

Murweh Shire Council



Annual Report

2010-2011

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Message from the Mayor

It is my pleasure to present this report on behalf of my fellow councilors for the year ended 30th June 2011.

It has been a positive year restrained mainly by frequent but welcome rain. The weather has slowed much of our road works especially on the rural road network. The roads work program for the next few years is extensive and will see the council workforce fully occupied and committed to meeting timeframes and budgets as set in the funding arrangements with the state and federal governments.

Much community development has occurred of which I am particularly proud. Augathella and Morven townships have both had significant expenditure on parks and other public places for the enjoyment of locals and tourists. Charleville now has a medical precinct with a doctor's surgery and dental clinic side by side.

Pressure for more housing space in Charleville has been a priority for the council and we look forward to making further headway on addressing this in the coming months. This priority is part of our planning for further flood minimization for the whole community of Charleville. Our annual disaster preparedness activities are now a critical part of shire life as Mother Nature continues to challenge us.

Having experienced our own natural disasters over the years it was a privilege to see a team of our staff support the residents of the Lockyer Valley after their devastating floods earlier this year. The experience of our staff in such circumstances was welcomed and appreciated by those they helped.

It is a pleasure to work with the other three shires in our region. Specifically we attend to matters of regional economic development, regional local government matters and regional planning. Our shire benefits greatly from this collegial approach.

Your councilors are committed to financially responsible budgeting and delivery. During the year we have maintained an impressive level of service and delivery while maintaining a restrained rates increase.

It has been an enjoyable and productive year and for this I thank my fellow councillors and especially Deputy Mayor, Cr Denis Cook. As there will be local government elections in March 2012 I thank the councilors who have served the community on this council for their spirit of determined cooperation. For those who stand for re-election, I wish them well.

I cannot overstate the wise advice and support of the Chief Executive Officer and his staff. They provide professional and dedicated support to the councilors in a genuine spirit of improving the lifestyle for all residents of the shire.



Cr Mark O'Brien
MAYOR



Chief Executive Officers Report

This year will long be remembered for the devastating flooding and cyclones that affected much of Queensland.

For once Charleville was spared although the much welcomed rainfall in the rural areas of our Shire contributed almost \$30Million of damage to our road network. Repairs to our roads are well underway and will be the main focus of Council's attention for the next two years.



Quadrennial local government elections will be held in March 2012 and a new Council will be elected for the next four years.

New planning and management reports including the community plan and corporate plan will be finalised in the next few months.

Flood mitigation planning and funding will as usual occupy much of Councils attention.

I would like to thank a great work force for their efforts during the year and very supportive Councillors who have worked so diligently for the residents of the Shire.

A handwritten signature in blue ink, consisting of a stylized 'C' and 'B' followed by a long horizontal line.

C D Blanch PSM MLGMA
Chief Executive Officer

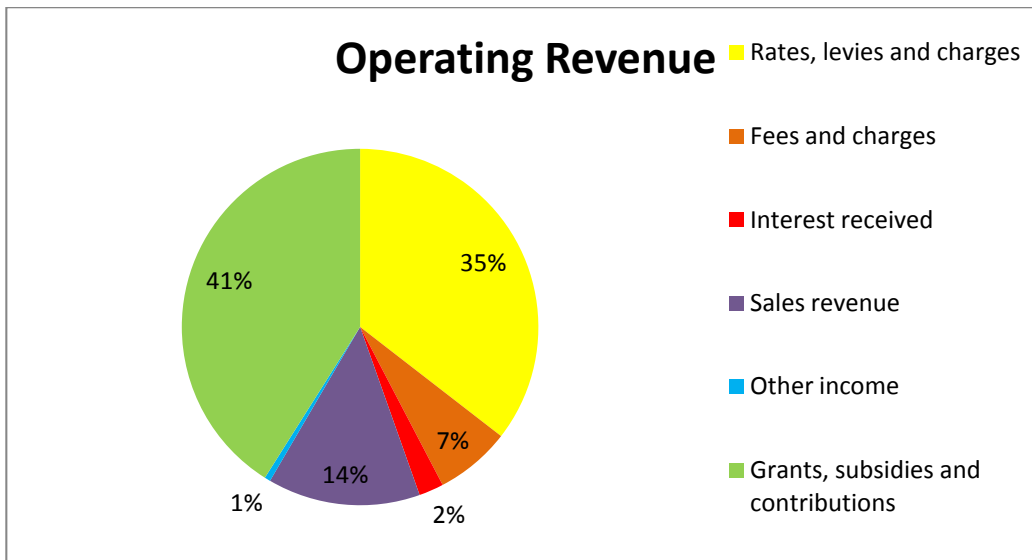


COMMUNITY FINANCIAL REPORT

An analysis of the expenses compared to revenue is as follows:

As in previous years the proportion of grant revenue is relatively high. This reflects Council's commitment to seek external funds to help improve roads and local facilities.

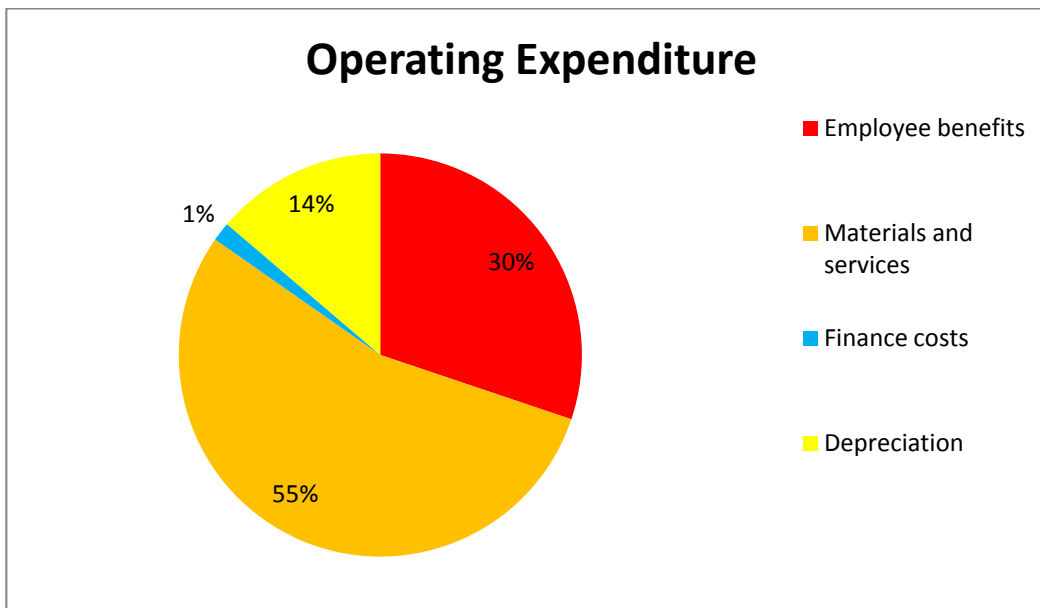
There is much evidence of these improvements in the shire such as the new dental surgery, the Meat Ant Park in Augathella, and the repair and sealing of roads following the floods during the previous financial year.



In relation to expenses; employee costs and materials and services make up 85% of Council's operating costs. Employee costs include staff and related employee expenses.

Materials and services include such items as general operating items to maintain and operate various services for the shire.

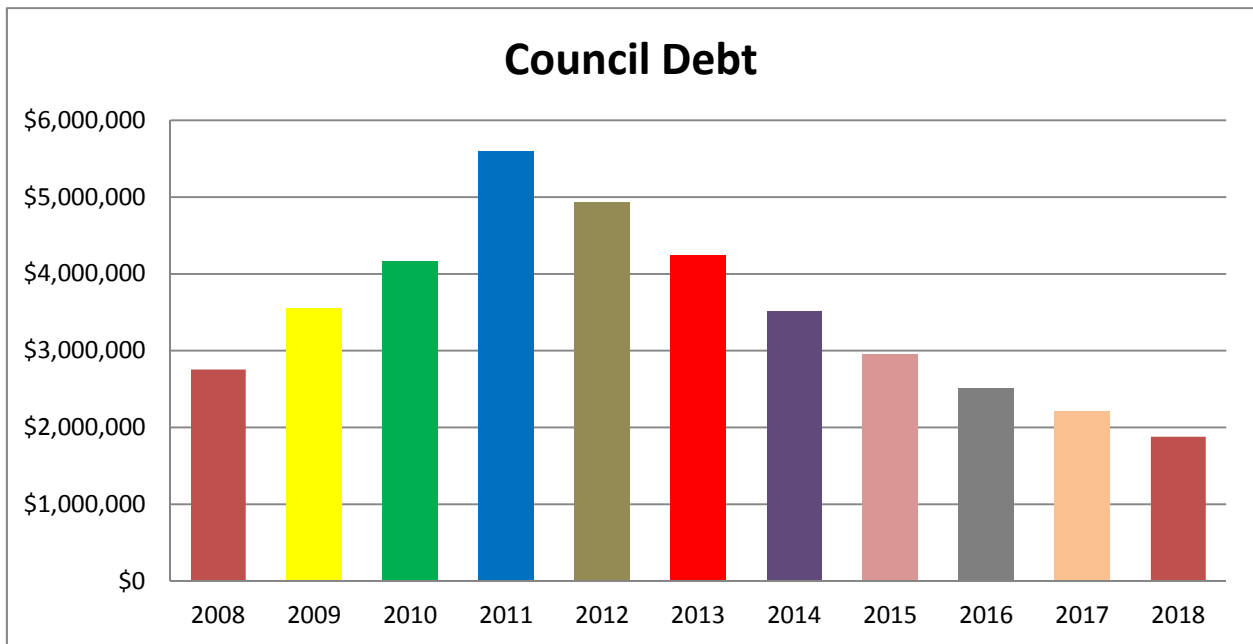
Depreciation consists of 14% of all operating costs.



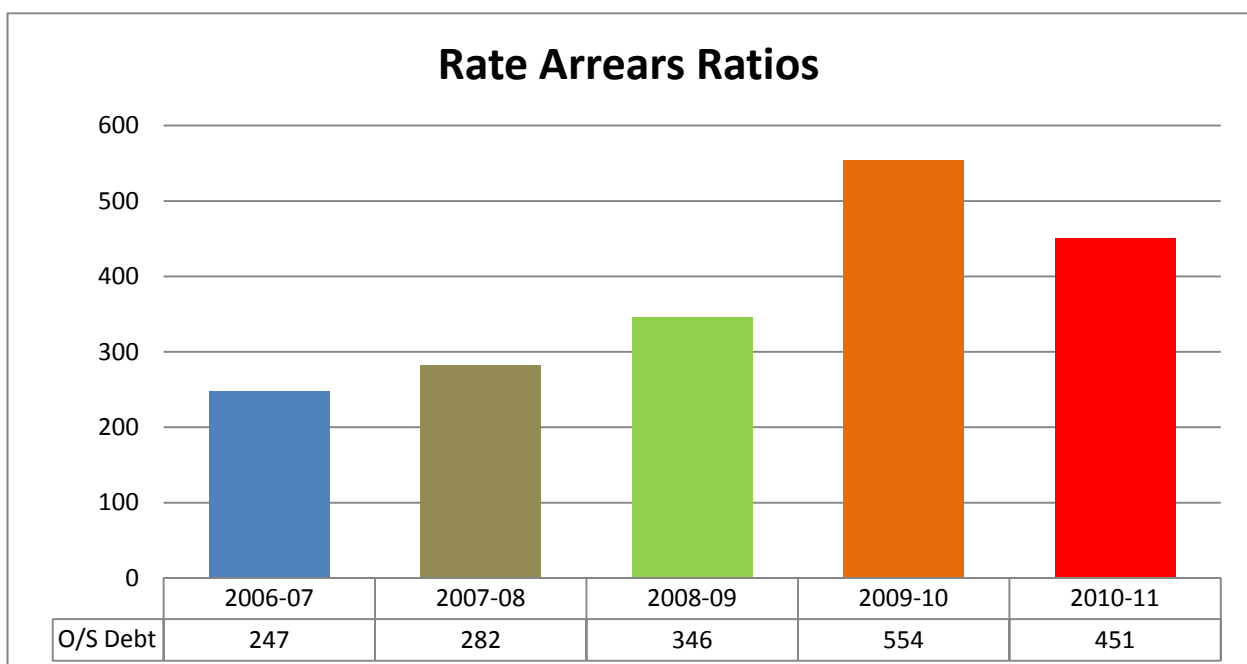
Whilst depreciation is a non-cash item, it is used as a guide to help Council to allocate sufficient cash reserves to help meet the costs of future replacement of plant and equipment, roads and other important facilities in the Shire.

Other ways to fund new assets, or upgrades to existing assets is to borrow. Borrowing of funds should be used for long term assets in order to reduce inter-generational inequity. Council is always prudent in deliberations concerning borrowed funds.

A summary of the level of Council debt is expressed in the figure below, which indicates that debt has reached a peak and will start to decrease from 2011 onwards.



In the next graph the Rate Arrears Ratio is a comparison of the level of Council's outstanding rates over the last five (5) years. The graph shows that Council's effort in recovering these amounts has improved during 2010-11.

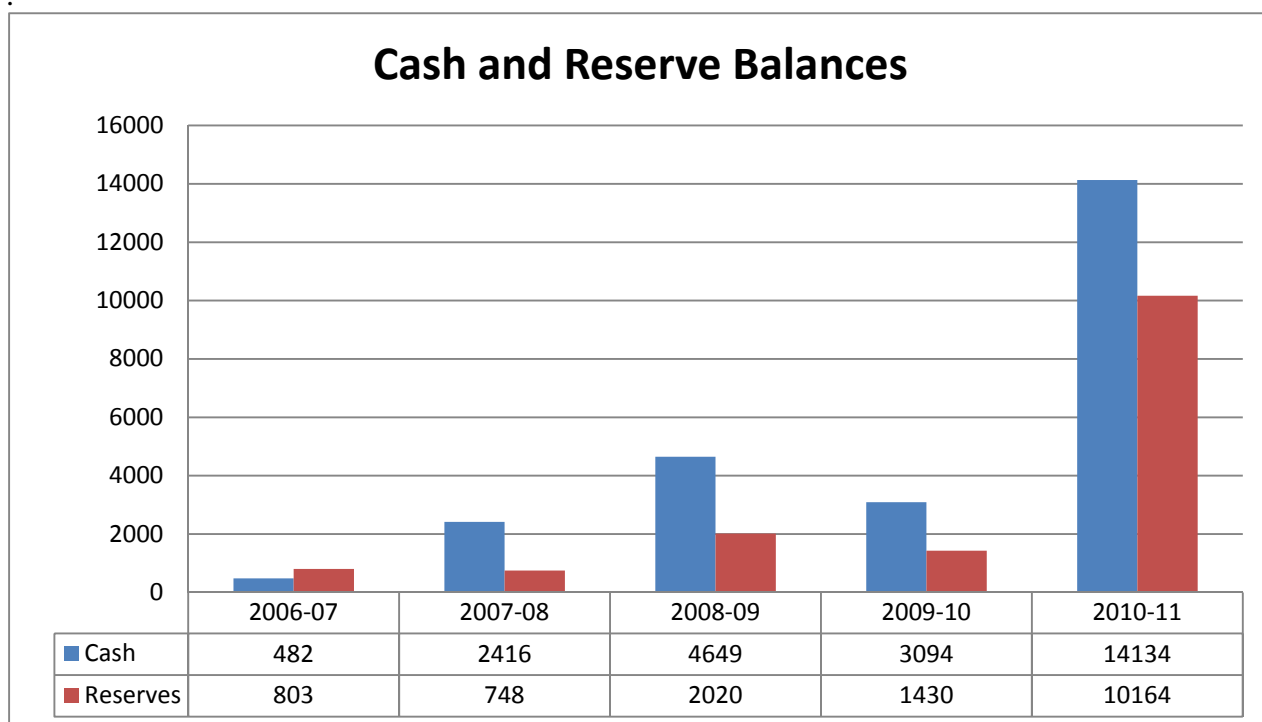


Underlying Council’s ongoing viability and performance is the need to maintain operating cash and cash reserves.

Cash is raised throughout the year to fund services and maintain roads and facilities. Each year, Council also puts extra cash away into reserves for the use in future years.

The Statement of Cash Flows records the movement in cash for the year and where Council spends and receives its cash. At the year-end cash held was \$14.1M with reserves of \$2.0M.

A summary of cash and reserves for the past five (5) years is as follows:



It is essential that Council maintains such reserves to ensure current and future infrastructure is maintained and upgraded when necessary.

Other reasons for maintaining reserves include: future upgrades to plant, buildings and facilities, commitments for road works and employee entitlements.

Council is fully committed to effectively managing the finances of the Shire. Revenue required to provide a high level of service, in accordance with the Corporate and Operational Plans is continually being challenged and new sources of revenue are difficult to obtain. Cost savings and cutbacks can be achieved, but not to an unlimited level and not without impacting other areas of the Shire.

Under the aftermath of the global financial crisis and the slow recovery, and after nearly 10 years of drought followed by a severe flood in 2010, Council faces the challenge to continue to operate financially while remaining fiscally responsible.

RESOLUTIONS

In accordance with section 113 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following resolution is provided. The resolution was adopted in February 2011 and it was resolved that the rates of remuneration would not remain at the same levels as for the 2010 financial year.



Back row (l to r) Cr Denis Cook Deputy Mayor, Chief Executive Officer Mr Chris Blanch, Cr Cec Russell
Front row: (l to r) Cr Andrew McInnerney, Cr Annie Liston, Cr Mark O'Brien Mayor

Remuneration schedule

The levels of remuneration are based upon the recommendations of the Local Government Tribunal effective from 1 January 2011.

Category 2	Position	Salary	Telephone	Travelling
	Mayor	\$69,610.00	\$2,000.00	
	Deputy Mayor	\$37,970.00	\$1,000.00	
	Councillors			
	Cr A. Liston	\$31,640.00	\$1,000.00	
	Cr C. Russell	\$31,640.00	\$1,000.00	\$3,600.00
	Cr A. McInnerney	\$31,640.00	\$1,000.00	\$3,600.00

The remuneration is paid in twelve equal installments at the end of each calendar month.

Councillors

Councillor remuneration and meeting attendance – 1 July 2010 to 30 June 2011

Councillor	Meeting Attendance	Remuneration	Superannuation/ Expenses Incurred	Total Remuneration
Cr Mark O'Brien	11	\$71,610.00	-	\$71,610.00
Cr Denis Cook	11	\$38,970.00	\$4676.40	\$43,646.40
Cr A. Liston	12	\$32,640.00	-	\$32,640.00
Dr C. Russell	12	\$36,240.00	-	\$36,240.00
Cr A. McInnerney	12	\$36,240.00	\$4348.80	\$40,588.80

Expenses reimbursement policy

Expenses

a. Representing Council

Where Council resolves Councillors are required to attend conferences or workshops, Council will reimburse expenses associated with attending the event since participation is part of the business of council.

b. Professional Development Needs

Where Council resolves that all or some Councillors are to attend training or workshops for skills development, Council will reimburse costs for the course.

Where a Councillor identifies a need to attend a conference, workshop or training to improve skills related to their role as a Councillor, Council will allow for expenses to be covered for a maximum of \$5000.00 per Councillor during the current term of Council.

Travel Costs

Travel costs for Councillors attending approved conferences, seminars and meetings will be met by Council excepting those meetings held in Charleville.

An annual travel allowance of \$3600.00 per annum will be paid to Councillor Andrew McInnerney and Councillor C. Russell to compensate them for the distances (McInnerney 100kms, Russell 89kms) that they live from Charleville. Log books will be kept to acquit the allowance with any shortfall to be returned to Council.

Accommodation

Accommodation for approved events will be arranged and paid for by Council administration.

Meals

Council will meet the actual cost for meals for approved events.

Hospitality Expenses

Council will reimburse the cost of hospitality expenses incurred for Council business or activities upon production of receipts as follows;

Mayor \$2000.00 per annum
Councillor \$500.00 per annum

Administration tools and access to Council office amenities

If required from the Chief Executive Officer or under his guidelines the following will be provided to Councillors for activities associated with Councillor duties;

- Access to office space and meeting rooms if available

- Secretarial support
- Council telephone and internet
- Fax and scanners
- Printer, photocopier, paper shredder
- Stationery
- Publications relating to Council activities
- Other administrative necessities

Home Office

No allowance will be paid

Maintenance Costs of Council Owned Equipment

Council will maintain equipment and facilities owned by Council.

Name Badges and Uniforms

Council will supply name badges to Councillors and safety clothing where required by WHS regulations.

Vehicle

Vehicles will not be supplied to Councillors except for approved travel to conferences and meetings approved by the Chief Executive Officer. No private use is permitted.

Telecommunication Needs

No mobile phones or land lines will be provided to Councillors. An annual allowance will be paid to offset telecommunication costs as follows;

Mayor	\$2000.00 per annum
Councillors	\$1000.00 per annum

Proof of expenditure will be supplied annually with any unexpended allowance reimbursed to Council.

Legal Costs

- c. Council may resolve to cover costs incurred through any inquiry, investigation, hearing or legal proceedings into the conduct of a Councillor, or arising out of, or in connection with the Councillors performance of his civic functions.
- d. Councillors will be covered under Council insurance policies while discharging civic duties.

Fuel Costs

Fuel costs will be reimbursed if a Councillor is using a Council vehicle for approved purposes upon production of receipts.

Car Parking Amenities

Not provided.

Conduct and performance of councillors

In accordance with section 113 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following conduct and performance reporting is provided.

Description	Number
Total number of breaches of the local government's code of conduct committed by Councillors as decided during the year by the local government.	Nil
The name of each Councillor decided during the year by the local government to have breached the code, and details of any penalty imposed.	Nil
The number of complaints about alleged code of conduct breaches by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the Chief Executive Officer under chapter 3, part 3A.	Nil
The number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government.	Nil
The number of complaints resolved under the local government's general complaints process during the year and the number of those complaints that related to a breach by a Councillor of the local government's code of conduct.	Nil
The number of complaints made to the ombudsman, and notified to the local government, during the year about decisions made by the local government in relation to enforcement of its code of conduct.	Nil

In accordance with section 116 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following information is provided concerning overseas travel.

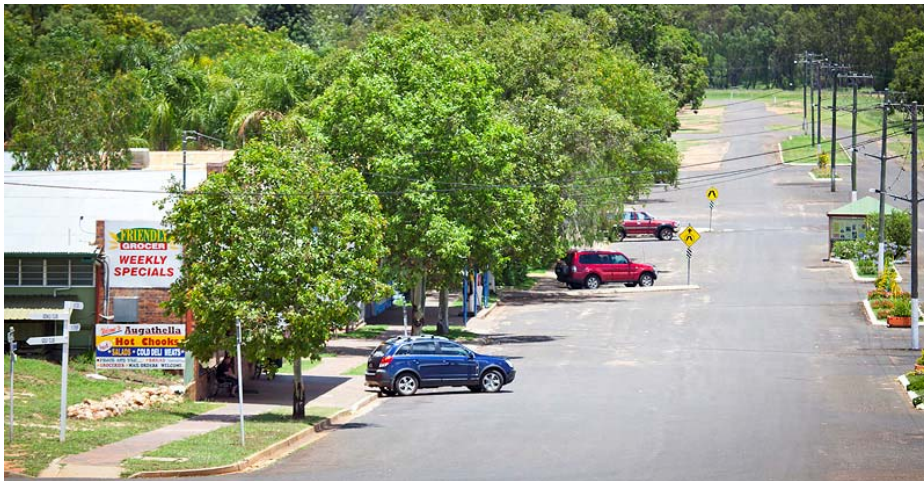
Description	Response
The name of councillor or employee who undertook overseas travel.	Nil
If an employee undertook overseas travel-the position held by the employee.	Nil
The destination of overseas travel.	Nil
The purpose and cost of overseas travel.	Nil



GRANT EXPENDITURE TO COMMUNITY GROUPS

In accordance with section 117 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following information is provided concerning expenditure on grants to community organisations. The Council does not operate discretionary funds.

Description	Amount
Expenditure on grants to community organisations	\$101,854
Total	\$101,854



RESERVES & CONTROLLED ROADS

In accordance with section 118 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following information is provided concerning reserves and controlled roads.

Murweh Shire Council controls---

- (a) 121 hectares of parks and reserves; and
- (b) 2,684 km of rural and 75 km of urban roads not owned by Murweh Shire Council.



OTHER CONTENTS

In accordance with section 119 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following information is provided for inclusion in the Annual Report.

Registers and public documents

Item	Description	Access
Register of personal interests of Councillors and Senior Officials	To record certain financial and other personal interests of relevant individuals.	Councillor's interests are available to any person upon written application to the CEO.
Investment Register	Record details of Council's investments	Available to any person
Register of Local Planning Policies	To record the current policies as set by Council	Available to any person
Register of Delegations of Authority by Council.	To record all powers delegated by the Local Government or the Chief Executive Officer's delegated powers.	Available to any person
Register of Delegations of Authority by the CEO.	To record all powers delegated by the CEO.	Available to any person
Register of Local Laws	To record all local laws set by Council	Available to any person
Register of Policies	To record the current policies as set by Council	Available to any person
Register of Roads	To record the details of the shire roads.	Available to any person
Contract Register	To record the details of all contracts.	Available to any person
Register of Legal Documents	To hold a record of all legal documents.	Available to any person
Register of Charges	To record all charges levied by Council.	Available to any person

Item	Description	Access
Building Application Register	To record the details of all applications.	Available to any person
Cemetery Register	To record all burial sites	Available to any person
Corporate & Operational Plan	To document the goals and strategies set by Council for the period specified in each plan.	Available to any person
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available to any person
Code of Conduct	To outline the behaviours expected by staff and Councillors	Available to any person

Revenue Policy - Summary

To identify the principles used by Council for making and levying rates and charges, exercising powers to grant rebates and concessions and for recovery of unpaid amounts of rates and charges. This policy applies to Murweh Shire Council and all related business activities

The Making of Rates and Charges - User Pays - It is Council's policy that a *user pays principle* applies to all specific services provided to ratepayers and other users in Murweh Shire. Charges for other specific services, licences, permits, contributions, headworks etc are subject to user pays principles and Council's aim is for full cost recovery. Exceptions to the *user pays principle* include general services to the community as a whole.

General rates are based on unimproved property values each year. A system of differential categories is utilised to equitably spread the economic cost of general services supplied. Categories are as determined by resolution of Council annually.

There are different water access charges and water allocations for users based on water units. Water units are defined each year by Council. Council will fix each year the charges and water allocation for each water unit. Usage in excess of an allocation will be charged at a rate per kilolitre fixed by Council each year.

Sewerage charges are based on the number of pedestals and urinals installed at each premises. Council will fix the sewerage rate per unit each year.

Discount on all rates shall apply to ratepayers who pay all outstanding amounts by the due date stated on the rates notice which shall be at least 30 days following the issue of the notice.

Concessions for rates and charges - remission for general rates is granted to holders of Pensioner Concession Cards and Veterans Affairs Pensioner Gold Cards who reside in Murweh Shire in a

rateable property owned by them. Remissions may be payable on a proportionate basis based upon ownership of the property.

Senior staff remuneration

One (1) senior contract employee with a total remuneration package in the range of \$150,000 - \$175,000

Two (2) senior contract employees with a total remuneration package in the range of \$120,000 - \$149,000

Internal audit

Council is not required to have an audit committee however it is a requirement to report annually on internal audit processes. Whilst Council is without an internal auditor, such processes are included as part of the role of the finance section.

Equal employment opportunity

Council has developed and implemented an Equal Employment Opportunity Policy and Management Plan. The policy and plan have been applied in all areas of Council's operations and aims to ensure that the workplace is free of discrimination, that appointments are made on merit alone and that all forms of harassment are discouraged.

Corporate and operational plans

Council is required to adopt a Corporate Plan to guide Council's decision making. This document establishes the framework and identifies goals, objectives and strategies to be pursued by Council to meet the aspirations and needs of the community. The plan is developed in consultation with the community and can be revised at any time during the life of the plan to ensure council is following its strategic direction.

The Operational Plan is prepared annually and outlines Council's work program for the next financial year including costs and completion timelines, this document is subject to quarterly reviews and must be consistent with the Council's Corporate Plan.

In accordance with legislative requirements, Council reviewed the operational plan on four occasions relevant to the financial period and on each occasion Council considered an assessment of its progress in the implementation of the operational plan, which was accepted as being satisfactory. Commencing 1 July 2011 Council will receive a written assessment of the implementation of the operational plan at the end of each quarter.

A summary of the projects completed in 2011 taken from the 2010/2011 operational plan is included in this report on page 15.

Relevant measures of financial sustainability

Financial sustainability ratios are included on page 14 for the next ten years which is the time frame for the long term financial forecast. Council recognises the importance of operating within the parameters that these financial sustainability ratios provide and accordingly actual results are measured against these parameters at regular intervals.

Financial Sustainability Ratios

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Asset Consumption	56%	56%	55%	55%	54%	54%	53%	53%	52%	52%
Asset Sustainability	122%	118%	118%	119%	115%	115%	116%	116%	117%	117%
Interest Coverage	2.39%	2.17%	1.82%	1.46%	1.21%	1.18%	1.17%	1.15%	1.13%	1.12%
Net Financial Liabilities	2.6%	21.4%	32.5%	39.7%	45.9%	46.0%	44.3%	42.3%	43.1%	43.2%
Operating Surplus	12.2%	14.2%	18.5%	20.5%	20.0%	22%	25%	27%	26%	29%
Working Capital	3.2:1	3.9:1	4.3:1	5.4:1	7.5:1	7.5:1	7.7:1	7.7:1	7.8:1	7.8:1

Completed Projects 2010-2011

Arts & Culture

Outcome

A comprehensive library service

Effective RADF program with a dedicted committee delivering arts and cultural development activities in partnership with community

Strategies

Provide quality modern library services to the Shire's communities.	DCS	Continued operation with quality service delivery for all shire libraries	Complete	Upgrade Morven Library	\$ 30,000	
			Complete	Complete relocation of Charleville Library to Alfred Street premises.	\$ 300,000	

Disaster Management

Outcome

Well trained, responsive emergency services

Enhance Council's natural disaster capabilities throughout the shire to ensure community sustainability.

Strategies

	DES	Undertake rural road and street repairs in Augathella and Charleville due to flooding in January, 2008 as per schedule submitted to MRD and DLG&P	Complete	Works undertaken as per schedule and claims submitted in a timely fashion to meet cash flow requirements.	\$2.0 M	State and Federal Government
	Mayor / CEO	Obtain government grant to assist with raising of private houses in flood area.	Complete			
	Mayor / CEO	Obtain funding for flood mitigation of Bradleys Gully in Charleville following detailed staudy by consultant.	Complete			

Completed Projects 2010-2011

Economic Development Business

Outcome

Vibrant, diversified businesses within the Shire, encouraging a broadening of the economic base

Strategies

Promote links between businesses and government to enhance business opportunities.	EDO	To assist with the development of a new dental surgery for the community	Complete	Completion of new dental surgery in the old Charleville Library building.	\$ 400,000	Grant - Cmwth Dept Health & Ageing
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Water Reticulation

Outcome

Safe water collection, treatment and distribution systems

Strategies

Plan for future water needs and take required action.	DES / T/Officer	Water main upgrade to Gun Club	Complete	Infrastructure completed and within budget.	\$ 186,000	Council
Replacement of Water Mains	DES	Galatea Street 150mm \$100,800 (Wills-Wells) Warrego Lane 100mm \$26,600 Alfred Street 150mm \$35,200 (River-Warrego St)	Complete	Meets regulatory requirements	\$ 162,600	Council

Sewerage

Outcome

Efficient sewage collection, treatment and disposal systems

Strategies

	DES / T/Officer	Connection of the four house blocks in Parry St currently on septic to the Sewerage System.	Complete	Works undertaken and within budget		
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Completed Projects 2010-2011

Plant

Outcome

Modern and efficient plant fleet

Strategies

	DES	Provision of new plant and equipment	Complete	Replacement plant schedule completed, approved and plant purchased in line with schedule	1,326,000	Council - \$376,000 from sales (net \$950,000)
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Local Roads

Outcome

Maintained and progressively improved local road network

Strategies

Road maintenance occurring on all Shire Roads	DES	Allocate a shire road / town maintenance program for 2010/2011	Complete	Schedule undertaken and roads maintained within budget limitations. Monthly report to council on works undertaken.		
	DES	Upgrade rural road network as per agreed RRG schedule and TIDS funding.	Complete	Killarney and Nebine roadworks completed within timeframe and within budget.	\$ 475,000	Subsidy \$224,808 General Revenue \$250,192
Undertake and continue Footpath paving Augathella, Morven, Charleville	DES	TIDS	Complete	Timeframe completed and expenditure within budget	\$ 170,000	Subsidy \$16000 Gen Revenue
Roads to Recovery Road Upgrades	DES	Complete expenditure as per the agreed new Roads to Recovery Funding program for 10/11	Complete	Biddenham Road \$400,000 Mount Tabor Road \$200,000 Laguna Road \$200,000	\$ 800,000	Federal Government
Footpath Paving	DES	Repair footpaths in Charleville and Augathella	Complete	Completed to meet safety standards	\$ 80,000	TIDS \$40,000 Council \$40,000
Construction of Roads - replace gravel with bitumen	DES	Adavale Road \$332,756 Langlo River Road \$307,000	Complete	Completed to standard specifications	\$639,756	Council \$327,419 Regional Roads Group \$312,337
Road Sealing - second seals	DES	Adavale Road \$260,000 Mt Morris Road \$170,000 Dillalah Road \$70,000	Complete	Completed to standard specifications	\$500,000	Council

Completed Projects 2010-2011

Completed Projects 2010-2011

Swimming Pools

Strategies

	DES / Contractor	Parks & Garden crew to negotiate maintenance of surrounds with contractor to ensure properly maintained.	Complete	Positive feedback from users of condition and appearance of facility. No health related matters reported owing to operation of pool.		
	DCS	Additional assistance provided to Morven and Augathella for the operation of the school pool.	Complete	Assistance provided in a timely manner as per budget.	\$ 24,000	Council

Augathella Recreational Grounds

Strategies

Provision of adequate safe and accessible playground / recreation facilities - Meat Ant Park	DES	Completion of Augathella Meat Ant Park	Complete	Construction of new park completed within time frame and within budget	\$ 230,000	RLIP Funding \$100,000; RLCIP Funding \$30,000; Council \$100,000
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Town Halls / Cemeteries & Memorials

Outcome

Well-maintained facilities

Town Halls

Strategies

		Painting & air conditioning Charleville Town Hall	Complete	Works completed within timeline and within budget	\$ 100,000	
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Showgrounds

Strategies

Construct a new Gymnasium at Showgrounds	DES	Prepare site and construct building - install power and water	50% complete	Meets all regulatory requirements	\$ 500,000	Council - carried over to 2011/2012
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Completed Projects 2010-2011

Public Health Management

Outcome

Protection & promotion of public health

Healthy community exhibiting low rate of preventable disability, illness and injury

Strategies

Construct Dental Surgery where old library was situated	DES	Renovate building to meet requirements regarding dental operating standards	Complete	Meets all regulatory requirements	\$ 438,020	Fully funded by government grants
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Housing for people living in the area

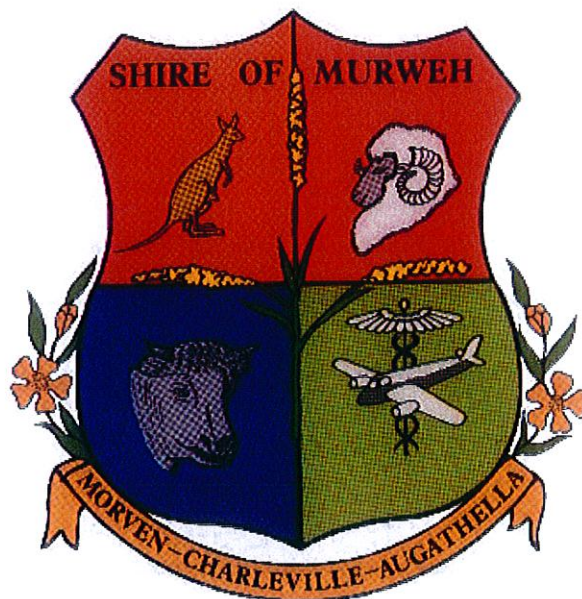
Outcome

Adequate availability of quality, affordable public and community housing

Acknowledgement of the significance of staff housing in the region in recruitment and retention to both public and private sector.

	DCS	Construction of 2 x 2brm independent living units in the town of Augathella	Complete	Timeframe completed and expenditure within budget	\$ 520,000	Grant -DIP \$520.000
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MURWEH SHIRE COUNCIL



ANNUAL FINANCIAL STATEMENTS 30 JUNE 2011

Murweh Shire Council

Financial statements

For the year ended 30 June 2011

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Murweh Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	2011 \$ 000's	2010 \$ 000's
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	5,188	4,862
Fees and charges	3(b)	1,001	870
Interest received	3(c)	328	150
Sales revenue	3(d)	2,472	3,457
Other income	3(e)	127	31
Grants, subsidies, contributions and donations	4(a)	19,008	8,546
		<u>28,124</u>	<u>17,916</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	1,567	1,522
Total revenue		<u>29,691</u>	<u>19,438</u>
Capital income	5	(174)	106
Total income		<u>29,517</u>	<u>19,544</u>
Expenses			
Recurrent expenses			
Employee benefits	6	6,141	6,797
Materials and services	7	11,105	9,007
Finance costs	8	313	239
Depreciation and amortisation	9	3,247	3,363
		<u>20,806</u>	<u>19,406</u>
Capital expenses			
Total expenses		<u>20,806</u>	<u>19,406</u>
Net Result		<u>8,711</u>	<u>138</u>
Other comprehensive income for the year			
Increase in asset revaluation reserve	18	2,163	31,602
Total comprehensive income for the year		<u>10,874</u>	<u>31,740</u>

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

Murweh Shire Council
Statement of Financial Position
as at 30 June 2011

	Note	2011 \$	2010 \$
		000's	000's
Current assets			
Cash and cash equivalents	10	6,134	3,094
National Bank of Australia	10	8,000	-
Trade and other receivables	11	1,702	2,889
Inventories	12	223	196
Non-current assets classified as held for resale - Land	13	-	613
Total current assets		<u>16,059</u>	<u>6,792</u>
Non-current assets			
Property, plant and equipment	14	106,800	103,122
Work in Progress	14	590	-
Total non-current assets		<u>107,390</u>	<u>103,122</u>
Total assets		<u>123,449</u>	<u>109,914</u>
Current liabilities			
Trade and other payables	15	2,968	1,868
Provision for long service leave	17	990	677
Borrowings	16	655	537
Total current liabilities		<u>4,613</u>	<u>3,082</u>
Non-current liabilities			
Provision for long service leave	17	88	262
Borrowings	16	4,927	3,623
Total non-current liabilities		<u>5,015</u>	<u>3,885</u>
Total liabilities		<u>9,628</u>	<u>6,967</u>
Net community assets		<u>113,821</u>	<u>102,947</u>
Community equity			
Asset revaluation surplus	18	67,218	65,055
Retained surplus/(deficiency)		38,077	36,462
Other reserves	19	8,526	1,430
Total community equity		<u>113,821</u>	<u>102,947</u>

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

Murweh Shire Council
Statement of Changes in Equity
For the year ended 30 June 2011

	Asset revaluation surplus	Retained surplus	Other Reserves	Total
Note	19		20	
	\$	\$	\$	\$
	000's	000's	000's	000's
Balance as at 1 July 2010	65,055	36,462	1,430	102,947
Net operating surplus	-	8,711	-	8,711
Increase / (decrease) in asset revaluation surplus	18 2,163	-	-	2,163
Total comprehensive income for the year	<u>2,163</u>	<u>8,711</u>	<u>-</u>	<u>10,874</u>
Transfers to and from reserves				
Transfers to/from other reserves	19 -	(7,096)	7,096	-
Total transfers to and from reserves	<u>-</u>	<u>(7,096)</u>	<u>7,096</u>	<u>-</u>
Balance as at 30 June 2011	<u>67,218</u>	<u>38,077</u>	<u>8,526</u>	<u>113,821</u>
Balance as at 1 July 2009	33,453	35,734	2,020	71,207
Net operating surplus	-	138	-	138
Other comprehensive income for the year	-	-	-	-
Increase / (decrease) in asset revaluation surplus	18 31,602	-	-	31,602
Total comprehensive income for the year	<u>31,602</u>	<u>138</u>	<u>2,020</u>	<u>31,740</u>
Transfers to and from reserves				
Transfers to/from other reserves	19 -	590	(590)	-
Total transfers to and from reserves	<u>-</u>	<u>590</u>	<u>(590)</u>	<u>-</u>
Balance as at 30 June 2010	<u>65,055</u>	<u>36,462</u>	<u>1,430</u>	<u>102,947</u>

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

Murweh Shire Council
Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
		000's	000's
Cash flows from operating activities			
Receipts from customers		11,038	7,561
Payments to suppliers and employees		(16,483)	(16,105)
		<u>(5,445)</u>	<u>(8,544)</u>
Interest received		328	150
Borrowing costs		(313)	(237)
Non capital grants and contributions		19,008	8,546
Net cash inflow (outflow) from operating activities	24	<u>13,578</u>	<u>(85)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(5,872)	(4,019)
Investment - NAB		(8,000)	-
Payments for sale of developed land		-	28
Proceeds from sale of property plant and equipment		345	393
Grants, subsidies, contributions and donations		1,567	1,522
Net cash inflow (outflow) from investing activities		<u>(11,960)</u>	<u>(2,076)</u>
Cash flows from financing activities			
Proceeds from borrowings		2,000	1,000
Repayment of borrowings		(578)	(394)
Net cash inflow (outflow) from financing activities		<u>1,422</u>	<u>606</u>
Net increase (decrease) in cash held		<u>3,040</u>	<u>(1,555)</u>
Cash at beginning of the financial year		3,094	4,649
Cash at end of the financial year	10	<u>6,134</u>	<u>3,094</u>

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

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements for the period 1 July 2010 to 30 June 2011 have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

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

1.B Statement of compliance

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

1.C Constitution

The Murweh 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.

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

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2013
AASB 124 <i>Related Party Disclosures</i> (December 2009)	1 January 2011
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
2009-12 <i>Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments</i> (December 2009)	1 January 2011
2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14)</i> (December 2009)	1 January 2011
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

1.F Adoption of new and revised Accounting Standards continued

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	1 July 2011
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2013
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	1 January 2012
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters	1 January 2013

Management have yet to assess the impact that AASB 9 *Financial Instruments* and 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

The reported results and position of the council will not change on adoption of the other pronouncements as they do not result in any changes to the council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The council does not intend to adopt any of these pronouncements before their effective dates.

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 of property, plant and equipment - Note 1.O and Note 14
Impairment of property, plant and equipment - Note 1.P and Note 14
Provisions - Note 1.S and Note 17
Contingencies - Note 21

1.H Revenue

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

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. 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.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

1.H Revenue continued

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

Council receives cash contributions from property developers to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies. (Headworks include pumping stations, treatment works, mains, sewers and water pollution control works). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

AASB Interpretation 18 has been applied prospectively from 1 July 2009. All cash contributions were recognised as revenue on receipt prior to 1 July 2009.

Rental income

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

Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

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.

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

Financial assets

Cash and cash equivalents (Note 1.J)

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

Financial liabilities

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

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

Finance lease liabilities - measured at amortised cost (Note 1. Q)

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 16 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

1.I Financial assets and financial liabilities continued

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Murweh Shire Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

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

1.J Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with a term of less than 3 months..

1.K Receivables

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

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

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

Because Council has the power 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, raw materials and water 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 Land held for resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the Statement of Comprehensive Income on the signing of a valid unconditional contract of sale.

1.N Investments

Term deposits with a term of three months or more are reported as investments, with deposits of less than three months being reported as cash equivalents.

1.0 Property, plant and equipment

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

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

- Land and improvements
- Parks
- Aerodrome landing strip
- Road, drainage and bridge network
- Buildings and other structures
- Plant and equipment
- Water and sewerage
- Work in progress

Acquisition of assets

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Capital and operating expenditure

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

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is 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 comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

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 14(a).

Major plant

The Council has determined that plant which has an individual cost in excess of \$150,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment.

1.O Property, plant and equipment continued

Capital work in progress

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

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment 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.

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 14.

Land under roads

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

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

1.P Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.Q Leases

Leases of plant and equipment under which the Council as lessee assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Operating leases

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

1.R 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.S Liabilities - employee benefits

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. This liability represents an accrued expense and is reported in Note 15 as a payable.

Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 15 as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 22.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17 as a provision.

1.T 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.

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

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

1.U Asset revaluation surplus

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

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

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

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

1.V Retained surplus

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

1.W Reserves

Flood Mitigation Reserve

This reserve represents amounts set aside for the flood mitigation initiatives which are currently underway.

Infrastructure Replacement Reserve

This reserve represents amounts set aside for the replacement of infrastructure assets.

Building Reserve

This reserve represents amounts set aside for the replacement of buildings.

Constrained works reserve

This reserve represents contributions received for capital works where the required works have not yet been carried out. Unspent grants received by Council are also placed in this reserve until the obligation is satisfied.

Charleville Aerodrome Maintenance Reserve

This reserve is to meet anticipated future maintenance expenditure needs.

Roads Upgrade Reserve

This reserve is to meet anticipated future maintenance expenditure needs.

1.X Rounding and comparatives

The financial statements have been rounded to the nearest \$1000.

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

1.Y Trust funds held for outside parties

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

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

1.Z Taxation

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

2 Analysis of Results by Function

2(a) Components of council functions

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

Corporate Services

Includes general administration functions (clerical support, records, purchasing, payroll, costing, creditors and payments), strategic support (meetings, policy development, budgeting), human resource management (personnel, recruitment, training and development) public relations, and revenue.

Health / Environmental Services

Includes animal control, pest control, health regulation and compliance, immunisation, environmental monitoring, river management, parks and gardens maintenance, refuse collection and disposal, waste management, and aged care housing management.

Engineering Services

Includes construction and maintenance of shire and state controlled roads, stormwater drainage, footpaths, bicycle ways, other private works, street lighting, plant management, engineering development and design.

Water and Sewerage Services

The provision of reticulated untreated bore water and the treatment of sewerwred waste water.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

2. Analysis of results by function
 (b) Income and expenses defined between recurring and capital are attributed to the following functions:

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants								
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate services	4,373	5,861	75	10,309	4,141	75	4,216	232	6,093	64,917	
Environmental and health services	564	618	149	1,331	3,069	149	3,218	(2,505)	(1,887)	501	
Engineering services	14,071	2,539	1,343	17,953	10,350	1,343	11,693	3,721	6,260	47,497	
Water & Sewerage	-	2,089	-	2,089	1,679	-	1,679	(1,678)	410	10,534	
Total Council	19,008	11,107	1,567	31,682	19,239	1,567	20,806	(231)	10,876	123,449	

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants								
	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate services	4,033	3,485	3	7,521	3,868	-	3,868	165	3,653	62,427	
Environmental and health services	18	590	575	1,183	2,482	811	3,293	(2,464)	(2,110)	502	
Engineering services	4,495	3,398	944	8,837	9,209	1,223	10,432	(4,714)	(1,595)	36,247	
Water & Sewerage	-	2,003	-	2,003	1,813	-	1,813	(1,813)	190	10,738	
Total Council	8,546	9,476	1,522	19,544	17,372	2,034	19,406	(8,826)	138	109,914	

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

	Council	
	2011	2010
	\$	\$
	000's	000's
3 Revenue analysis		
(a) Rates, levies and charges		
General rates	3,113	2,926
Water	1,341	1,283
Water consumption, rental and sundries	56	37
Sewerage	770	738
Garbage charges	443	416
Total rates and utility charge revenue	<u>5,723</u>	<u>5,400</u>
Less: Discounts	(474)	(479)
Less: Pensioner remissions	(61)	(59)
	<u><u>5,188</u></u>	<u><u>4,862</u></u>
(b) Fees and charges		
Aerodrome landing and usage fees	204	167
Aerodrome head tax	131	99
Cosmos centre entry and souvenir sales	267	303
Aged care house rent	87	80
Town planning and building fees	64	37
Agistment fees	29	32
Water connection and inspection fees	82	18
Miscellaneous	137	134
	<u><u>1,001</u></u>	<u><u>870</u></u>
(c) Interest received		
Interest received from term deposits	290	125
Interest from overdue rates and utility charges	38	25
	<u><u>328</u></u>	<u><u>150</u></u>
(d) Sales revenue		
Sale of services		
Contract and recoverable works	2,472	3,457
	<u><u>2,472</u></u>	<u><u>3,457</u></u>
<p>The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.</p>		
(e) Other income		
Other income	127	31
	<u><u>127</u></u>	<u><u>31</u></u>
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
General purpose grants	4,234	8,095
State government subsidies and grants	14,774	451
	<u><u>19,008</u></u>	<u><u>8,546</u></u>
(b) Capital		
State government subsidies and grants	1,567	1,522
	<u><u>1,567</u></u>	<u><u>1,522</u></u>

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

	Council	
	2011	2010
	\$	\$
	000's	000's
5 Capital income		
Gain / loss on disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	345	436
Less: Book value of property, plant and equipment disposed of	(519)	(330)
Total capital income	<u>(174)</u>	<u>106</u>
6 Employee benefits		
Total staff wages and salaries	4,555	5,135
Councillors' remuneration	198	192
Annual, sick and long service leave entitlements	1,340	1,241
Superannuation	22 707	678
	<u>6,800</u>	<u>7,246</u>
Less: Capitalised employee expenses	(659)	(449)
	<u>6,141</u>	<u>6,797</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	62	63
Depot and outdoors staff	87	84
Total full time equivalent employees	<u>154</u>	<u>152</u>
7 Materials and services		
Advertising and marketing	29	21
Audit services	60	33
Communications and IT	264	223
Contractors	105	98
Donations paid	122	111
Insurance	353	343
Staff training	141	108
Repairs and maintenance	9,474	7,548
Rental housing - operating costs	64	51
Subscriptions and registrations	62	53
Other materials and services	431	418
	<u>11,105</u>	<u>9,007</u>
8 Finance costs		
Finance costs charged by the Queensland Treasury Corporation	304	229
Bank charges	9	10
	<u>313</u>	<u>239</u>

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

		Council	
		2011	2010
		\$	\$
		000's	000's
9	Depreciation and amortisation		
	Depreciation of non-current assets		
	Aerodrome landing strip	47	121
	Buildings and other structures	755	779
	Parks	1	-
	Plant and equipment	676	723
	Road, drainage and bridge network	1,343	1,300
	Water and Sewerage	425	440
	Total depreciation and amortisation	14 3,247	3,363
10	Cash and cash equivalents		
	Queensland Treasury Corporation	6,062	2,898
	National Bank of Australia - Operating	70	194
	Term Deposits	8,000	-
	Cash on hand	2	2
	Cash at bank and on hand	14,134	3,094
	Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
	Unspent government grants and subsidies	7,096	132
	Unspent loan monies	1,303	-
	Total unspent restricted cash	8,399	132
11	Trade and other receivables		
	Current		
	Rateable revenue and utility charges	608	554
	Provision for doubtful debts	(21)	(21)
	Other debtors	863	1,981
	Prepayments	252	200
	GST recoverable	-	175
		1,702	2,889
	Interest is charged on outstanding rates at a rate of 9.5% per annum. No interest is charged on other debtors.		
	There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.		
12	Inventories		
	Inventories held for sale		
	Store items	190	160
	Cosmos inventory (held for resale)	33	36
		223	196
13	Non-current assets classified as held for sale		
	Land available for sale but not being actively promoted	-	613
		-	613

Council - 30 June 2011

Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2010

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Land transferred from current assets - sale unlikely

Work in progress - net movement

Closing gross value as at 30 June 2011

18

Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
1,615	532	2,295	91,317	49,541	14,028	22,485	1,166	182,979
573	-	-	2,609	1,094	1,120	476	-	5,872
(295)	-	-	-	-	(224)	-	-	(519)
575	-	2,163	-	-	-	-	-	2,163
-	-	-	-	-	-	-	(576)	(576)
2,468	532	4,458	93,926	50,635	14,924	22,961	590	190,494

Accumulated depreciation and impairment

Opening balance as at 1 July 2010

Depreciation provided in period

Accumulated depreciation as at 30 June 2011

9

Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
-	30	642	50,338	8,093	8,741	12,013	-	79,857
-	1	47	1,343	755	676	425	-	3,247
-	31	689	51,681	8,848	9,417	12,438	-	83,104

Total written down value as at 30 June 2011

Residual value

Range of estimated useful life in years

2,468	501	3,769	42,245	41,787	5,507	10,523	590	107,390
2,468	150	800	5,000	8,000	500	1,000	590	16,040
Land: Not depreciated.	40 - 100	12	5 - 100	10 - 60	20 - 60	20 - 40	-	-

Murweh Shire Council
Notes to the Financial Statements
For the year ended 30 June 2011

Council - 30 June 2010

Basis of measurement	Land		Parks		Aerodrome landing strip		Road, drainage and bridge network		Buildings and other structures		Plant and equipment		Water and sewerage infrastructure		Work in progress		Total
	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	Revaluation \$'000	
Asset values	1,465	532			2,295	68,945			38,801		13,165						
Opening gross value as at 1 July 2009																	
Additions								321			1,617					1,451	150,176
Disposals											(1,048)					2,947	4,885
Revaluation adjustment to asset revaluation surplus	150					20,830		7,986									(1,048)
Transfers between classes						1,542		2,433			294						28,966
Closing gross value as at 30 June 2010	1,615	532			2,295	91,317		49,541			14,028				(3,232)	1,166	182,979

Note

18

Accumulated depreciation and impairment

Opening balance as at 1 July 2009					521	46,208		12,125		8,899								79,954
Depreciation provided in period					121	1,300		779		723								3,363
Depreciation on disposals								8		(833)								(825)
Revaluation adjustment to asset revaluation surplus						(3,605)		(6,455)										(10,060)
Impairment adjustment to asset revaluation surplus						6,435		990										7,425
Transfers between classes								646		(48)								-
Accumulated depreciation as at 30 June 2010		30			642	50,338		8,093		8,741					(598)			79,857

9

Total written down value as at 30 June 2010

Residual value	1,615	502			1,653	40,979		41,448		5,287					10,472	1,166		103,122
Range of estimated useful life in years		493			97	420		15,700		2,750								21,075
Land: Not depreciated.		40 - 100			12	5 - 100		10 - 60		20 - 60					20 - 40			

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

14 a Property, plant and equipment valuations were determined by reference to the following:

Land

Land and improvements have been included at current market value as at 30 June 2010 as determined by Australia and Pacific Valuers and Asset Management, Registered Valuers.

Parks

Parks have been included at their written down current replacement cost as valued by Australia and Pacific Valuers and Asset Management as at 30 June 2010.

Aerodrome Landing Strip

The Aerodrome Landing Strip was revalued at 1 July 2010 by a contracted engineer, Bryan Radford MSc (Eng), FRMIT, DIC, BSc (Hons).

Roads, Drainage and Bridge Network

Road and drainage and other infrastructure is included at the written down current replacement cost as at 30 June 2010 as determined by a contracted engineer Bryan Radford MSc (Eng), FRMIT, DIC, BSc (Hons).

Buildings

Buildings have been included at their written down current replacement cost as valued by Australia and Pacific Valuers and Asset Management as at 30 June 2010. The methods of revaluation are market value and consumption based depreciation.

Plant and Equipment

Other plant and equipment is measured at original cost less accumulated depreciation.

Water and Sewerage

Water and sewerage infrastructure is included at the written down current replacement cost as at 30 June 2008 as determined by a contracted engineer Bryan Radford MSc (Eng), FRMIT, DIC, BSc (Hons).

Work in Progress

The balance of \$589,126 represents the amount spent on uncompleted capital projects as at the 30 June 2011. As the projects are completed they will be transferred to the appropriate asset account.

15	Trade and other payables	2011	2010
		\$	\$
	Current	000's	000's
	Creditors and accruals	1,370	807
	Annual leave	923	839
	Sick leave	246	221
	GST Payable	470	-
	Other entitlements	(41)	1
		<u>2,968</u>	<u>1,868</u>
16	Borrowings		
	Current		
	Loans - Queensland Treasury Corporation	655	537
		<u>655</u>	<u>537</u>
	Non-current		
	Loans - Queensland Treasury Corporation	4,927	3,623
		<u>4,927</u>	<u>3,623</u>
	Loans - Queensland Treasury		
	Opening balance at beginning of financial	4,160	3,554
	Loans raised	2,000	1,000
	Principal repayments	(578)	(394)
	Book value at end of financial year	<u>5,582</u>	<u>4,160</u>

16 Borrowings continued

The QTC loan market value at the reporting date was \$5,777,431.57. 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. The interest rates range from 5.13% to 6.82% and expected final payment dates vary from June 2014 to March 2026. The loans are guaranteed by the Queensland State Government.

	2011	2010
	\$	\$
	000's	000's
17 Provisions		
Current		
Long service leave	990	677
	<u>990</u>	<u>677</u>
Non-current		
Long service leave	88	262
	<u>88</u>	<u>262</u>
Long service leave		
Balance at beginning of financial year	939	874
Long service leave entitlement arising	181	68
Long Service entitlement paid	(42)	(3)
Balance at end of financial year	<u>1,078</u>	<u>939</u>

18 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	65,055	33,453
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	-	150
Buildings and other structures	-	13,451
Road, drainage and bridge network	-	18,001
Aerodrome landing strip	2,163	-
Balance at end of financial year	<u>67,218</u>	<u>65,055</u>

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land and improvements	150	150
Buildings and other structures	23,264	23,264
Road, drainage and bridge network	36,582	36,582
Water and sewerage	3,880	3,880
Aerodrome landing strip	3,342	1,179
	<u>67,218</u>	<u>65,055</u>

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

	2011 000's	2010 000's
19 Other reserves		
Reserves held for funding future capital expenditure		
Building reserve	84	84
Roads upgrade reserve	1,000	1,000
Constrained works reserve	7,096	-
Flood mitigation reserve	138	138
	<u>8,318</u>	<u>1,222</u>
Reserves held for funding future recurrent expenditure		
Non-capital grants reserve	-	-
Charleville areodrome maintenance reserve	208	208
	<u>208</u>	<u>208</u>
Total reserves	<u>8,526</u>	<u>1,430</u>
Movements in capital reserves:		
Building capital works reserve		
Balance at beginning of financial year	84	84
Balance at end of financial year	<u>84</u>	<u>84</u>
Roads upgrade reserve		
Balance at beginning of financial year	1,000	1,000
Balance at end of financial year	<u>1,000</u>	<u>1,000</u>
Constrained works reserve		
Balance at beginning of financial year	-	712
Transfer from retained surplus for future expenditure	7,096	-
Transfer to the retained surplus/capital funds expended in the period	-	(712)
Balance at end of financial year	<u>7,096</u>	<u>-</u>
Flood mitigation reserve		
Balance at beginning of financial year	138	-
Transfer to the retained surplus/capital funds expended in the period	-	138
Balance at end of financial year	<u>138</u>	<u>138</u>
Movements in recurrent reserves:		
Balance at beginning of financial year	208	224
Transfer from retained surplus for future expenditure	-	(16)
Balance at end of financial year	<u>208</u>	<u>208</u>

	2011	2010
	\$	\$
	000's	000's
20 Commitments for expenditure		
Operating leases		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Payments within one year	10	62
Payments within one to five years	-	10
	10	72

21 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 2011 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

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 \$235,992.

22 Superannuation

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

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

22 Superannuation continued

The audited general purpose financial report of the scheme as at 30 June 2010 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions."

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:

2011	2010
\$	\$
000's	000's
707	678

23 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

96	136
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Murweh Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council they are not brought to account in these financial statements.

	2011 \$ <u>000's</u>	2010 \$ <u>000's</u>
24 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities		
Net operating result	8,713	138
Non-cash operating items:		
Depreciation and amortisation	3,247	3,363
	<u>3,247</u>	<u>3,363</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	174	(106)
Capital grants and contributions	(1,567)	(1,522)
	<u>(1,393)</u>	<u>(1,628)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	2,269	(613)
(Increase)/decrease in inventory	(26)	66
Increase/(decrease) in payables	520	(1,411)
Increase/(decrease) in provisions	248	-
	<u>3,011</u>	<u>(1,958)</u>
Net cash inflow from operating activities	<u>13,578</u>	<u>(85)</u>

25 Events after the reporting period

There were no material adjusting events after the balance date.

26 Financial Instruments

Murweh Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Murweh Shire Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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 these debts.

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.

The Council is exposed to credit risk through its deposits with the Queensland Treasury Corporation (QTC) and investments with the NAB. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. The investment with the NAD IS not capital guaranteed but the likelihood of a credit failure is remote.

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

26 Financial Instruments continued

Council's maximum exposure to credit risk is as follows:

	Note	2011	2010
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	10	6,134	3,094
Investments	10	8,000	-
Receivables - rates	11	608	554
Receivables - other	11	863	1,981
Guarantee - LG Workcare	21	235	187
		15,840	5,816

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

	Fully performing		Past due		Impaired	Total
	\$'000	\$'000	Less than 30 days	30-60 days over 61 days		
			\$'000	\$'000	\$'000	\$'000
Receivables - 2011	798	-	-	615	-21	1,392
Receivables - 2010	758	260	1	560	-21	1,558

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 undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the Notes 10 and 16.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amounts
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Trade and other payables	4,046	-	-	4,046	4,046
Loans - QTC	655	2,729	2,198	5,582	5,582
	4,701	2,729	2,198	9,628	9,628
2010					
Trade and other payables	2,545	262	-	2,807	2,807
Loans - QTC	537	2,256	1,367	4,160	4,160
	3,082	2,518	1,367	6,967	6,967

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.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2011

26 Financial Instruments continued

Murweh Shire Council does not have a bank overdraft facility.

Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation, and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount		Profit		Equity	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial assets	14,134	3,094	141	31	(141)	(31)
Financial liabilities	(5,582)	(4,160)	59	42	(59)	(42)
Net total	8,552	(1,066)	200	73	(200)	(73)

Management Certificate
For the year ended 30 June 2011

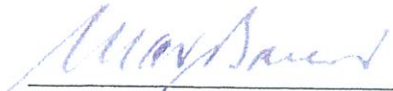
These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010 (the Regulation)* and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the Local Government Act 2009 and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 28 have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2011 and of its financial performance and cash flows for the financial year ended on that date.


Councillor Mark O'Brien
Mayor


Mr Chris Blanch
Chief Executive Officer

Date: 24 / / October / / 2011

Date: 24 / / October / / 2011

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Murweh Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Murweh Shire Council, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Murweh Shire Council for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.


ROBERT G BUKER
(as Delegate of the Auditor-General of Queensland)

Dated: 26 October 2011

Queensland Audit Office
Brisbane

