

# Murweh Shire Council



## Annual Report 2011-2012

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## Message from the Mayor

It is my pleasure to present this report on behalf of my fellow Councillors for the year ended 30<sup>th</sup> June 2012.

It is my first report as Mayor following Council elections in April 2012. Our previous Mayor resigned in February 2012 to stand as an independent member in the state elections.

2012 was dominated by a massive flood in the Warrego River. Fortunately the levee bank did its job and a major flooding of houses and business was avoided. The work of our volunteers, council staff and emergency service workers was again magnificent and I cannot thank them enough for their tireless efforts to keep our communities safe.

Flood mitigation is still the number one priority of the Council and our efforts over the next 12 months will be to complete diversion works on Bradleys gully.

Murweh Shire is not all about flooding and during the past twelve months Council completed many projects for our community. I would like to highlight the new gymnasium in Charleville, installation of the levee gates, Morven Skate Park, new playgrounds in Charleville and Morven, new arena fencing at the Charleville showgrounds, renovations to the Morven & Augathella halls and painting of the Charleville airport terminal.

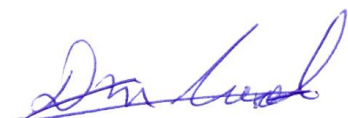
Road works have also been a major focus during the past twelve months and will be again next financial year especially the restoration of our road network which was severely damaged in the floods. We will also be giving priority to improving facilities and amenities in our three towns including provision of digital television in Morven and Augathella, renovation of the Charleville racecourse complex, establishment of a new lawn cemetery in Charleville and new and upgraded facilities for Morven, Augathella and Charleville.

Council acknowledges the great work done by many clubs and organisations and their hard working committees. Where we can support these organisations, we will.

Finally I would like to acknowledge and thank our previous Mayor, Mark O'Brien for his hard work and dedication to our Shire.

I would also like to express my appreciation to our Councillors prior to the April elections and to our new Councillors elected for the next four year term. I look forward to working with them to improve the quality of life for us all.

I would also like to acknowledge the work of the Chief Executive Officer and Council staff for their assistance and efforts over the past twelve months.



Denis Cook  
MAYOR



## Chief Executive Officer's Report

Flood damage repairs and flood mitigation have been by far the two major themes running through 2011/2012.

Council's workforce has been stretched to complete repairs to our network of over 2200km of rural roads. Additional rainfall during the year has meant that some areas of our road network are still inaccessible.

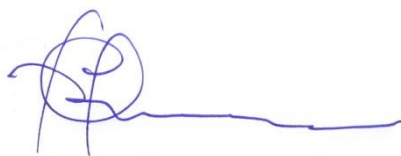
The February 2012 flood in the Warrego River proved the value of the Charleville and Augathella levees. Without the levees the cost to government and the insurance industry would have been in the order of tens or even hundreds of millions of dollars.

The fast tracking by Premier Anna Bligh of a \$13 Million grant to address flooding issues in Bradley's gully will prove a great boon for the Charleville community as the cost for the proposed works was well beyond Council's ability to fund.

A new community plan was adopted during the year and it will be incorporated into Council's next corporate plan which will be updated next financial year.

During the year Council was able to meet its compliance with a wide range of statutory requirements. I am very fortunate to have a large team of staff who are dedicated to Council and our community.

I would also like to thank the previous Mayor Mark O'Brien and new Mayor Denis Cook and the old and new Councillors for their support during the year.

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





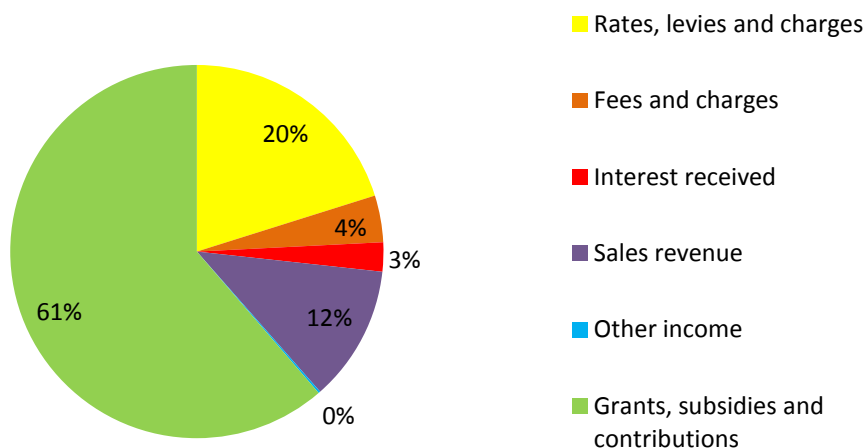
## COMMUNITY FINANCIAL REPORT

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 supplement local funds in helping to improve roads and local facilities.

There is much evidence of these improvements in the shire such as the new gymnasium, the Charleville levee gates, the Morven Skate Park, the kitchen and toilets being constructed at the Meat Ant Park in Augathella, and the repair and sealing of roads following the floods during the previous three financial years.

### Operating Revenue

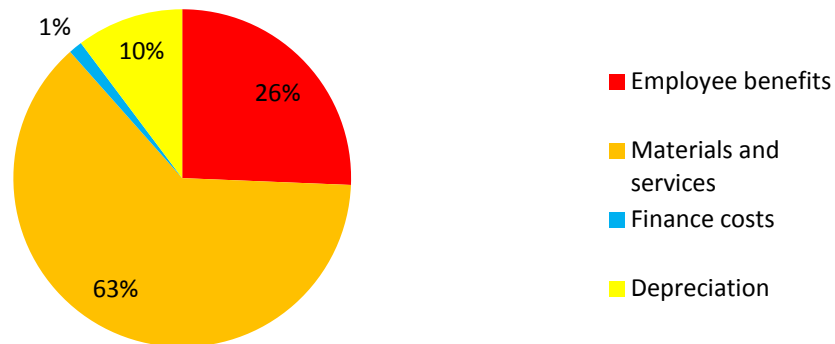


In relation to expenses; employee costs make up 26% and materials and services make up 63% of Council's operating costs. However within materials and services 49% relates to flood repairs to rural roads. Employee costs include staff and related employee expenses while materials and services include such items as general operating items to maintain and operate various services for the shire.

Depreciation consists of 10% of all operating costs.



## Operating Expenditure

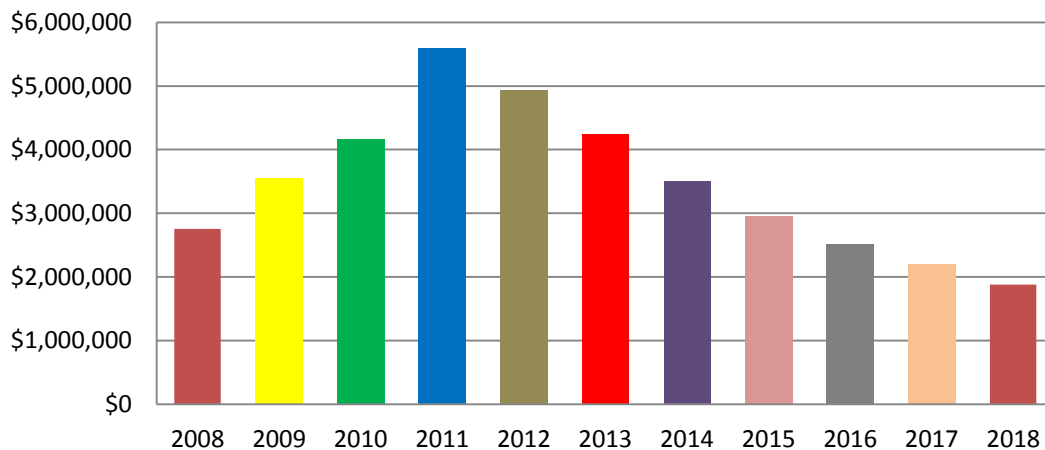


While depreciation is a non-cash item, it is used as a guide to help Council allocate sufficient cash reserves to help meet the costs of future replacement of plant and equipment, roads and other facilities in the Shire.

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.

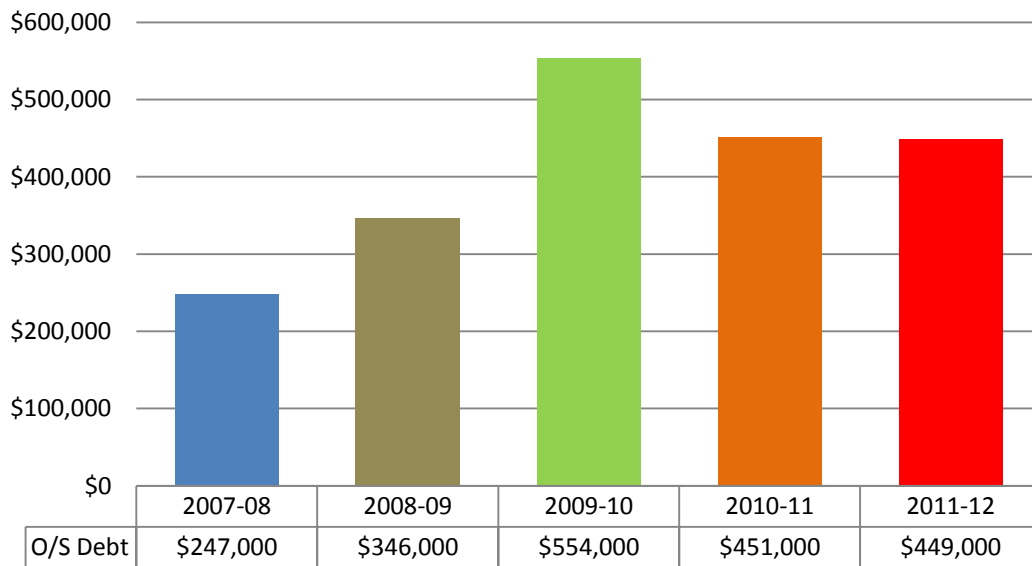
A summary of the level of Council debt is expressed in the figures below, which indicates that debt reached a peak in 2011 and is now on the decrease.

## Council Debt



The following graph provides 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.

## Rate Arrears Ratios



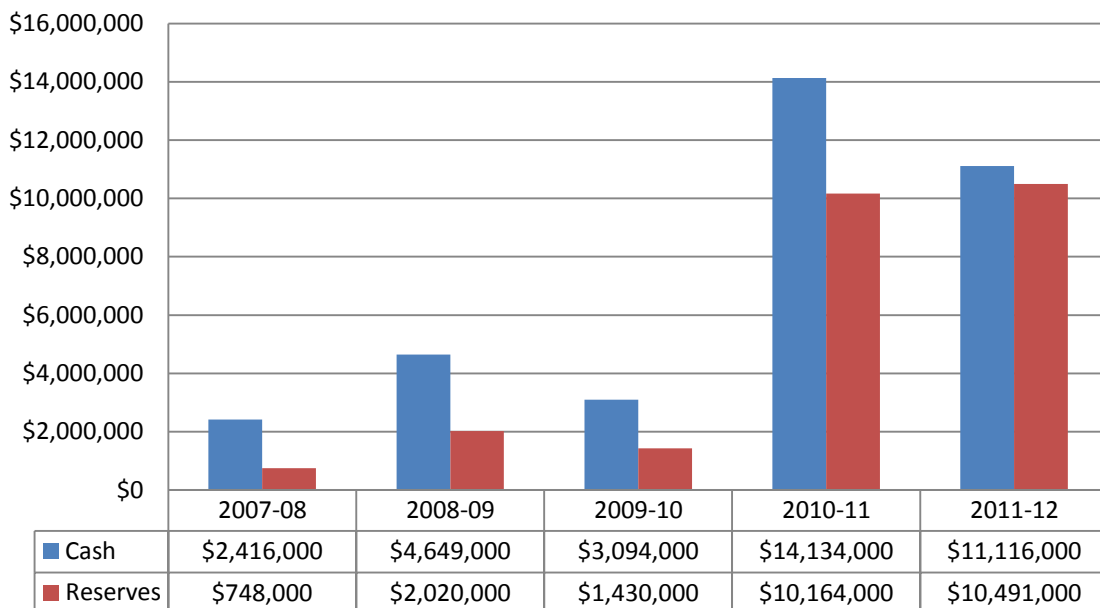
Underlying Council's ongoing viability and performance is the need to maintain operating cash and cash reserves.

Cash is raised throughout the year to fund services and maintain roads and facilities. Where possible Council puts cash not required immediately into reserves for the use in future years.

The Statement of Cash Flows records the movement in cash for the year where Council expends and receives its cash. At the year-end cash held was \$11.1M which includes reserves of \$10.4M.

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

## Cash and Reserve Balances





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 remain difficult to obtain. Cost savings and cutbacks can be achieved but not without impacting other areas of the Shire.

After nearly 10 years of drought followed by severe floods in 2010, 2011, and 2012 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*) it was resolved that the rates of remuneration would be based upon the recommendations of the Local Government Tribunal effective from 1 January 2012.

### Remuneration schedule

The levels of remuneration are based upon the recommendations of the Local Government Tribunal effective from 1 January 2012.

Category 2	Position	Salary	Telephone	Travelling
	Mayor	\$72,003.00	\$2,000.00	
	Deputy Mayor	\$37,716.00	\$1,000.00	
	Councillors	\$30,859.00	\$1,000.00	\$3,600.00*

\*The travel allowance is paid to Augathella and Morven based Councillors.

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

### Councillors

Councillor remuneration and meeting attendance – 1 July 2011 to 30 June 2012

Councillor	Meeting Attendance	Remuneration	Superannuation/ Expenses Incurred	Total Remuneration
Cr M. O'Brien	7	\$52,805.73	\$1,500.03	\$54,305.76
Cr D. Cook	13	\$46,414.71	\$6,969.75	\$53,384.46
Cr A. Liston	13	\$31,820.92	\$999.96	\$32,820.88

Cr C. Russell	11	\$34,849.50	\$999.96	\$35,849.46
Cr A. McInnerney	10	\$31,977.92	\$4,863.98	\$36,841.90
Cr P. Alexander	3	\$2,571.58	\$83.33	\$2,654.91
Cr T. Eckel	2	\$2,571.58	\$401.92	\$2,973.50

Councillor M. O'Brien resigned on 24 February 2012 while Councillor A McInnerney ceased being a Councillor in April 2012.

## **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 C. Russell to compensate for the 89kms from place of residence to 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

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.

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.



Back l – r: Cr T Eckel, Cr P Alexander, CEO Mr C Blanch  
Front l – r: Deputy Mayor, Cr A Liston, Mayor, Cr D Cook, Cr C Russell

## Conduct and performance of councillors

In accordance with section 114 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following conduct and performance reporting is provided.

Description	Number
The total number of complaints about the conduct or performance of Councillors received or assessed	nil

## Administrative Action Complaints

In accordance with section 115 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the following conduct and performance reporting is provided.

Description	Number
The number of administrative action complaints received by the Council.	nil

Council has a process for dealing with administrative action complaints that will be applied if a complaint is received.

## Overseas Travel

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.	N. Polglase A. Pemberton
If an employee undertook overseas travel-the position held by the employee.	Director Corporate Services SES Local Controller
The destination of overseas travel.	New Zealand
The purpose and cost of overseas travel.	Attendance at a disaster management conference. Total cost \$5,000

## 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	\$163,550
Total	\$163,550

## 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 recreation reserves; and
- (b) 2,684 km of rural roads and 75 km of urban roads.

## 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

<i>Item</i>	<i>Description</i>	<i>Access</i>
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 on Council's website.
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 on Council's website.
Register of Legal Documents	To hold a record of all legal documents.	Available to any person



<i>Item</i>	<i>Description</i>	<i>Access</i>
Register of Charges	To record all charges levied by Council.	Available to any person
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 on Council's website.
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available on Council's website.

### **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 - \$199,000

Two (2) senior contract employees with a total remuneration package in the range of \$100,000 - \$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. Council contracts 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 as being satisfactory. Council receives a written assessment of the implementation of the operational plan at the end of each quarter.

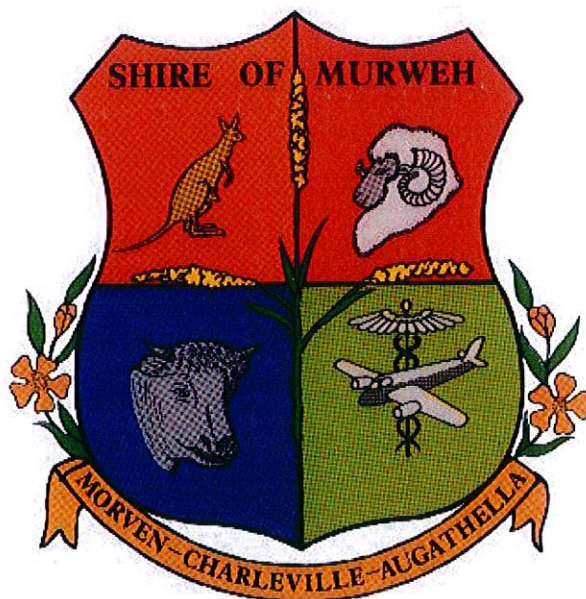
## Relevant measures of financial sustainability

Financial sustainability ratios are shown below 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.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Asset Consumption	56%	56%	55%	55%	54%	54%	54%	53%	52%	52%
Asset Sustainability	122%	118%	118%	119%	115%	115%	116%	117%	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%	22.0%	25.0%	27.0%	26.0%	29.0%
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



# **MURWEH SHIRE COUNCIL**



## **AUDITED ANNUAL FINANCIAL STATEMENTS 30 JUNE 2012**

# Murweh Shire Council

## Financial statements

### For the year ended 30 June 2012

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**Murweh Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2012

	Note	2012 \$ 000's	2011 \$ 000's
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	5,361	5,188
Fees and charges	3(b)	1,078	1,001
Interest received	3(c)	672	328
Sales revenue	3(d)	3,136	2,472
Other income	3(e)	45	127
Grants, subsidies, contributions and donations	4(a)	16,313	19,008
		<u>26,605</u>	<u>28,124</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	1,752	1,567
<b>Total revenue</b>		<u>28,357</u>	<u>29,691</u>
Capital income	5	104	(174)
<b>Total income</b>		<u>28,461</u>	<u>29,517</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	6,892	6,141
Materials and services	7	16,875	11,105
Finance costs	8	352	313
Depreciation and amortisation	9	2,753	3,247
		<u>26,872</u>	<u>20,806</u>
<b>Total expenses</b>		<u>26,872</u>	<u>20,806</u>
<b>Net Result</b>		<u>1,589</u>	<u>8,711</u>
<b>Other comprehensive income for the year</b>			
Decrease in asset revaluation reserve	17	(20,000)	2,163
<b>Total comprehensive income loss for the year</b>		<u>(18,411)</u>	<u>10,874</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 2012

	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>		<b>000's</b>	<b>000's</b>
Cash and cash equivalents	10	3,116	6,134
Term Deposits	10	8,000	8,000
Trade and other receivables	11	2,743	1,702
Inventories	12	239	223
<b>Total current assets</b>		<b>14,098</b>	<b>16,059</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	88,715	106,800
Work in Progress	13	1,145	590
<b>Total non-current assets</b>		<b>89,860</b>	<b>107,390</b>
<b>Total assets</b>		<b>103,958</b>	<b>123,449</b>
<b>Current liabilities</b>			
Trade and other payables	14	2,327	2,968
Provision for long service leave	16	1,194	990
Borrowings	15	686	655
<b>Total current liabilities</b>		<b>4,207</b>	<b>4,613</b>
<b>Non-current liabilities</b>			
Provision for long service leave	16	99	88
Borrowings	15	4,241	4,927
<b>Total non-current liabilities</b>		<b>4,340</b>	<b>5,015</b>
<b>Total liabilities</b>		<b>8,547</b>	<b>9,628</b>
<b>Net community assets</b>		<b>95,411</b>	<b>113,821</b>
<b>Community equity</b>			
Asset revaluation surplus	17	47,218	67,218
Retained surplus/(deficiency)		37,702	38,077
Other reserves	18	10,491	8,526
<b>Total community equity</b>		<b>95,411</b>	<b>113,821</b>

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 2012

	Note	Asset revaluation surplus 17 \$ 000's	Retained surplus \$ 000's	Other Reserves 18 \$ 000's	Total \$ 000's
<b>Balance as at 1 July 2011</b>		67,218	38,077	8,526	113,821
Net result		-	1,589	-	1,589
Other comprehensive income / (loss) for the year					
Increase / (decrease) in asset revaluation surplus	17		-	-	-
Impairment to Rural Roads		(20,000)			(20,000)
<b>Total comprehensive income for the year</b>		<b>47,218</b>	<b>39,667</b>	<b>8,526</b>	<b>95,411</b>
<b>Transfers to and from reserves</b>					
Transfers to/from other reserves	18	-	(1,965)	1,965	-
Total transfers to and from reserves		-	(1,965)	1,965	-
<b>Balance as at 30 June 2012</b>		<b>47,218</b>	<b>37,702</b>	<b>10,491</b>	<b>95,411</b>
<b>Balance as at 1 July 2010</b>		65,055	36,462	1,430	102,947
Net result		-	8,711	-	8,711
Other comprehensive income / (loss) for the year					
Increase / (decrease) in asset revaluation surplus	17	2,163	-	-	2,163
<b>Total comprehensive income for the year</b>		<b>2,163</b>	<b>8,711</b>	<b>1,430</b>	<b>10,874</b>
<b>Transfers to and from reserves</b>					
Transfers to/from other reserves	18	-	(7,096)	7,096	-
Total transfers to and from reserves		-	(7,096)	7,096	-
<b>Balance as at 30 June 2011</b>		<b>67,218</b>	<b>38,077</b>	<b>8,526</b>	<b>113,821</b>

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

**Murweh Shire Council**  
**Statement of Cash Flows**  
For the year ended 30 June 2012

	Note	2012 \$ 000's	2011 \$ 000's
<b>Cash flows from operating activities</b>			
Receipts from customers		8,122	11,038
Payments to suppliers and employees		(23,752)	(16,483)
		<u>(15,630)</u>	<u>(5,445)</u>
Interest received		672	328
Borrowing costs		(352)	(313)
Non capital grants and contributions		16,313	19,008
<b>Net cash inflow (outflow) from operating activities</b>	23	<u>1,003</u>	<u>13,578</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,464)	(5,872)
Investment - NAB		-	(8,000)
Proceeds from sale of property plant and equipment		346	345
Capital grants, subsidies, contributions and donations		1,752	1,567
<b>Net cash inflow (outflow) from investing activities</b>		<u>(3,366)</u>	<u>(11,960)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	2,000
Repayment of borrowings		(655)	(578)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(655)</u>	<u>1,422</u>
Net increase (decrease) in cash held		<u>(3,018)</u>	<u>3,040</u>
Cash and cash equivalents at beginning of the financial year		6,134	3,094
<b>Cash and cash equivalents at end of the financial year</b>	10	<u><u>3,116</u></u>	<u><u>6,134</u></u>

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



**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements for the period 1 July 2011 to 30 June 2012 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.

	<b>Effective for annual report periods beginning on or after:</b>
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2013
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
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 13 <i>Fair value measurement</i> (September 2011)	1 January 2013
AASB 101 <i>Presentation of Financial Statements</i> (December 2009)	1 January 2010
AASB 119 <i>Employee Benefits other than Superannuation</i> (September 2011)	1 January 2013

**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**1.F Adoption of new and revised Accounting Standards continued**

*AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* 1 January 2013

*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 13  
Impairment of property, plant and equipment - Note 1.P and Note 13  
Provisions - Note 1.S and Note 16  
Contingencies - Note 20

**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 2012**

**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 2012**

**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 25.

**1.J Cash and cash equivalents**

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

**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. At 30 June 2012 Council did not have any term investments in excess of six months.



## **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 AASB 116 *Property, Plant & Equipment*. Other plant and equipment and work in progress are measured at cost.

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

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

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 18.

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.

**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**1.0 Property, plant and equipment continued**

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

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

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

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.

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.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 18.

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.



**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**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 14 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 20 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 14 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 21.

**1.S Liabilities - employee benefits continued**

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The 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 16 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.

**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.

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2012

**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 22.

**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 sewerwede waste water.

**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

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

Year ended 30 June 2012

Functions	Gross program income					Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring			Capital			2012	2012				
	Grants	Other	2012	Grants	Other							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate services	6,273	4,310	275	104	10,962	4,269	275	4,544	6,314	6,418	65,044	
Environmental Health Services	38	657	603	-	1,298	2,627	603	3,230	(1,932)	(1,932)	511	
Engineering services	10,002	3,242	874	-	14,118	16,300	874	17,174	(3,056)	(3,056)	28,093	
Water & Sewerage	-	2,083	-	-	2,083	1,924	-	1,924	159	159	10,310	
Total Council	16,313	10,292	1,752	104	28,461	25,120	1,752	26,872	1,485	1,589	103,958	

Year ended 30 June 2011

Functions	Gross program income					Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring		Capital									
	Grants	Other	Grants	Other	Capital							
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000							
Corporate services	4,373	6,035	75	(174)	10,309	4,141	75	4,216	232	6,093	64,917	
Environmental Health Services	564	618	149		1,331	3,069	147	3,216	(2,505)	(1,887)	501	
Engineering services	11,906	2,539	1,343		15,788	10,350	1,343	11,693	1,556	4,095	47,497	
Water & Sewerage	-	2,089	-		2,089	1,679		1,681	(1,679)	410	10,534	
Total Council	16,843	11,281	1,567	(174)	29,517	19,239	1,565	20,806	(2,396)	8,711	123,449	

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2012

		Council	
		2012	2011
		\$	\$
3	Revenue analysis	000's	000's
(a)	<b>Rates, levies and charges</b>		
	General rates	3,260	3,113
	Water	1,386	1,341
	Water consumption, rental and sundries	19	56
	Sewerage	802	770
	Garbage charges	459	443
	Total rates and utility charge revenue	5,926	5,723
	Less: Discounts	(499)	(474)
	Less: Pensioner remissions	(66)	(61)
		<u>5,361</u>	<u>5,188</u>
(b)	<b>Fees and charges</b>		
	Aerodrome landing and usage fees	207	204
	Aerodrome head tax	123	131
	Cosmos centre entry and souvenir sales	340	267
	Aged care house rent	98	87
	Town planning and building fees	105	64
	Agistment fees	26	29
	Water connection and inspection fees	40	82
	Miscellaneous	139	137
		<u>1,078</u>	<u>1,001</u>
(c)	<b>Interest received</b>		
	Interest received from term deposits	633	290
	Interest from overdue rates and utility charges	39	38
		<u>672</u>	<u>328</u>
(d)	<b>Sales revenue</b>		
	<b>Sale of services</b>		
	Contract and recoverable works	3,136	2,472
		<u>3,136</u>	<u>2,472</u>
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.			
(e)	<b>Other income</b>		
	Other income	45	127
		<u>45</u>	<u>127</u>
4	<b>Grants, subsidies, contributions and donations</b>		
(a)	<b>Recurrent</b>		
	General purpose grants	7,893	4,234
	State government subsidies and grants	8,420	14,774
		<u>16,313</u>	<u>19,008</u>
(b)	<b>Capital</b>		
	State government subsidies and grants	1,752	1,567
		<u>1,752</u>	<u>1,567</u>



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2012

		Council	
		2012	2011
		\$	\$
		000's	000's
<b>5 Capital income</b>			
<b>Gain / loss on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		346	345
Less: Book value of property, plant and equipment disposed of		(242)	(519)
Total capital income		<u>104</u>	<u>(174)</u>
<b>6 Employee benefits</b>			
Total staff wages and salaries		4,775	4,555
Councillors' remuneration		212	198
Annual, sick and long service leave entitlements		1,700	1,340
Superannuation	21	<u>784</u>	<u>707</u>
		7,471	6,800
Less: Capitalised employee expenses		(579)	(659)
		<u>6,892</u>	<u>6,141</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		47	62
Depot and outdoors staff		91	87
Total full time equivalent employees		<u>143</u>	<u>154</u>
<b>7 Materials and services</b>			
Advertising and marketing		39	29
Audit services		33	60
Communications and IT		168	264
Contractors		113	105
Donations paid		113	122
Insurance		394	353
Staff training		131	141
Repairs and maintenance - (Including repairs to flood damaged roads)		15,285	9,474
Rental housing - operating costs		84	64
Subscriptions and registrations		63	62
Other materials and services		452	431
		<u>16,875</u>	<u>11,105</u>
<b>8 Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		343	304
Bank charges		9	9
		<u>352</u>	<u>313</u>

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2012

		<b>Council</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
		<b>000's</b>	<b>000's</b>
<b>9 Depreciation and amortisation</b>			
<b>Depreciation of non-current assets</b>			
Aerodrome landing strip		75	47
Buildings and other structures		307	755
Parks		1	1
Plant and equipment		591	676
Road, drainage and bridge network		1,351	1,343
Water and Sewerage		428	425
Total depreciation and amortisation	13	<u>2,753</u>	<u>3,247</u>

All non-current assets are depreciated on the straight line method apart from Buildings and other structures which are depreciated on the Consumption based method. The Consumption based method charges less depreciation in the early years when the non-current asset is in good condition but in later years the amount of depreciation increases as the non-current asset requires a greater level of maintenance to keep it in its original condition.

<b>10 Cash and cash equivalents</b>			
Queensland Treasury Corporation		3,070	6,062
National Bank of Australia - Operating		44	70
Term Deposits		8,000	8,000
Cash on hand		2	2
Balance per statement of cash flows		<u>11,116</u>	<u>14,134</u>

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies -			
Flood Damage		8,450	7,096
Miscellaneous		110	
Unspent loan monies			
QTC Flood Mitigation Loan		609	1,303
Total unspent restricted cash		<u>9,169</u>	<u>8,399</u>

<b>11 Trade and other receivables</b>			
<b>Current</b>			
Rateable revenue and utility charges		623	608
Provision for doubtful debts		(21)	(21)
Other debtors		1,516	863
Prepayments		276	252
GST recoverable		349	-
		<u>2,743</u>	<u>1,702</u>

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.

<b>12 Inventories</b>			
<b>Inventories held for sale</b>			
Inventories held for distribution		193	190
Cosmos inventory		46	33
		<u>239</u>	<u>223</u>

**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**13 Property, plant and equipment**

Council - 30 June 2012		Note						
Basis of measurement								
Asset values								
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	Valuation \$'000	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	\$'000	\$'000
2,468	532	4,458	93,926	50,635	14,924	22,961	590	190,494
38	163	33	1,243	2,181	1,129	123	-	4,910
(14)	-	-	-	-	(955)	-	-	(969)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	555	555
(1)	(2)	25	(1,178)	1,190	(34)	-	-	-
2,491	693	4,516	93,991	54,006	15,064	23,084	1,145	194,990

17

Revaluation adjustment to asset revaluation surplus

Work in progress - net movement

Transfer between classifications

Closing gross value as at 30 June 2012

Accumulated depreciation and impairment									
9	Opening balance as at 1 July 2011								
	-	31	689	51,681	8,848	9,417	12,438	-	83,104
17	Depreciation provided in period								
	-	1	75	1,351	307	591	428	-	2,753
	-	-	-	-	-	(727)	-	-	(727)
	Depreciation on disposals								
	-	-	-	20,000	-	-	-	-	20,000
	-	-	-	-	-	-	-	-	-
Impairment to Rural Roads									
	-	32	764	73,032	9,155	9,281	12,866	-	105,130
Accumulated depreciation as at 30 June 2012									

9

Depreciation provided in period

Depreciation on disposals

Impairment to Rural Roads

Accumulated depreciation as at 30 June 2012

Total written down value as at 30 June 2012									
Residual value									
2,491	661	3,752	20,959	44,851	5,783	10,218	1,145	89,860	
2,468	150	800	5,000	8,000	500	1,000	1,145	16,595	
Land: Not depreciated.	40 - 100	12	5 - 100	10 - 60	20 - 60	20 - 40			

Range of estimated useful life in years

Due to the floods in January 2012 the rural roads in the shire suffered considerable damage and as a consequence the degree of impairment to these roads at the 30 June 2012 was calculated by the Department of Engineering Services to be \$20M.



**Murweh Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2012

**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

17

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	Cost \$'000	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	Cost \$'000	\$'000
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)	-	-	-	-	(642)	-	-	(937)
-	-	2,163	-	-	-	-	-	2,163
575	-	-	-	-	-	-	-	575
-	-	-	-	-	-	-	(576)	(576)
2,468	532	4,458	93,926	50,635	14,506	22,961	590	190,076

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2010

Depreciation provided in period

Accumulated depreciation as at 30 June 2011

9

-	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	8,999	12,438	-	82,686

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		

**13 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 \$1.1M represents the amount spent on uncompleted capital projects as at the 30 June 2012. As the projects are completed they will be transferred to the appropriate asset account.

**14 Trade and other payables**

	2012	2011
	\$	\$
<b>Current</b>	<b>000's</b>	<b>000's</b>
Creditors and accruals	1,138	1,370
Annual leave	1,019	923
Sick leave	285	246
GST Payable	-	470
Other entitlements	(115)	(41)
	<b>2,327</b>	<b>2,968</b>

**15 Borrowings**

**Current**

Loans - Queensland Treasury Corporation	686	655
	<b>686</b>	<b>655</b>

**Non-current**

Loans - Queensland Treasury Corporation	4,241	4,927
	<b>4,241</b>	<b>4,927</b>

**Loans - Queensland Treasury Corporation**

Opening balance at beginning of financial year	5,582	4,160
Loans raised	-	2,000
Principal repayments	(655)	(578)
Book value at end of financial year	<b>4,927</b>	<b>5,582</b>

**15 Borrowings continued**

The QTC loan market value at the reporting date was \$5,456,412.09. 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 6.06% to 7.11% and expected final payment dates vary from May 2014 to April 2026. The loans are guaranteed by the Queensland State Government.

	2012 \$ 000's	2011 \$ 000's
<b>16 Provisions</b>		
<b>Current</b>		
Long service leave	1,194	990
	<u>1,194</u>	<u>990</u>
<b>Non-current</b>		
Long service leave	99	88
	<u>99</u>	<u>88</u>
<b>Long service leave</b>		
Balance at beginning of financial year	1,078	939
Long service leave entitlement arising	230	181
Long Service entitlement paid	(15)	(42)
Balance at end of financial year	<u>1,293</u>	<u>1,078</u>
<b>17 Asset revaluation surplus</b>		
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	67,218	65,055
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	-
Buildings and other structures	-	-
Road, drainage and bridge network	(20,000)	-
Aerodrome landing strip	-	2,163
Balance at end of financial year	<u>47,218</u>	<u>67,218</u>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land	150	150
Buildings and other structures	23,264	23,264
Road, drainage and bridge network	16,582	36,582
Water and sewerage infrastructure	3,880	3,880
Aerodrome landing strip	3,342	3,342
	<u>47,218</u>	<u>67,218</u>



	2012 \$ 000's	2011 \$ 000's
<b>18 Other reserves</b>		
<b>Reserves held for funding future capital expenditure</b>		
Building reserve	84	84
Roads upgrade reserve	1,500	1,000
Constrained works reserve	8,561	7,096
Flood mitigation reserve	138	138
	<u>10,283</u>	<u>8,318</u>
<b>Reserves held for funding future recurrent expenditure</b>		
Non-capital grants reserve	-	-
Charleville areodrome maintenance reserve	208	208
	<u>208</u>	<u>208</u>
<b>Total reserves</b>	<u><u>10,491</u></u>	<u><u>8,526</u></u>
<b>Movements in capital reserves:</b>		
<b>Building capital works reserve</b>		
Balance at beginning of financial year	84	84
Balance at end of financial year	<u><u>84</u></u>	<u><u>84</u></u>
<b>Roads upgrade reserve</b>		
Balance at beginning of financial year	1,000	1,000
Received from Nacap and Epic Energy	500	-
Balance at end of financial year	<u><u>1,500</u></u>	<u><u>1,000</u></u>
<b>Constrained works reserve</b>		
Balance at beginning of financial year	7,096	-
Transfer from retained surplus for future expenditure	(7,096)	7,096
Transfer to the retained surplus/capital funds expended in the period	8,561	-
Balance at end of financial year	<u><u>8,561</u></u>	<u><u>7,096</u></u>
<b>Flood mitigation reserve</b>		
Balance at beginning of financial year	138	138
Transfer to the retained surplus/capital funds expended in the period	-	-
Balance at end of financial year	<u><u>138</u></u>	<u><u>138</u></u>
<b>Movements in recurrent reserves:</b>		
Balance at beginning of financial year	208	208
Transfer from retained surplus for future expenditure	-	-
Balance at end of financial year	<u><u>208</u></u>	<u><u>208</u></u>

	2012	2011
	\$	\$
	000's	000's
<b>19 Commitments for expenditure</b>		
<b>Operating leases</b>		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Payments within one year	2	10
	<u>2</u>	<u>10</u>

**20 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 \$242,095.

**21 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.





	2012 \$ 000's	2011 \$ 000's
<b>23 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities</b>		
Net operating result	1,589	8,713
Non-cash operating items:		
Depreciation and amortisation	2,753	3,247
	<u>2,753</u>	<u>3,247</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(104)	174
Capital grants and contributions	(1,752)	(1,567)
	<u>(1,856)</u>	<u>(1,393)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(1,471)	2,269
(Increase)/decrease in inventory	(17)	(26)
Increase/(decrease) in payables	5	520
Increase/(decrease) in provisions	-	248
	<u>(1,483)</u>	<u>3,011</u>
Net cash inflow from operating activities	<u>1,003</u>	<u>13,578</u>

**24 Events after the reporting period**

There were no material adjusting events after the balance date.



**Murweh Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2012**

**25 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:

<b>Risk exposure</b>	<b>Measurement method</b>
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 NAB 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 2012

**26 Financial Instruments continued**

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

	Note	2012	2011
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	10	3,116	6,134
Investments	10	8,000	8,000
Receivables - rates	11	449	608
Receivables - other	11	1,516	863
Guarantee - LG Workcare	20	242	235
		<b>13,323</b>	<b>15,840</b>

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
		Less than 30 days	30-60 days	over 61 days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - 2012	870	-	12	497	-21	1,358
Receivables - 2011	798	-	0	615	-21	1,392

**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
<b>2012</b>					
Trade and other payables	2,327	-	-	2,327	2,327
Loans - QTC	686	2,834	2,847	6,675	6,675
	<b>3,013</b>	<b>2,834</b>	<b>2,847</b>	<b>9,002</b>	<b>9,002</b>
<b>2011</b>					
Trade and other payables	2,968	-	-	2,968	2,968
Loans - QTC	655	2,729	2,198	5,582	5,582
	<b>3,623</b>	<b>2,729</b>	<b>2,198</b>	<b>8,550</b>	<b>8,550</b>

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 2012

**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. Interest rate risk in other areas is minimal.

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	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial assets	11,116	14,134	111	141	(111)	(141)
Financial liabilities	(4,927)	(5,582)	50	59	(50)	(59)
Net total	6,189	8,552	161	200	(161)	(200)



**Murweh Shire Council**  
**Financial statements**  
For the year ended 30 June 2012

**Management Certificate**  
For the year ended 30 June 2012

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.

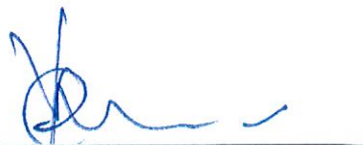
In addition we certify that, in our opinion:

- (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 2012 and of its financial performance and cash flows for the financial year ended on that date.



**Councillor Denis Cook**  
Mayor

Date: 22, 10, 2012



**Chris Blanch**  
Chief Executive Officer

Date: 22, 10, 2012



## 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 2012, 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 CEO.

#### *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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

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

#### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Murweh Shire Council for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

#### **Other Matters - Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Murweh Shire Council for the year ended 30 June 2012. Where the financial report is included on Murweh Shire Council's website the Council is responsible for the integrity of Murweh Shire Council's website and I have not been engaged to report on the integrity of Murweh Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

  
Ian Brooks  
Delegate of the Auditor-General of Queensland

25/10/12  
Toowoomba