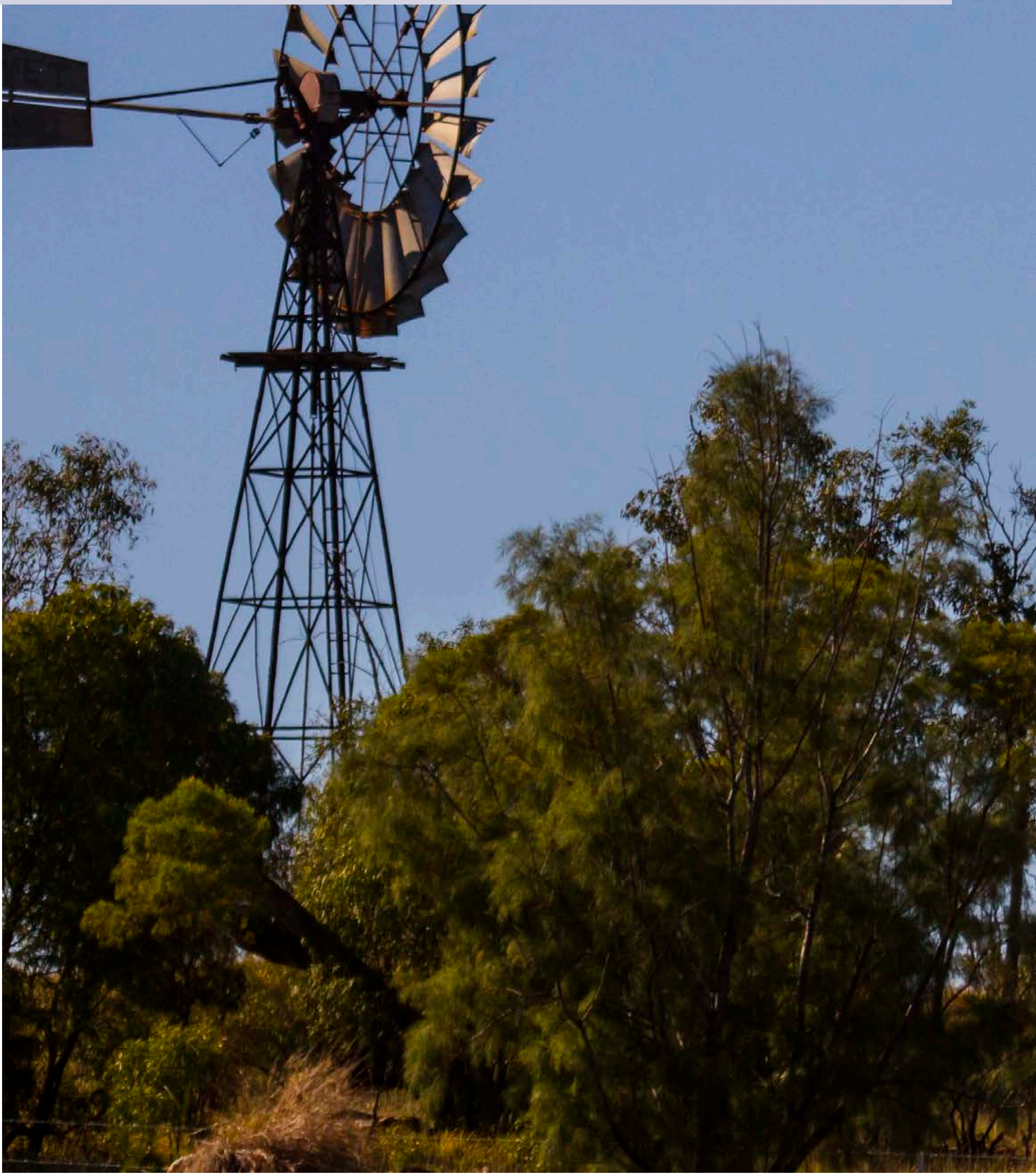
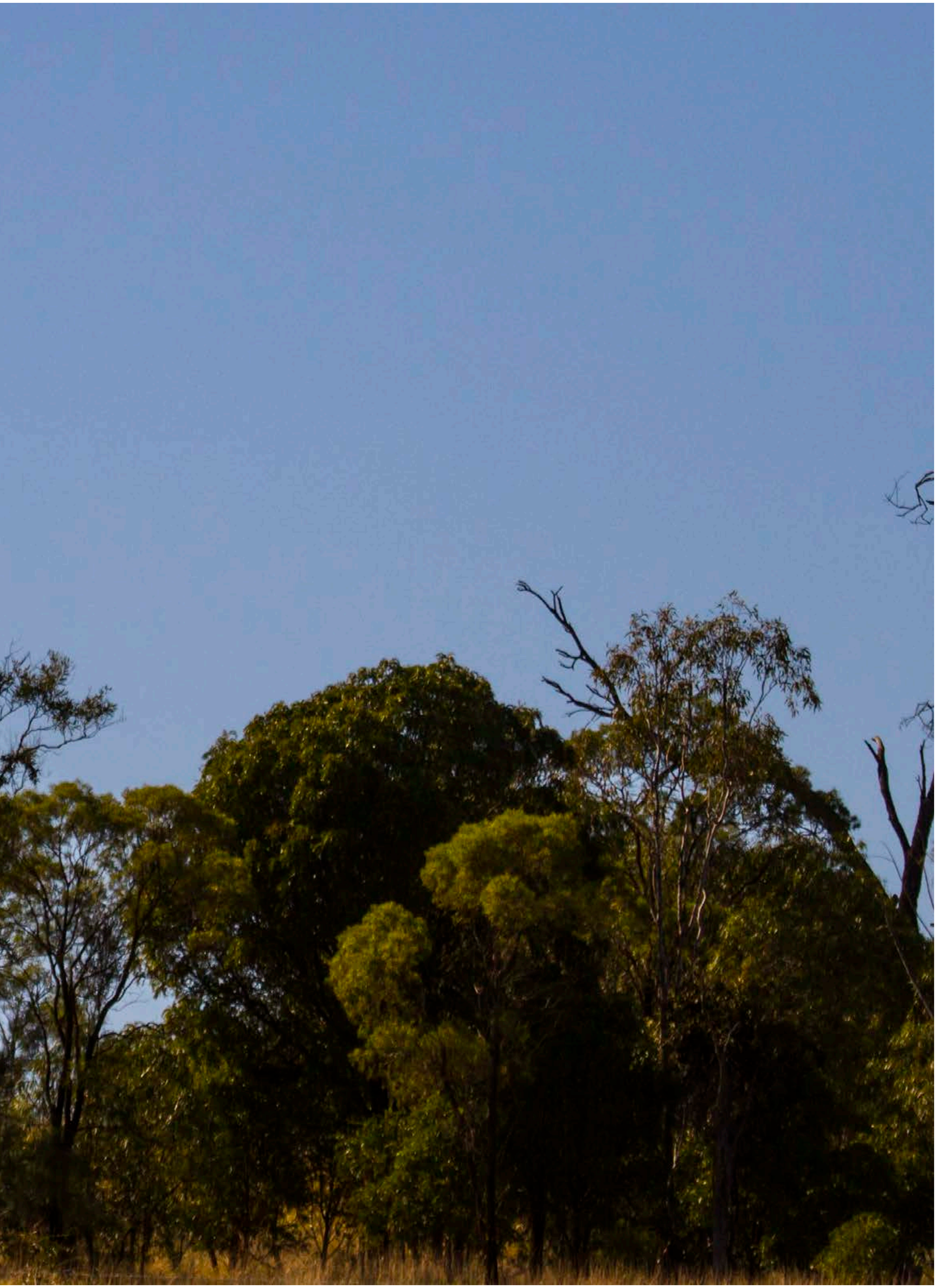
Chapter 4

Financial information





Maranoa Regional Council

General Purpose Financial Statements
for the year ended 30 June 2018

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Maranoa Regional Council

Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	2018 $'000	2017 *Restated** $'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	31,126	30,347
Fees and Charges	3b	2,212	2,038
Rental Income		644	603
Interest and Investment Revenue		2,029	2,034
Sales Revenue	3c	16,200	15,834
Other Income		2,394	2,617
Grants, Subsidies, Contributions and Donations	4a	18,926	29,027
Total Recurrent Revenue		73,531	82,500
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	24,910	19,794
Total Revenue		98,441	102,294
Capital Income / (loss)	5	93	160
Total Income		98,534	102,454
Expenses			
Recurrent Expenses			
Employee Costs	6	28,924	29,861
Materials and Services	7	27,317	28,338
Finance Costs	8	1,126	973
Depreciation and Amortisation	12	20,718	20,171
Total Recurrent Expenses		78,085	79,343
Capital Expenses	9	10,917	1,452
Total Expenses		89,002	80,795
Net Result		9,532	21,659
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	87,186	(110,060)
Total Other Comprehensive Income for the year		**87,186**	**(110,060)**
Total Comprehensive Income for the year		96,718	(88,401)

*Council has made a retrospective restatement as a consequence of correction of errors. Details are disclosed in Note 23.

Maranoa Regional Council

Statement of Financial Position
as at 30 June 2018

	Notes	2018 $'000	2017 *Restated** $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	21,880	28,177
Investments	10	51,108	37,885
Trade and Other Receivables	11	8,854	11,412
Inventories		1,789	1,638
Total Current Assets		**83,631**	**79,112**
Non-Current Assets			
Property, Plant and Equipment	12	777,843	681,736
Total Non-Current Assets		**777,843**	**681,736**
TOTAL ASSETS		861,474	760,848
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	10,911	8,396
Borrowings	15	1,600	1,567
Provisions	16	3,308	3,241
Total Current Liabilities		**15,819**	**13,204**
Non-Current Liabilities			
Borrowings	15	12,721	11,397
Provisions	16	2,260	2,291
Total Non-Current Liabilities		**14,981**	**13,688**
TOTAL LIABILITIES		30,800	26,892
Net Community Assets		**830,674**	**733,956**
COMMUNITY EQUITY			
Asset Revaluation Surplus	17	283,169	195,983
Retained Surplus		547,505	537,973
Total Community Equity		**830,674**	**733,956**

*Council has made a retrospective restatement as a consequence of correction of errors. Details are disclosed in Note 23.

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Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	Asset Revaluation Surplus $'000	Retained Surplus $'000	Total Equity $'000
2018				
Opening Balance *(restated)**		195,983	537,973	**733,956**
a. Net Operating Surplus for the Year		**-**	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**
2017				
Opening Balance		306,043	516,314	**822,357**
a. Net Operating Surplus for the Year		-	21,659	**21,659**
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equip.	17	(110,060)	-	**(110,060)**
Other Comprehensive Income		**(110,060)**	**-**	**(110,060)**
Total Comprehensive Income		**(110,060)**	**21,659**	**(88,401)**
Equity Balance as at 30 June, 2017		**195,983**	**537,973**	**733,956**

*Council has made a retrospective restatement as a consequence of correction of errors. Details are disclosed in Note 23.

Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Receipts from Customers		60,211	55,325
Payments to Suppliers and Employees		(59,558)	(65,671)
		653	(10,346)
Receipts:			
Investment and Interest Revenue Received		2,029	2,034
Rental Income		644	603
Non Capital Grants and Contributions		18,926	29,027
Payments:			
Borrowing Costs		(1,126)	(819)
Net Cash - Operating Activities	22	21,126	20,499
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		733	913
Grants, Subsidies, Contributions and Donations		24,910	19,794
Redemption of Investment Securities		-	4,954
Payments:			
Purchase of Investment Securities		(13,223)	-
Purchase of Property, Plant and Equipment		(41,200)	(43,974)
Net Cash - Investing Activities		(28,780)	(18,313)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		2,900	-
Payments:			
Repayment of Borrowings and Advances		(1,543)	(1,461)
Net Cash Flow - Financing Activities		1,357	(1,461)
Net Increase/(Decrease) for the year		(6,297)	725
Plus: **Cash and Cash Equivalents - beginning**		28,177	27,452
Cash and Cash Equivalents - closing	10	**21,880**	**28,177**
Additional Information:			
Plus: **Investments on hand - end of year**	10	51,108	37,885
Total Cash, Cash Equivalents and Investments		**72,988**	**66,062**

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012.* Consequently, these financial statements have been prepared in accordance with 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 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation').

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 an impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

  The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning 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 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

  Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. Rates income received in advance is currently recognised as income when received. Under the new standard this will no longer occur. At 30 June 2018, Council recognised rates in advance of $479,118 which would be deferred as a liability on the balance sheet under AASB 1058. Assuming consistency in payment patterns, it is therefore expected that rates revenue may decrease by approximately $500,000 in the period of initial application of the new standards, being financial year 2020.

- AASB 16 *Leases*
  Council may have some leases that are not on its balance sheet. These may need to be included on the balance sheet when this standard comes into effect.

Other standards that have been issued but not yet effective are not expected to have an 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 1.m and Note 13
- Provisions - Note 1.q and Note 16
- Contingent Liabilities - Note 19.

Note 1. Summary of Significant Accounting Policies (continued)

(1.h) Revenue

Rates and levies

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

Grants and subsidies

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

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

Non-cash contributions

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

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

Cash contributions

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

Interest

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

Sales revenue

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

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.

Fees and Charges

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

(1.i) Financial assets and financial liabilities

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

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

Financial assets

- Cash and cash equivalents (Note 1.j)
- Receivables - measured at amortised cost (Note 1.k)

Note 1. Summary of Significant Accounting Policies (continued)

Financial liabilities

- Payables - measured at amortised cost (Note 1.n)
- Borrowings - measured at amortised cost (Note 1.p)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 25.

(1.j) Cash and Cash Equivalents

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

(1.k) Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment.

All known bad debts were written off at 30 June 2018.

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

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

(1.l) Inventories

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

Inventories held for distribution are:
- goods to be supplied at no or nominal charge, and
- goods to be used for the provision of services at no or nominal, charge.

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

(1.m) Property, Plant & Equipment

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

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

Category	**Years**
Land and Improvements	Not Depreciated
Buildings	8-130
Plant and Equipment - Other	3-100
Infrastructure	
- Roads, drainage & bridges	10-200
- Water	6-210
- Sewerage	6-210
- Other infrastructure assets	10-200
- Airport	13-210
Work in progress	Not Depreciated

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.

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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. Details of the range of estimated useful lives for each class of asset are shown in Note 1.m.

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.

(1.n) Payables

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

(1.o) Liabilities - Employee Entitlements

Liabilities are recognised for employee entitlements such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 14 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. This liability represents an accrued expense and is reported in Note 14 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan for its employees. Details of those arrangements are set out in Note 20.

Note 1. Summary of Significant Accounting Policies (continued)

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. This liability is reported in Note 16 as a provision.

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

(1.p) Borrowings and Borrowing Costs

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

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

(1.q) 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.

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.

Quarry Rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2036.

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

(1.r) Asset Revaluation Surplus

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

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

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

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

(1.s) 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.t) Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by Council. 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 in Note 21.

(1.u) 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, strategic human resource management, integrated quality, safety and environment (including enterprise risk), service planning and delivery and asset management.

CORPORATE & COMMUNITY SERVICES

The objective of this function is to provide professional corporate and communtiy services including strategic finance, information technology solutions, information and knowledge management, customer service facilitation, community safety, council housing, community support, elected member services and corporate communications.

DEVELOPMENT, FACILITIES & ENVIRONMENT

The objective of this function is to provide town planning, facilities, land management, economic and community development, tourism, recreation, events, sports, arts, 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, town and surrounds (including parks and gardens) and disaster management.

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

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.

ROMA AIRPORT

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 2018

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								
	Grants	Other	Grants	Other		Recurring	Capital				
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**

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital								
	Grants	Other	Grants	Other		Recurring	Capital				
2017	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Office of the CEO	46	95	-	-	141	(2,378)	-	(2,378)	(2,237)	(2,237)	-
Corporate & Community Services	20,461	23,590	-	-	44,051	(9,515)	-	(9,515)	34,536	34,536	81,487
Development, Facilities & Environment	1,245	2,104	1,134	-	4,483	(16,261)	(371)	(16,632)	(12,912)	(12,149)	129,007
Energy Sector Roadworks	530	2,999	9,023	-	12,552	(4,187)	-	(4,187)	(658)	8,365	-
Road Network	6,501	97	7,380	-	13,978	(23,990)	(184)	(24,174)	(17,392)	(10,196)	424,990
Infrastructure Services	-	1,879	-	-	1,879	(4,345)	-	(4,345)	(2,466)	(2,466)	3,465
Waste	-	2,084	-	-	2,084	(2,064)	-	(2,064)	20	20	797
Gas	-	922	-	-	922	(590)	-	(590)	332	332	5,397
Plant	141	56	-	160	357	2,579	(667)	1,912	2,776	2,269	15,270
Water Infrastructure	-	5,472	819	-	6,291	(5,446)	(184)	(5,630)	26	661	32,332
Sewerage Infrastructure	-	2,536	-	-	2,536	(2,387)	(77)	(2,464)	149	72	28,234
Quarry (Roma)	71	3,633	-	-	3,704	(3,639)	31	(3,608)	65	96	5,834
Roma Airport	-	4,307	831	-	5,138	(3,618)	-	(3,618)	689	1,520	20,598
Saleyards (Roma)	32	3,699	607	-	4,338	(3,502)	-	(3,502)	229	836	13,437
Total	**29,027**	**53,473**	**19,794**	**160**	**102,454**	**(79,343)**	**(1,452)**	**(80,795)**	**3,157**	**21,659**	**760,848**

Note 3. Revenue Analysis

	Notes	2018 $'000	2017 $'000
(a). Rates, Levies and Charges			
General Rates		23,438	23,049
Separate Rates		748	678
Water		3,199	3,081
Water Consumption, Rental and Sundries		2,007	1,807
Sewerage		2,499	2,459
Waste Management		1,457	1,394
Total rates and utility charge revenue		33,348	32,468
Less: Discounts		(1,935)	(1,842)
Less: Pensioner remissions		(287)	(279)
TOTAL RATES, LEVIES AND CHARGES		31,126	30,347
(b). Fees and Charges			
Town Planning Fees		87	70
Building and Development Fees		90	117
Animal Registrations		96	130
Infringements		18	41
Licences and Registrations		57	11
Cemetery Fees		133	132
Other Statutory Fees		541	459
User Fees and Charges		1,137	1,078
Other Fees and Charges		53	-
TOTAL FEES AND CHARGES		2,212	2,038
(c). Sales Revenue			
Sale of services			
Contract and Recoverable Works		4,706	4,038
Saleyards		4,053	3,699
Gas supply		859	921
Airport Services		4,288	4,307
Total Sale of Services		13,906	12,965
Sale of goods			
Quarry Materials		2,294	2,869
Total Sale of Goods		2,294	2,869
TOTAL SALES REVENUE		16,200	15,834

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

	Notes	2018 $'000	2017 $'000
(a) Recurrent			
General Purpose Grants		16,882	25,504
State Government Subsidies and Grants		592	1,999
Commonwealth Government Subsidies and Grants		400	555
Donations		12	6
Contributions		398	562
Flood Damage Grants		642	401
TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		18,926	29,027
(b) Capital			
State Government Subsidies and Grants		7,444	5,096
Commonwealth Government Subsidies and Grants		3,595	4,139
Contributions		13,871	10,559
TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		24,910	19,794

Note 5. Capital Income

(a) Gain on disposal of non-current assets

	Notes	2018 $'000	2017 $'000
Proceeds from the Disposal of Property, Plant and Equipment		290	333
Less: Book Value of Property, Plant and Equipment Disposed	12	(197)	(173)
TOTAL CAPITAL INCOME		93	160

Note 6. Employee Costs

	Notes	2018 $'000	2017 $'000
Wages and Salaries		21,002	22,587
Annual, Sick and Long Service Leave Expenses		4,064	3,207
Superannuation	20	3,039	3,318
Councillors Remuneration		751	664
		28,856	29,776
Other Employee Related Expenses		68	85
TOTAL EMPLOYEE COSTS		28,924	29,861

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

Additional information:

		2018	2017
Total Employees at year end:			
Administration Staff		145	145
Depot and Outdoors Staff		206	214
Total full time equivalent employees		351	359
Total Elected Members		9	9

Note 7. Materials and Services

	2018	2017
Advertising and Marketing	223	305
Administration Supplies and Consumables	54	59
Audit of Annual Financial Statements by the Auditor-General of Queensland	104	89
Communications and IT	1,767	2,588
Consultants	281	259
Contractors	4,513	6,091
Donations Paid	181	218
Insurance	1,436	1,361
Legal Services	474	404
Materials Issued from Store	1,259	1,331
Plant and Vehicle Running Costs	2,040	2,020
Power	2,079	2,172
Operations and Maintenance	12,542	10,129
Subscriptions and Registrations	155	173
Travel	19	41
Other Materials and Services	190	1,098
TOTAL MATERIALS AND SERVICES	27,317	28,338

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

Note 8. Finance Costs

	Notes	2018 $'000	2017 $'000
Finance costs - Queensland Treasury Corporation		597	678
Bank Charges		92	99
Impairment of Debts		395	165
Quarry Rehabilitation		42	31
TOTAL FINANCE COSTS		1,126	973

Note 9. Capital Expenses

(a) Loss on disposal of non-current assets

	Notes	2018 $'000	2017 $'000
Proceeds from the Disposal of Property, Plant and Equipment		443	580
Less: Book Value of Property, Plant and Equipment Disposed	12	(932)	(1,168)
Loss on disposal of non-current assets		489	588

(b) Provision for restoration of land

	Notes	2018 $'000	2017 $'000
Other		8	(59)

(c) Revaluation decrement

	Notes	2018 $'000	2017 $'000
Downwards Revaluation of Property, Plant and Equipment	12	92	-

(d) Other capital expenses

	Notes	2018 $'000	2017 $'000
Loss on Write-Off of Assets	12	10,328	923
TOTAL CAPITAL EXPENSES		10,917	1,452

Note 10. Cash, Cash Equivalents and Investments

	Notes	2018 $'000	2017 $'000
Cash and Cash Equivalents			
Cash at Bank and on Hand		748	1,321
Cash Equivalent Assets[1]			
- Deposits at Call		21,132	26,856
Total Cash and Cash Equivalents		21,880	28,177
Investment Securities - Current			
Short Term Deposits		51,108	37,885
Total Current Investment Securities		51,108	37,885
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		72,988	66,062

[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:

	2018 $'000	2017 $'000
Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:		
Unspent Government Grants and Subsidies	11,958	13,244
Unspent Loan Monies	2,857	2,213
Unspent Developer Contributions	1,683	4,084
Total External Restrictions	16,498	19,541
Internally imposed Expenditure Restrictions at the reporting date:		
Future Capital Works	24,032	22,169
Total Internal Restrictions	24,032	22,169
Total Unspent Restricted Cash, Cash Equivalents and Investments	40,530	41,710

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

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

Note 11. Trade and Other Receivables

	Notes	2018 $'000	2017 $'000
Current			
Rateable Revenue and Utility Charges		3,092	3,681
Other Debtors		4,573	6,239
GST Recoverable		416	217
Prepayments		92	210
Accrued Revenue		868	1,159
Total		9,041	11,506
less: Provision for Impairment			
Other		(187)	(94)
Total Provision for Impairment - Receivables		(187)	(94)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES		8,854	11,412

Movement in Provision for Impairment of Receivables

		2018 $'000	2017 $'000
Opening balance at 1 July		94	79
Add : Additional impairments recognised		134	17
Less : Impairment debts written off during the year		(41)	(2)
Balance at the end of the year		187	94

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

Note 12. Property, Plant and Equipment

30 June 2018	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		-	-	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**
*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**

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

Note 12. Property, Plant and Equipment

30 June 2017		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		-	-	41,510	-	-	-	-	-	30,892	**72,402**
Opening Gross Balance - at Fair Value		49,257	118,580	-	595,087	80,620	54,036	41,481	20,138	-	**959,199**
Opening Gross Balance		49,257	118,580	41,510	595,087	80,620	54,036	41,481	20,138	30,892	**1,031,601**
Additions*		-	-	-	-	-	-	-	-	43,391	**43,391**
Disposals	5,9	(510)	(23)	(2,734)	-	-	-	-	-	-	**(3,267)**
Write-offs	5,9	-	-	(1,436)	(405)	(499)	(1,098)	-	-	-	**(3,438)**
Revaluation Decrements to Equity (ARR)	17	(6,232)	-	-	(31,687)	(10,195)	-	(2,798)	(1,350)	-	**(52,262)**
Revaluation Increments to Equity (ARR)	17	-	2,184	-	-	-	3,783	-	-	-	**5,967**
Work in Progress Transfers		127	3,373	3,425	15,186	1,561	1,404	1,180	22	(26,278)	**-**
Adjustments and Other Transfers		583	55	159	-	-	-	(214)	-	-	**583**
Total Gross Value of Property, Plant and Equipment - at Cost		**-**	**-**	**40,924**	**-**	**-**	**-**	**-**	**-**	**48,005**	**88,929**
Total Gross Value of Property, Plant and Equipment - at Fair Value		**43,225**	**124,169**	**-**	**578,181**	**71,487**	**58,125**	**39,649**	**18,810**	**-**	**933,646**
Total Gross Value of Property, Plant and Equipment		**43,225**	**124,169**	**40,924**	**578,181**	**71,487**	**58,125**	**39,649**	**18,810**	**48,005**	**1,022,575**
Opening Accumulated Depreciation		112	21,835	19,233	165,947	26,879	13,723	7,112	6,503	-	**261,344**
Depreciation Expense		-	2,093	2,398	11,194	1,514	1,089	657	1,226	-	**20,171**
Disposals	5,9	-	(2)	(1,924)	-	-	-	-	-	-	**(1,926)**
Write-offs	5,9	-	-	(958)	(221)	(315)	(1,021)	-	-	-	**(2,515)**
Revaluation Decrements to Equity (ARR)	17	(5)	-	-	-	-	-	-	(3,362)	-	**(3,367)**
Revaluation Increments to Equity (ARR)	17	-	5,578	-	26,625	13,296	16,819	4,814	-	-	**67,132**
Adjustments and Other Transfers		-	1	4	-	-	-	(5)	-	-	**-**
Total Accumulated Depreciation of Property, Plant and Equipment		**107**	**29,505**	**18,753**	**203,545**	**41,374**	**30,610**	**12,578**	**4,367**	**-**	**340,839**
Total Net Book Value of Property, Plant and Equipment		**43,118**	**94,664**	**22,171**	**374,636**	**30,113**	**27,515**	**27,071**	**14,443**	**48,005**	**681,736**
*Asset Additions Comprise											
Asset Renewals		-	-	-	-	-	-	-	-	9,278	**9,278**
Other Additions		-	-	-	-	-	-	-	-	34,113	**34,113**
Total Asset Additions		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**43,391**	**43,391**

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.

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 2018 a comprehensive revaluation was undertaken for Road, Drainage and Bridge Network and Airport classes subject to revaluation by APV Valuers. An assessment of change in material value was undertaken by APV Valuers and Asset Management for all other asset classes at 30 June 2018.

Note 13. Fair Value Measurements (continued)

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

	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
		Fair Value Measurement using:			
2018		$'000	$'000	$'000	$'000
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**
2017					
Property, Plant and Equipment					
- Land and Site Improvements	01/07/16	-	43,118	-	43,118
- Buildings - Residential	01/07/16	-	6,370	-	6,370
- Buildings - Other	01/07/16	-	-	88,294	88,294
- Road, Drainage and Bridge Network	01/07/16	-	-	374,636	374,636
- Water	01/07/16	-	-	30,113	30,113
- Sewerage	01/07/16	-	-	27,515	27,515
- Other Infrastructure	01/07/16	-	-	27,071	27,071
- Airport	01/07/16	-	-	14,443	14,443
Total Property, Plant and Equipment		**-**	**49,488**	**562,072**	**611,560**

Note 13. Fair Value Measurements (continued)

(2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

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

Council's policy is to recognise transfers in and out of the fair value hierarchy 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 (ie. 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 2018. APV carried out a comprehensive revaluation, including physical inspection, with an effective date of 1 July 2016. A desktop revaluation update was subsequently undertaken effective 30 June 2018. 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. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

The indexation percentage for the land valuations applied in the desktop valuation at 30 June 2018 has been developed for each major land use/zoning such as residential, industrial & rural. Within each of these the valuer has researched sales to develop indices of land with varying land areas. Analysing this data the valuer has determined that there is no observable evidence to justify any movement in the value of land within the Maranoa Region. For this desktop valuation a zero indexation figure has been applied to land assets.

Buildings (Level 2 and 3)

The fair value of buildings were also determined by independent valuer, APV Valuers & Asset Management effective 30 June 2018. APV carried out a comprehensive revaluation, including physical inspection, with an effective date 1 July 2016. A desktop revaluation update was subsequently undertaken effective 30 June 2018. 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. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption used in this valuation are as follows:

Description	**Consumption Score**	**% Remaining Service Potential of Depreciable Amount**				
		Straight-Line	**Low**	**Moderate**	**High**	**Extreme**
New or very good condition - very high level of remaining service potential.	0	100%	100%	100%	100%	100%
Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	1	85%	92%	94%	98%	100%
Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	2	50%	65%	75%	85%	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.	3	25%	40%	64%	70%	90%
Indicators showing the need to renew, upgrade or scrap in the near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	4	10%	20%	34%	45%	70%
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.	5	0%	0%	0%	0%	0%
Theoretical end of life.	6	Fully Written Off				

Note 13. Fair Value Measurements (continued)

Buildings (Level 2 and 3) (continued)

The indexation percentage as applied in the desktop valuation at 30 June 2018 has been derived from reference to actual costs where details have been provided of recent construction, costing guides issued by the Australian Institute of Quantity 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 building costs over the period of time from the 1 July 2017 to 30 June 2018 for each building type is as following:

Building Category	Index %
Residential	2.50%
Commercial	2.50%
Industrial	2.50%
Civic	2.50%
Amenities	2.00%

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.

Note 13. Fair Value Measurements (continued)

Infrastructure Assets (Level 3) (continued)

Roads

Current replacement cost:
Roads, drainage and bridge and airport assets have been comprehensively valued by APV Valuers as at 30 June 2018.

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.

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.

Note 13. Fair Value Measurements (continued)

Roads (continued)

Accumulated depreciation:
In determining the level of accumulated depreciation, roads 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 of 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 comprehensive valuation of water, sewerage and gas was completed by Council's Asset Management department effective 1 July 2016. The desktop valuation for water, sewerage and gas was completed by APV Valuers and Asset. Management effective 30 June 2018.

The indexation percentage for the infrastructure desktop valuations effective 30 June 2018 has been derived from reference to costing guides issued by the Australian Institute of Quantity 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 the 1 July 2017 to 30 June 2018 for Gas infrastructure and the period from 1 July 2016 to 30 June 2018 for Water and Sewerage Infrastructure is as following:

Infrastructure Category	**Index %**
Water supply and sewerage active – Civil assets	2.5 - 5.5%
Water supply and sewerage active - Pipework & associate assets	0.4 - 4.5 %
Gas infrastructure assets	2.5 - 3.4%

All water, sewerage and gas network infrastructure assets were valued using Level 3 valuation inputs using the cost approach. Revaluation calculations have been based on the proportion of useful life remaining. In many cases the remaining useful life was estimated based on the condition of the asset from the visual inspections. For assets that are not available for visual inspection, such as mains and pumps, the useful life remaining was based on age and adjusted where there were known factors to impact on the condition.

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)

Airport

Current replacement cost:
Airport assets have been comprehensively valued by APV Valuers as at 30 June 2018.
CRC 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, assets were disaggregated into significant components which exhibited different useful lives. Airport assets were subject to a comprehensive valuation effective 30 June 2018.

(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. There have been no transfers between Level 1, 2 or 3 measurements during the year.

Changes in buildings (other) (Level 3):

	Buildings 2018 $'000	Buildings 2017 $'000
Opening gross value as at 1 July	117,799	106,232
Additions	494	3,374
Disposals	(14)	(21)
Revaluation adjustment (ARR)	2,471	8,214
Closing gross value as at 30 June	**120,750**	**117,799**
Accumulation depreciation		
Opening balance as at 1 July	29,505	16,947
Depreciation in current period	1,936	1,882
Revaluation adjustment (ARR)	(1,390)	10,677
Disposals	(4)	(1)
Accumulated Depreciation as at 30 June	**30,047**	**29,505**
Consolidated book value as at 30 June	**90,703**	**88,294**

Note 14. Trade and Other Payables

	Notes	2018 $'000	2017 $'000
Current			
Creditors and Accruals		6,211	4,076
Employee Related Accruals		346	339
Annual Leave Entitlements		3,833	3,699
Other		521	282
TOTAL CURRENT TRADE AND OTHER PAYABLES		10,911	8,396

Note 15. Borrowings

		2018	2017
Current			
Loans - Queensland Treasury Corporation		1,600	1,567
TOTAL CURRENT BORROWINGS		1,600	1,567
Non-current			
Loans - Queensland Treasury Corporation		12,721	11,397
TOTAL NON-CURRENT BORROWINGS		12,721	11,397

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation	2018	2017
Opening Balance at Beginning of Financial Year	12,964	14,425
Loans Raised	2,900	-
Principal Repayments	(1,543)	(1,461)
Book value at end of financial year	14,321	12,964

The QTC loan market value at the reporting date was $15,173,978 (2017 - $13,995,121). 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.

Note 15. Borrowings (continued)

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 March 2019 to 15 June 2038.

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

Current		
Long Service Leave	3,308	3,241
TOTAL CURRENT PROVISIONS	3,308	3,241
Non-current		
Long Service Leave	800	827
Quarry Rehabilitation	1,460	1,464
TOTAL NON-CURRENT PROVISIONS	2,260	2,291

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.

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

Note 17. Asset Revaluation Surplus

	Notes	2018 $'000	2017 $'000
Movements in the asset revaluation surplus:			
Balance at beginning of financial year		195,983	306,043
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and Site Improvements		(1,934)	(6,227)
Buildings		4,020	(3,394)
Road, Drainage and Bridge Network		56,092	(58,312)
Water		14,331	(23,491)
Sewerage		14,437	(13,036)
Other Infrastructure		1,894	(7,612)
Airport		(1,654)	2,012
	12	87,186	(110,060)
Balance at end of financial year		283,169	195,983

Asset revaluation surplus analysis

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

		2018 $'000	2017 $'000
Land and Site Improvements		24,624	26,558
Buildings		37,494	33,474
Road, Drainage and Bridge Network		139,694	83,602
Water		35,887	21,556
Sewerage		22,004	7,567
Other Infrastructure		23,467	21,573
Airport		(1)	1,653
Balance at end of financial year		283,169	195,983

Note 18. Commitments for Expenditure

	Notes	2018 $'000	2017 $'000

(a) Capital Commitments (exclusive of GST)

	2018 $'000	2017 $'000
Property, Plant and Equipment		
Infrastructure	12,683	5,628
Total Commitments	12,683	5,628

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:

	2018 $'000	2017 $'000
Waste Collection Contract (per year) - Expires 30 June 2023	785	785
Rates Support Service - Expires 16 September 2017	-	66
Microsoft Enterprise Agreement (per year) - Expires 30 June 2020	192	191
Security Screening Services Agreement (per year) - Expires 16 April 2020	812	962
Movement & Control of Stock (per year) - Expires 30 April 2020	831	831
NLIS Scanning & Data Collection (per year) - Expires 30 June 2019	318	318
Swimming Pool Management (per year) - Various Expiry 16 September 2018 to 31 August 2021	342	264
Great Artesian Spa Management (per year) - Expires 4 October 2020	182	-
Community Newsletter - Expires 31 August 2019	89	22
Data Products and Services - Expires 8 December 2020	36	-
Software Licence - Expires 30 June 2020	39	-
Data Centre - Expires 30 June 2020	22	-
Strategic Planning & Reporting System - Expires 30 June 2020	46	-
	3,694	3,439

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 2017 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 $488,212.

Note 20. Superannuation

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

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

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

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

	Notes	2018 $'000	2017 $'000
Superannuation contributions made to the Regional Defined Benefits Fund		2,985	3,283
Other superannuation contributions for employees		54	35
Total superannuation contributions paid by Council for employees	6	3,039	3,318

	2019 $'000
Contributions Council expects to make to the Regional Defined Benefits Fund for 2018-19	2,777

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

Note 21. Trust Funds

	Notes	2018 $'000	2017 $'000
Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		53	68
Security Deposits		502	577
		555	645

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

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

	2018	2017
Net operating result from Income Statement	9,532	21,659
Non-cash items		
Depreciation and Amortisation	20,718	20,171
	20,718	20,171
Investing and development activities		
Net Losses/(Gains) on Disposal of Assets	396	428
Loss on Write-Off of Assets	10,336	923
Capital Grants and Contributions	(24,910)	(19,794)
	(14,082)	(18,443)
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	2,465	(1,755)
Increase/(Decrease) in Provision for Doubtful Debts	93	15
(Increase)/Decrease in Inventories	(151)	605
Increase/(Decrease) in Payables and Accruals	2,135	(1,404)
Increase/(Decrease) in Other Liabilities	380	(42)
Increase/(Decrease) in Employee Leave Entitlements	40	(862)
Increase/(Decrease) in Other Provisions	(4)	555
	4,958	(2,888)
Net cash inflow from operating activities to the Statement of Cash Flows	21,126	20,499

Note 23. Correction of Error

Correction of Error/s relating to a Previous Reporting Period

During the current financial year, Council undertook a benchmarking analysis of useful lives against those adopted by other local governments. As an outcome of this analysis and as further confirmed during the 30 June 2018 comprehensive revaluation exercise for road infrastructure, specifically the componentisation of these assets, it was identified that useful lives historically adopted by Council for road infrastructure were not reflective of Council's asset management practices. Council determined that useful lives supported by Council's asset management practices are, on average, 52% higher than those that had previously been applied. As a result, Council has retrospectively restated depreciation expense for both the current and comparative financial years applying the revised depreciation rates. Due to the significant capital works and changes in asset valuations which have occurred in years prior to FY17, Council considers it impracticable to calculate the effect of the error in opening balances for the comparative period. Such error, if quantifiable, would result in an increase to retained surplus and a decrease to the asset revaluation surplus.

The adjustments are as follows:

	Notes	Previous 2017 $'000	Correction	Restated 2017 $'000
Reconciliation of Restated Comparatives				
Financial Report Line Item / Balance affected				
Statement of Comprehensive Income				
Depreciation and Amortisation		25,992	(5,821)	20,171
Total Recurrent Expenses		**85,164**	**(5,821)**	**79,343**
Total Expenses		**86,616**	**(5,821)**	**80,795**
Net Result		**15,838**	**5,821**	**21,659**
Gain/(Loss) on Revaluation of Property, Plant and Equipment		(104,239)	(5,821)	(110,060)
Total Other Comprehensive Income for the year		**(104,239)**	**(5,821)**	**(110,060)**
Total Comprehensive Income		**88,401**	**-**	**88,401**
Statement of Financial Position				
Retained Surplus/(Deficiency)		532,152	5,821	537,973
Asset Revaluation Surplus		201,804	(5,821)	195,983
Total Community Equity		**733,956**	**-**	**733,956**

Note 24. Events After the Reporting Period

There were no material adjusting events after the balance date.

Note 25. Financial Instruments

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

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

Financial Risk Management

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

Council's 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.

Council does not enter into derivatives.

Credit Risk Exposure

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

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

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

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

	Notes	2018 $'000	2017 $'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	21,880	28,177
Investment Securities	10	51,108	37,885
Receivables - Rates	11	3,092	3,681
Receivables - Other	11	5,670	7,521
		81,750	77,264
Other Credit Exposures			
Guarantee	19	488	449
		488	449
Total		82,238	77,713

Note 25. Financial Instruments (continued)

Cash and Cash Equivalents

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

Other Financial Assets

Other investments are held with financial institutions, which are rated 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.

Trade and Other Receivables

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

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

By the nature of the Councils operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural and energy sector, there is also a concentration in these sectors.

	Notes	2018 $'000	2017 $'000
Ageing of past due receivables and the amount of any impairment is disclosed in the following table:			
Receivables			
Fully Performing		8,734	11,144
Past due:			
- 31 to 60 days overdue		113	265
- 61 to 90 days overdue		-	-
- Greater than 90 days overdue		194	97
- Impaired		(187)	(94)
Total	11	8,854	11,412

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.

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

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

Note 25. 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	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
2018					
Trade and Other Payables	6,210	-	-	6,210	6,732
Loans - QTC	2,194	6,885	9,318	18,397	14,321
	8,404	6,885	9,318	24,607	21,053
2017					
Trade and Other Payables	4,358	-	-	4,358	4,358
Loans - QTC	2,154	6,554	7,811	16,519	12,964
	6,512	6,554	7,811	20,877	17,322

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 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 25. 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
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)
2017					
QTC Cash Fund	26,856	269	(269)	269	(269)
Other Investments	37,585	376	(376)	376	(376)
Loans - QTC	12,964	(130)	130	(130)	130
Net	77,405	515	(515)	515	(515)

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 26. Transactions with Related Parties

(a) Associates

	Details	Amount of transactions during year	Outstanding Balance (incl. Commitments)	Doubtful Debts Expense Recognised
2018		$'000	$'000	$'000
Associates Total	#	20	-	-
		20	-	-
2017				
Associates Total	#	20	-	-
		20	-	-

\# 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)
2018		$'000	$'000
Purchase of materials and serices from entities controlled by KMP	#	21	-
Payments to non-profit associations a KMP is a controlling committee member.	##	13	-
		34	-
2017			
Purchase of materials and serices from entities controlled by KMP	#	41	-
Payments to non-profit associations a KMP is a controlling committee member.	##	21	-
		62	-

\# 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.

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

Note 26. Transactions with Related Parties (continued)

(c) Key Management Personnel

Transactions with Key Management Personel

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:

	2018 $'000	2017 $'000
Short-Term Employee Benefits	1,601	1,470
Post-Employment Benefits	156	174
Long-Term Benefits	23	30
Total	1,780	1,674

Maranoa Regional Council

General Purpose Financial Statements
for the year ended 30 June 2018

Management Certificate
for the year ended 30 June 2018

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the 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 47, 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**
16 October 2018	16 October 2018

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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 2018, 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 2018, 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 the Maranoa Regional Council's annual report for the year ended 30 June 2018, 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.

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

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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 2018:

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

16 October 2018

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

for the year ended 30 June 2018

	Actual 2018	Target 2018

Measures of Financial Sustainability

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

Performance Indicators

	Actual 2018	Target 2018
1. Operating Surplus Ratio Net Result (excluding capital items) [1] Total Operating Revenue (excluding capital items) [2] An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	-6.19%	0 - 10%
2. Asset Sustainability Ratio Capital Expenditure on the Replacement of Infrastructure Assets (renewals) Depreciation Expense of Infrastructure Assets An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.	44.55%	more than 90%
3. Net Financial Liabilities Ratio Total Liabilities less Current Assets Total Operating Revenue (excluding capital items) [2] An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.	-71.85%	less than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2018.

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 2018

Certificate of Accuracy
for the year ended 30 June 2018

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

In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.

Tyson Golder
MAYOR

16 October 2018

Julie Reitano
CHIEF EXECUTIVE OFFICER

16 October 2018

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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 for the year ended 30 June 2018 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 2018 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 2018, 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.

16 October 2018

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Maranoa Regional Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2018

	Target 2018	Actual 2018	Forecast 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Measures of Financial Sustainability												
Council's performance at 30 June 2018 against key financial ratios and targets.												
Performance Indicators												
1. Operating Surplus Ratio Net Result (excluding capital items) [1] / Total Operating Revenue (excluding capital items) [2]	0 - 10%	-6.19%	-2.50%	-0.20%	-0.10%	0.10%	0.30%	0.40%	0.60%	0.70%	0.80%	0.90%
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	> 90%	44.55%	147.10%	91.30%	94.70%	100.40%	100.30%	130.90%	102.20%	107.40%	117.50%	105.20%
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]	< 60%	-71.85%	-35.70%	-35.30%	-35.80%	-35.40%	-38.20%	-34.50%	-37.90%	-40.20%	-40.20%	-42.70%
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.												

Maranoa Regional Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

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

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

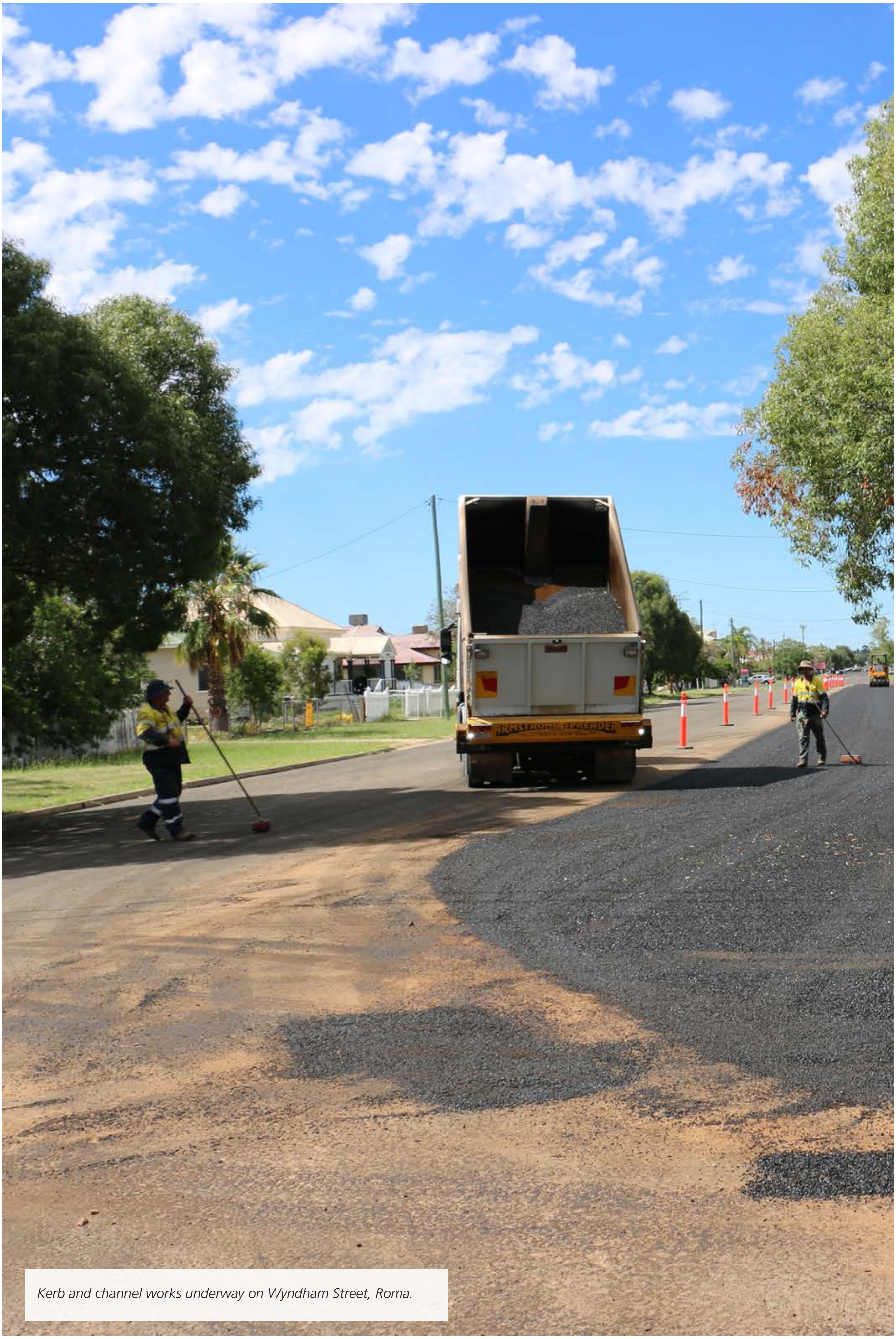
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Tyson Golder
MAYOR

16 October 2018

Julie Reitano
CHIEF EXECUTIVE OFFICER

16 October 2018



Kerb and channel works underway on Wyndham Street, Roma.