Note 23. Events After the Reporting Period

There were no material adjusting events after the balance date.

Note 24. Financial Instruments

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied. Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets
Cash and cash equivalents and receivables, which are both measured at amortised cost.

Financial liabilities
Payables and borrowings are both measured at amortised cost.

The effect of initially applying AASB 9 on Council's financial instruments is described in Note 1(f). Comparative information has not been restated to reflect the requirements.

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

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

Financial Risk Management

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

Council's 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.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk managements framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Council does not enter into derivatives.

Note 24. Financial Instruments (continued)

Credit Risk Exposure

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

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

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

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

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

	Notes	2019 $'000	2018 $'000
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:			
Financial Assets			
Cash and Cash Equivalents	10	54,521	21,880
Investment Securities	10	30,452	51,108
Receivables - Rates	11	2,586	3,092
Receivables - Other	11	7,805	5,670
		95,364	81,750
Other Credit Exposures			
Guarantee	19	466	488
		466	488
Total		95,830	82,238

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 A1+ to A2 based on rating agency Standard & Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote. Some investments were held with unrated Authorised Deposit-taking Institutions only to the value of the Government guarantee on deposits and only one deposit per institution.

Note 24. Financial Instruments (continued)

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. Council considers that debtors with an outstanding balance greater than 90 days to be in default.

By the nature of the Councils operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural and energy sector, there is also a concentration in these sectors. Historically, Council had a higher exposure to risk in relation in quarry receivables due to unprecedented demand for quarry product due to flood events. This risk has now decreased significantly.

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2019 $'000	2018 $'000
Rates and Utility Charges	2,586	3,092
Other Debtors	7,408	5,254
GST Recoverable	397	416
Total	10,391	8,762

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances. Council considered that the risk profile of all subcategories of other debtors above is similar, and accordingly assesses the allowance for expected credit losses for these receivables on a collective basis.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Note 24. Financial Instruments (continued)

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

	2019 Weighted-avg. loss rate %	2019 Gross carrying amt $'000	2019 Loss allowance $'000
Not past due	2.17%	5,233	114
Past due 31-60 days	16.31%	620	101
Past due 61-90 days	40.73%	54	22
More than 90 days	73.66%	209	154
Total		6,116	391

The following table provides information about the exposure to credit risk and expected losses for trade receivables as at 1st July 2018 upon initial recognition:

	2018 Weighted-avg. loss rate %	2018 Gross carrying amt $'000	2018 Loss allowance $'000
Not past due	2.17%	3,826	83
Past due 31-60 days	16.31%	113	19
Past due 61-90 days	40.73%	-	-
More than 90 days	73.66%	194	143
Total		4,133	245

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables. Factors to be considered giving an indication of the potential of a possible higher risk to Council are extreme flood events, dramatic increase in airport numbers and affordability of housing.

The movement in the allowance for expected credit losses in respect of trade receivable during the year was $149,715.

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its labilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows. These cash reserves are disclosed in Note 10.

Council does not have any overdraft facilities at the reporting date.

Note 24. Financial Instruments (continued)

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

	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
2019					
Trade and Other Payables	8,662	-	-	8,662	8,662
Loans - QTC	1,896	7,602	12,460	21,958	17,385
	10,558	7,602	12,460	30,620	26,047
2018					
Trade and Other Payables	6,211	-	-	6,211	6,211
Loans - QTC	2,194	6,885	9,318	18,397	14,321
	8,405	6,885	9,318	24,608	20,532

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

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and/or other financial institutions.

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

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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.

Note 24. Financial Instruments (continued)

	Net Carrying Amount $'000	Net Result 1% increase $'000	Net Result 1% decrease $'000	Equity 1% increase $'000	Equity 1% decrease $'000
2019					
QTC Cash Fund	52,448	525	(525)	525	(525)
Other Investments	30,452	305	(305)	305	(305)
Loans - QTC	17,385	(174)	174	(174)	174
Net	100,285	656	(656)	656	(656)
2018					
QTC Cash Fund	21,132	211	(211)	211	(211)
Other Investments	51,108	511	(511)	511	(511)
Loans - QTC	14,321	(143)	143	(143)	143
Net	86,561	579	(579)	579	(579)

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.

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 disclosed in Note 15.

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.

Note 25. Transactions with Related Parties

(a) Associates

	Details	Amount of transactions during year	Outstanding Balance (incl. Commitments)	Doubtful Debts Expense Recognised
2019		$'000	$'000	$'000
Associates Total	i	-	-	-
		-	-	-
2018				
Associates Total	i	20	-	-
		20	-	-

i Annual contribution to Regional Economic Development Association

(b) Other Related Parties

Transactions with Other Related Parties

	Details	Amount of transactions during year	Outstanding Balance (incl. Commitments)
2019		$'000	$'000
Purchase of materials and services from entities controlled by KMP	i	12	-
Purchase of materials and services from entities controlled by a close family member of KMP	ii	76	-
Payments to non-profit associations a KMP is a controlling committee member.	iii	27	-
		115	-
2018			
Purchase of materials and services from entities controlled by KMP	i	21	-
Payments to non-profit associations a KMP is a controlling committee member.	iii	13	-
		34	-

i Maranoa Regional Council purchased travel and accommodation booking services from an entity controlled by a member of key management personnel. All purchases were at arm's length and were in the normal course of council operations.

ii Maranoa Regional Council purchased building and construction services from an entity controlled by a close family member of key management personnel. All purchases were at arm's length and were in the normal course of council operations.

iii Community funding assistance payments were made to non-profit community organisations of which key management personnel are committee (controlling) members.

Note 25. Transactions with Related Parties (continued)

(c) Key Management Personnel

Transactions with Key Management Personnel

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. At Maranoa Regional Council KMP's are considered to include Mayor and Councillors, Chief Executive Officer and Directors.

The compensation paid to Key Management Personnel for comprises:

	2019 $'000	2018 $'000
Short-Term Employee Benefits	1,468	1,601
Post-Employment Benefits	154	156
Long-Term Benefits	29	23
Total	1,651	1,780

Maranoa Regional Council

General Purpose Financial Statements
for the year ended 30 June 2019

Management Certificate
for the year ended 30 June 2019

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulations) 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 Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the General Purpose Financial Statements, as set out on pages 2 to 48, 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.

Tyson Golder	Julie Reitano
MAYOR	**CHIEF EXECUTIVE OFFICER**
27 September 2019	27 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Maranoa Regional Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Maranoa Regional Council (the council).

In my opinion, the financial report:

a) gives a true and fair view of the council's financial position as at 30 June 2019, and of their financial performance and cash flows for the year then ended;

b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in Maranoa Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

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In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council 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 the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

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- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

C Dougherty

1 October 2019

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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Current Year Financial Sustainability Statement
for the year ended 30 June 2019

	Actual 2019	Target 2019

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

	Actual 2019	Target 2019
Net Result (excluding capital items) [1] / Total Operating Revenue (excluding capital items) [2]	4.95%	0 - 10%

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

2. Asset Sustainability Ratio

	Actual 2019	Target 2019
Capital Expenditure on the Replacement of Infrastructure Assets (renewals) / Depreciation Expense of Infrastructure Assets	205.94%	more than 90%

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

3. Net Financial Liabilities Ratio

	Actual 2019	Target 2019
Total Liabilities less Current Assets / Total Operating Revenue (excluding capital items) [2]	-42.68%	less than 60%

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

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2019.

Notes

(1) Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

(2) Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012* .

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the then Department of Local Government, Community Recovery and Resilience.

Maranoa Regional Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2019

Certificate of Accuracy
for the year ended 30 June 2019

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.

Tyson Golder	Julie Reitano
MAYOR	**CHIEF EXECUTIVE OFFICER**
27 September 2019	27 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Maranoa Regional Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Maranoa Regional Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Maranoa Regional Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention 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. My opinion is not modified in respect of this matter.

Other Information

Other information comprises the information included in Maranoa Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council 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 responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1 October 2019

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Long-Term Financial Sustainability Statement

prepared as at 30 June 2019

	Target 2019	Actual 2019	2020	2021	2022	2023	Forecast 2024	2025	2026	2027	2028	2029

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) (1) / Total Operating Revenue (excluding capital items) (2)

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Surplus Ratio	0 - 10%	4.95%	4.20%	7.00%	6.90%	6.90%	7.00%	7.10%	7.10%	7.10%	7.10%	7.10%

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Asset Sustainability Ratio	> 90%	205.94%	158.00%	106.00%	114.00%	111.00%	110.00%	109.00%	112.00%	108.00%	112.00%	113.00%

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

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets / Total Operating Revenue (excluding capital items) (2)

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Financial Liabilities Ratio	< 60%	-42.68%	-47.80%	-55.20%	-57.30%	-65.20%	-74.10%	-82.20%	-90.50%	-98.50%	-105.70%	-114.20%

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

Long-Term Financial Sustainability Statement (continued)
prepared as at 30 June 2019

Maranoa Regional Council Financial Management Strategy

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

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. We have the above three sustainability indicators that have been set by the then Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. In summary, our operating surplus ratio has been adversely affected by depreciation expenditure. Over the coming year, Council anticipates receipt of contributions from the Resource Sector towards Council road network with the impact showing in the asset sustainability ratio.

Notes

(1) Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

(2) Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012.*

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the then Department of Local Government, Community Recovery and Resilience.

Maranoa Regional Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy
for the long-term financial sustainability statement prepared as at 30 June 2019

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.

Tyson Golder
MAYOR

27 September 2019

Julie Reitano
CHIEF EXECUTIVE OFFICER

27 September 2019

Ivy Street, Roma.
Image opposite: Bottle trees, Maranoa region.