

**Cherbourg Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2016**

Cherbourg Aboriginal Shire Council

Financial statements

For the year ended 30 June 2016

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Cherbourg Aboriginal Shire Council

Statement of Comprehensive Income

For the year ended 30 June 2016

		2016	2015
			Restated*
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Fees and charges	3(a)	622,635	622,604
Rental income		1,053,687	877,174
Interest received		78,061	19,846
Sales revenue	3(b)	1,964,968	2,649,477
Other income		52,477	54,238
Grants, subsidies, contributions and donations	4(a)	2,692,181	3,280,852
		<u>6,464,009</u>	<u>7,504,191</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	279,594	1,234,408
Sales revenue	4(c)	5,558,439	3,914,740
Total revenue		<u>12,302,042</u>	<u>12,653,339</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(3,225,021)	(3,249,732)
Materials and services	6	(2,860,181)	(2,001,462)
Finance costs		(10,410)	(9,660)
Depreciation and amortisation	9	(1,873,311)	(1,807,409)
Total expenses		<u>(7,968,923)</u>	<u>(7,068,263)</u>
Net result		<u>4,333,119</u>	<u>5,585,076</u>
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Increase in asset revaluation surplus	12	904,943	1,465,185
Total other comprehensive income for the year		<u>904,943</u>	<u>1,465,185</u>
Total comprehensive income for the year		<u>5,238,062</u>	<u>7,050,261</u>

* refer note 19 for details regarding the restatement of as a result of the correction of a prior period error

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

Cherbourg Aboriginal Shire Council

Statement of Financial Position

as at 30 June 2016

		2016	2015
	Note	\$	Restated* \$
Current assets			
Cash and cash equivalents	7	2,873,557	3,207,203
Trade and other receivables	8	1,344,062	1,606,223
Inventories		148,574	194,184
Biological assets		312,174	155,812
Total current assets		<u>4,678,367</u>	<u>5,163,422</u>
Non-current assets			
Property, plant and equipment	9	118,429,333	113,352,191
Biological assets		113,718	117,456
Total non-current assets		<u>118,543,051</u>	<u>113,469,647</u>
Total assets		<u>123,221,418</u>	<u>118,633,069</u>
Current liabilities			
Trade and other payables	10	493,031	959,909
Provisions	11	169,650	374,730
Total current liabilities		<u>662,681</u>	<u>1,334,639</u>
Non-current liabilities			
Provisions	11	104,027	81,782
Total non-current liabilities		<u>104,027</u>	<u>81,782</u>
Total liabilities		<u>766,708</u>	<u>1,416,421</u>
Net community assets		<u>122,454,710</u>	<u>117,216,648</u>
Community equity			
Asset revaluation surplus	12	50,168,156	49,263,213
Retained surplus		72,286,554	67,953,435
Total community equity		<u>122,454,710</u>	<u>117,216,648</u>

* refer note 19 for details regarding the restatement of as a result of the correction of a prior period error

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

Cherbourg Aboriginal Shire Council

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Asset revaluation surplus 12 \$	Retained Surplus \$	Total \$
Balance as at 1 July 2015		49,263,213	67,953,435	117,216,648
Net operating surplus		-	4,333,119	4,333,119
<i>Other comprehensive income for the year</i>				
Increase in asset revaluation surplus		904,943	-	904,943
Total comprehensive income for the year		904,943	4,333,119	5,238,062
Balance as at 30 June 2016		50,168,156	72,286,554	122,454,710
Balance as at 1 July 2014		47,798,028	62,368,359	110,166,387
Net operating surplus		-	5,585,076	5,585,076
<i>Other comprehensive income for the year</i>				
Increase in asset revaluation surplus		1,465,185	-	1,465,185
Total comprehensive income for the year		1,465,185	5,585,076	7,050,261
Balance as at 30 June 2015		49,263,213	67,953,435	117,216,648

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

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Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		3,498,426	4,005,441
Payments to suppliers and employees		(7,438,114)	(6,542,543)
		(3,939,688)	(2,537,102)
Interest received		78,061	19,846
Rental income		1,053,687	877,174
Non capital grants and contributions		2,692,181	3,280,852
Borrowing costs		(10,410)	(9,660)
Net cash inflow (outflow) from operating activities	16	(126,169)	1,631,110
Cash flows from investing activities			
Payments for property, plant and equipment		(6,045,510)	(4,558,784)
Grants, subsidies, contributions and donations		279,594	645,902
Sales Revenue		5,558,439	3,914,740
Net cash inflow (outflow) from investing activities		(207,477)	1,858
Net increase (decrease) in cash held		(333,646)	1,632,968
Cash at beginning of the financial year		3,207,203	1,574,235
Cash at end of the financial year	7	2,873,557	3,207,203

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

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements for the period 1 July 2015 to 30 June 2016 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 Regulation 2012*.

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.

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

The Cherbourg Aboriginal Shire Council is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

1.B 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.C Currency

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

1.D 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.

Cherbourg Aboriginal Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally council applies standards and interpretations in accordance with their respective commencement dates. The early application of AASB 2015-7 has exempted council from the disclosure of quantitative information and sensitivity analysis for some valuations categorized within Level 3 of the fair value hierarchy.

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

AASB 124 Related Party Disclosures

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will be required to disclose more information about related parties and transactions with those related parties. The initial application of this standard is therefore anticipated to result in increased disclosure in Council's financial statements. Council is currently preparing for this change by identifying related parties, which include the Mayor, councillors and some senior council staff. In addition, the close family members of those people and any organisations that they control or have influence over will be classified as related parties. Information on related party transactions and balances will only be disclosed to the extent that such transactions and balances are relevant (i.e. direct dealings between a related party and council) and are material.

AASB 9 Financial Instruments

AASB9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be able to be measured at amortised cost where very specific conditions are met. Council is still assessing the potential impact of the initial application of this standard.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

1.D Adoption of new and revised Accounting Standards (Cont)

AASB 15 Revenue from Contracts with Customers

AASB 15 is effective for financial years beginning on or after 1 January 2019 and will replace both AASB 118 *Revenue*, and AASB 111 *Construction Contracts*, as well as a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers. Council is still reviewing the way that revenue is measured and recognised to consider whether the new standard will have a material impact

All other new and amended Australian Accounting Standards and Interpretations which were issued at the date of authorization of the financial report, but have future commencement dates, are not likely to have a material impact on the financial statements

1.E Critical accounting judgements and key sources of estimation uncertainty

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

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

Valuation and depreciation of property, plant and equipment - Note 1.J and Note 9

Provisions - Note 1.N and Note 11

Contingencies - Note 14

Impairment of trade and other receivables- Note 1.I, Note 8 and Note 17

Valuation of biological assets - Note 1.K

1.F Revenue

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

Fees and charges

Fees and charges are recognised on delivery of the associated service.

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 recognised as a restriction over cash balances until the funds are expended.

Rental income

Rental revenue from property is recognised as income on a periodic straight line basis over the lease term or when Council has entitlement to invoice for services provided.

Sales Revenue

Contract revenue is recognised at the agreed contract price due at the time of sale or service delivery. Sales revenue is further classified into capital revenue for major upgrades and recurrent revenue for minor repairs and maintenance work.

1.G 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.

Cherbourg Aboriginal 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.H)

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

Financial liabilities

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

Council does not recognise any financial assets or financial liabilities at fair value in the statement of financial position. The carrying amount of cash and cash equivalents, trade receivables and trade payables approximate their fair value due to their short-term, liquid nature.

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Notes to the financial statements

For the year ended 30 June 2016

1.H 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.I 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.

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

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

- Land
- Buildings
- Houses
- Motor Vehicles
- Plant and equipment
- Furniture and fittings
- Infrastructure - Roads & Bridges
- Infrastructure - Water
- Infrastructure - Sewerage
- Infrastructure - Other Structures
- 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 is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

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.

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Notes to the financial statements

For the year ended 30 June 2016

1.J Property, plant and equipment (cont)

Valuation

Land, buildings, houses, major plant and equipment including motor vehicles and all infrastructure assets are measured at fair value under the the revaluation model, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

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

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

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

Details of valuers and methods of valuations are disclosed in Note 9

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 estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 9.

Deed of Grant in Trust Land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 334 of the Land Act 1962. It comprises an area of approximately 3,130 hectares.

The land is administered by the Department of the Environment and Resource Management and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

1.K Biological assets

The Council has a beef livestock operation. These assets are valued at market value at reporting date. In view of the immaterial nature of this operation the accounting principles under AASB 141 related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.L 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 profit and loss, 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.M 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.N Liabilities - employee benefits

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 10 as a payable.

Annual leave

A liability for annual leave is recognised. The portion expected to be paid within twelve months is calculated on current wage and salary levels and includes related employee on-costs. The portion not expected to be paid out within the next twelve month is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in Note 10 as a payable. As council does not have an unconditional right to defer settlement of the obligation beyond twelve months, all annual leave liabilities are classified as current.

Sick leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

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 15.

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 11 as a provision.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

1.O 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.P National competition policy

The Council has reviewed its activities to identify its business activities. Council has resolved that none of its activities fall within the National Competition Policy guidelines and has therefore chosen not to apply the Code of Competitive Conduct.

1.Q Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

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

1.R 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.

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

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 and governance

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements. It also includes management and reporting of Council's finances, information technology and administration.

Community services

Community services and facilities include cultural, health, welfare, sports and recreational services, and management of the home and community care program.

Economic and community development

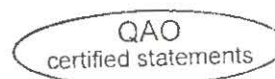
This comprises Council enterprises incorporating cattle stud farm, crop and vegetable production and retail sales, and includes training and employment initiatives.

Housing

The provision, maintenance and upgrading of public housing within the DOGIT area, including the planning and construction of new houses and tenancy agreements.

Infrastructure

Provision and maintenance of water supply and services, drainage, sewerage services and treatment, refuse collection and waste disposal services.



Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

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 2016

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2016	2016	2016	2016							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate & governance	2,190,375	111,628	-	-	2,302,003	2,833,070	-	2,833,070	(531,067)	(531,067)	36,352,398
Community services	340,873	174,328	21,075	-	536,276	419,409	-	419,409	95,792	116,867	2,375,815
Economic development	144,213	376,765	-	-	520,978	714,969	-	714,969	(193,991)	(193,991)	2,826,042
Housing	-	3,081,959	-	5,558,439	8,640,398	3,196,574	-	3,196,574	(114,615)	5,443,824	62,920,507
Infrastructure	16,720	27,148	258,519	-	302,387	804,901	-	804,901	(761,033)	(502,514)	18,746,656
Total Council	2,692,181	3,771,828	279,594	5,558,439	12,302,042	7,968,923	-	7,968,923	(1,504,914)	4,333,119	123,221,418

Year ended 30 June 2015

Year ended 30 June 2015

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2015	2015	2015	2015							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate & governance	2,239,904	165,366	-	-	2,405,270	2,561,342	-	2,561,342	(156,072)	(156,072)	35,405,434
Community services	384,963	159,003	-	-	543,966	537,815	-	537,815	6,151	6,151	2,189,000
Economic development	138,600	523,078	-	-	661,678	622,089	-	622,089	39,589	39,589	1,889,268
Housing	-	3,369,702	-	3,914,740	7,284,442	2,610,757	-	2,610,757	758,945	4,673,685	60,013,146
Infrastructure	517,385	6,190	1,234,408	-	1,757,983	736,260	-	736,260	(212,685)	1,021,723	19,136,221
Total Council	3,280,852	4,223,339	1,234,408	3,914,740	12,653,339	7,068,263	-	7,068,263	435,928	5,585,076	118,633,069

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

Note	2016 \$	2015 \$
3 Revenue analysis		
(a) Fees and charges		
Community fees and charges	60,513	56,422
Post office commissions	12,000	12,000
Other fees and charges	550,122	554,182
	<u>622,635</u>	<u>622,604</u>
(b) Sales revenue		
Sale of services		
Recoverable works - BAS	1,568,192	2,148,055
Joinery sales	216,596	139,783
	<u>1,784,788</u>	<u>2,287,838</u>
Sale of goods		
Livestock sales	119,288	234,063
Cherbourg Fresh retail store	60,892	127,576
	<u>180,180</u>	<u>361,639</u>
Total sales revenue	<u>1,964,968</u>	<u>2,649,477</u>
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
General purpose grants	1,535,124	1,451,271
State government subsidies and grants	1,157,057	1,829,581
	<u>2,692,181</u>	<u>3,280,852</u>
(b) Capital		
State government subsidies and grants	279,594	645,902
Contributions - infrastructure	-	588,506
	<u>279,594</u>	<u>1,234,408</u>
(c) Capital sales revenue		
Recoverable capital works - BAS	5,558,439	3,914,740
	<u>5,558,439</u>	<u>3,914,740</u>
Conditions over contributions		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-reciprocal grants for expenditure on services	433,157	291,470
Non-reciprocal funds for expenditure on infrastructure	12,755	125,890
	<u>445,912</u>	<u>417,360</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:		
Non-reciprocal grants for expenditure on services	100,163	228,709
Non-reciprocal funds for expenditure on infrastructure	134,371	139,582
	<u>234,534</u>	<u>368,291</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
5 Employee benefits			
Total staff wages and salaries		2,523,053	2,690,083
Councillors' remuneration		300,566	294,586
Annual and long service leave entitlements		235,726	209,451
Superannuation	15	277,535	292,365
		<u>3,336,880</u>	<u>3,486,485</u>
Other employee related expenses		52,183	29,613
Less : Capitalised employee expenses		(164,042)	(266,366)
		<u>3,225,021</u>	<u>3,249,732</u>

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

Total Council employees at the reporting date:	2016	2015
Elected members	5	5
Administration staff	10	9
Depot and outdoors staff	45	44
Total full time equivalent employees	<u>60</u>	<u>58</u>

6 Materials and services

Administration supplies and consumables	105,157	83,635
Audit services	61,500	59,700
Consultants	51,303	30,429
Electricity	148,928	167,587
Emergency & flooding relief	75,127	65,181
Enterprise centre running costs	136,188	242,947
Licence fees	5,266	32,916
Insurance	313,638	287,970
Joinery expenses	123,652	118,298
Movement in inventory	(148,942)	(73,737)
Motor vehicle expenses	124,133	44,307
Printing & stationery	43,489	47,776
Repairs and maintenance	1,191,160	643,897
Subscriptions and advertising	237	1,900
Telephone & fax	50,055	40,614
Travel	11,993	10,338
Training	2,345	3,000
Water & sewerage operational costs	284,792	181,681
Bad and doubtful debts	181,660	-
Other materials and services	98,500	13,023
	<u>2,860,181</u>	<u>2,001,462</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
7 Cash and cash equivalents			
Cash at bank and on hand		2,873,557	3,207,203
Externally imposed expenditure restrictions at the reporting date are disclosed in note 18.			
Cash and deposits at call are held in the Westpac Bank in normal term deposits and business cheque accounts. The bank currently has short term rating of P-1 and long term rating of Aa2.			
8 Trade and other receivables			
Current			
Housing rental & maintenance		2,041,443	2,187,019
Less provision for impairment		(759,621)	(681,917)
Prepayments		62,240	101,121
		<u>1,344,062</u>	<u>1,606,223</u>
Movement in accumulated impairment losses is as follows:			
Opening balance		681,917	749,327
Bad debts written off		(103,956)	(67,410)
Additional provisions raised		77,704	-
Closing balance		<u>759,621</u>	<u>681,917</u>

Cherbourg Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2016

Note 9: Property, Plant and Equipment

30th June 2016	Note	Land	Buildings	Houses	Motor vehicles	Plant and equipment	Furniture and fittings	Infrastructure	Work In Progress	TOTAL
Basis of measurement		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Cost	
Opening Balances										
Opening Gross Value		1,616,000	36,828,094	66,567,008	1,407,054	1,792,743	286,256	22,848,796	656,552	132,002,503
Accumulated Depreciation		-	5,793,913	6,553,862	916,834	1,406,782	266,346	3,712,575	-	18,650,312
Opening Written Down Value		1,616,000	31,034,181	60,013,146	490,220	385,961	19,910	19,136,221	656,552	113,352,191
Movements during Year										
Additions		-	257,415	1,538,177	-	175,313	-	-	4,074,605	6,045,510
Transfers between classes		-	-	3,900,202	-	-	-	-	(3,900,202)	-
Disposals		-	-	-	-	-	-	-	-	-
Depreciation		-	(533,522)	(908,732)	(50,089)	(61,842)	(2,780)	(316,346)	-	(1,873,311)
Revaluations	12	-	967,034	(1,192,187)	29,526	233,741	-	866,829	-	904,943
Closing Balances										
Closing Gross Value		1,616,000	38,267,281	72,563,075	1,440,817	2,143,359	286,256	23,665,600	830,955	140,813,343
Accumulated Depreciation		-	6,542,173	9,212,469	971,160	1,410,186	269,126	3,978,896	-	22,384,010
Closing Written Down Value		1,616,000	31,725,108	63,350,606	469,657	733,173	17,130	19,686,704	830,955	118,429,333
Estimated Useful Life (Years)		Not Depreciated	15 - 150	15 - 150	2 - 20	3 - 80	1 - 100	10 - 105		
2016 Additions comprise:		\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals		-	-	1,538,177	-	-	-	-	-	1,538,177
Other additions		-	257,415	-	-	175,313	-	-	4,074,605	4,507,333
Total additions		-	257,415	1,538,177	-	175,313	-	-	4,074,605	6,045,510

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

Note 9: Property, Plant and Equipment

30th June 2015		Land	Buildings	Houses	Motor vehicles	Plant and equipment	Furniture and fittings	Infrastructure	Work In Progress	TOTAL
Basis of measurement		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Cost	
Opening Balances										
Opening Gross Value		1,616,000	35,502,944	64,295,565	1,379,782	1,820,015	286,256	21,805,391	19,939	126,725,892
Accumulated Depreciation			5,615,518	6,471,800	857,299	1,344,656	259,758	3,629,736	-	18,178,767
Opening Written Down Value		1,616,000	29,887,426	57,823,765	522,483	475,359	26,498	18,175,655	19,939	108,547,125
Movements during Year										
Additions		-	-	2,700,782	-	81,727	-	1,076,031	1,288,750	5,147,290
Disposals		-	-	652,137	25,898	(25,898)	-	-	(652,137)	-
Depreciation		-	-	-	-	-	-	-	-	-
Revaluations	12	-	(477,322)	(804,981)	(61,631)	(69,769)	(6,588)	(387,118)	-	1,807,409
Transfers		-	1,624,077	(358,557)	3,470	(75,458)	-	271,653	-	1,465,185
Closing Balances										
Closing Gross Value		1,616,000	36,828,094	66,567,008	1,407,054	1,792,743	286,256	22,848,796	656,552	132,002,503
Accumulated Depreciation		-	5,793,913	6,553,862	916,834	1,406,782	266,346	3,712,675	-	18,650,312
Closing Written Down Value		1,616,000	31,034,181	60,013,146	490,220	385,961	19,910	19,136,221	656,552	113,352,191
Estimated Useful Life (Years)		Not Depreciated	3-200	5-200	2 - 20	3 - 80	1 - 100	10-200		

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

9 Property, Plant and Equipment (Continued)

(i) Fair Value Hierarchy

The fair values of assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. To provide an indication about the reliability of the inputs used in determining fair values, council classifies assets which are measured at fair value into the three levels prescribed under AASB 13, as follows:

Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value based on inputs that are directly or indirectly observable for the asset or liability.

Level 3: Fair value based on unobservable inputs for the asset and liability.

There were no transfers between levels during the year.

The following tables summarise the classification of councils assets into the levels defined above.

2016:

Asset Category	Level 1	Level 2	Level 3	Total
Land	-	1,616,000	-	1,616,000
Buildings and Houses	-	-	95,075,714	95,075,714
Motor Vehicles	-	469,657	-	469,657
Major Plant and Equipment	-	733,173	-	733,173
Infrastructure	-	-	19,686,704	19,686,704
	-	2,818,830	114,762,418	117,581,248

2015:

Asset Category	Level 1	Level 2	Level 3	Total
Land	-	1,616,000	-	1,616,000
Buildings and Houses	-	-	91,047,327	91,047,327
Motor Vehicles	-	490,220	-	490,220
Major Plant and Equipment	-	385,961	-	385,961
Infrastructure	-	-	19,136,221	19,136,221
	-	2,492,181	110,183,548	112,675,729

Council does not carry any assets or liabilities at fair value other than property, plant and equipment as described above.

(ii) Basis of valuation and valuation processes

All assets with the exception of furniture and equipment and capital work in progress are measured at fair value utilising the valuation basis' described below. Independent comprehensive valuations of each category of asset are undertaken on a rolling basis with each category being subject to comprehensive revaluation at least once every five years. In intervening years desktop valuation updates are performed either internally or by an independent valuer. Desktop valuations apply an indexation factor to the previous comprehensive valuation and consider any known factors giving rise to a change in asset condition which have occurred since the last comprehensive valuation. Where an independent valuer is engaged to undertake a desktop valuation update, a sample of assets will be physically inspected by the independent valuer in order to gauge changes in asset conditions.

The table below summarises the level of detail applied in determining the value of Council's assets as at 30 June 2016.

Asset Category	Valuation Effective 30 June 2016	Performed By	Effective Date of Last Comprehensive Valuation	Performed By
Land	Desktop	APV Valuers and Asset Management	30/06/2012	APV Valuers and Asset Management
Buildings and Houses	Desktop	APV Valuers and Asset Management	30/06/2012	APV Valuers and Asset Management
Motor Vehicles	Desktop	APV Valuers and Asset Management	30/06/2012	APV Valuers and Asset Management
Major Plant and Equipment	Desktop	APV Valuers and Asset Management	30/06/2012	APV Valuers and Asset Management
Infrastructure	Desktop	APV Valuers and Asset Management	30/06/2012	APV Valuers and Asset Management

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

9 Property, Plant and Equipment (Continued)

(iii) Valuation techniques to derive fair values for level 2 and level 3 valuations

Land (level 2)

Land fair values have been determined by direct comparison to the sales prices of comparable properties in close proximity adjusted for difference in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre and the indexation rate applied in the current period desktop valuation update. All land values are based on the assumption that contaminants such as asbestos, chemicals, toxic wastes or other hazardous materials do not exist on these land parcels.

As noted above the last comprehensive valuation of land assets was undertaken effective 30 June 2012. No indexation factor was applied to the opening value of land in deriving the valuation as at 30 June 2016.

Buildings and Houses (level 3)

Community and residential buildings within the Cherbourg Aboriginal Shire Council are not able to be transferred on a market basis, and as such sales evidence is not available to support a market-based valuation approach. Buildings and houses are therefore valued using a depreciated replacement cost methodology, which estimates the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. The gross current values are derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors and Rawlinson's (Australian Construction handbook).

A calculated accumulated depreciation charge is subtracted from the gross replacement cost to reflect the consumed or expired service potential of the asset. In determining the level of accumulated depreciation the assets have been disaggregated into significant parts which exhibit different patterns of consumption or useful lives. Allowance has been made for the typical asset lifecycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefits and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capacity, utilisation and obsolescence.

In order to assess the remaining service potential the following consumption scoring system is applied:

Phase Points	Description
0 - 0.5	New or very good condition - very high level of remaining service potential.
1 - 1.5	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2 - 2.5	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short-term obsolescence.
3 - 3.5	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.
4 - 4.5	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the capital works plan to renew or replace in short-term. Very low level of remaining service potential.
5 - 5.5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.
6 - End of Life	Theoretical end of life.

New buildings are valued at the actual cost of construction in the year they are constructed, and subsequently under the approach described above.

The most significant inputs into the valuation approach are construction cost unit rates (per square metre), the split between short and long-lived subcomponents, estimated useful lives, pattern of consumption, asset condition, and the indexation rate applied in the current period desktop valuation update.

An indexation factor of 3.5% was applied to the opening capital replacement value of building and house assets in deriving the 30 June 2016 desktop valuation (2015: 2.5%).

The indexation percentages applied in the valuations were derived by APV Valuers and Asset Management from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics, and the valuer's own internal market research and costings.

Motor Vehicles (level 2)

Motor vehicle asset values are derived from comparable sales and relevant industry market price reference guides. The most significant inputs into the valuation approach are the make, size, year of manufacture and condition.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

9 Property, Plant and Equipment (Continued)

Major Plant and Equipment (level 2)

Major plant and equipment asset values are generally derived from comparable sales and relevant industry market price reference guides. Where items of plant however are unique in design or there is insufficient market evidence to support the valuation, the valuation is performed using a depreciated replacement cost approach (as described for buildings and houses above).

The most significant inputs into the market based valuation approach are the make, size, year of manufacture and condition. Where assets are valued under a depreciated replacement cost approach significant inputs include the asset replacement cost, useful lives, pattern of consumption and asset condition.

No items of major plant and equipment were valued using depreciated replacement cost in the current year.

Road and Water Infrastructure Network (level 3)

Council categorises its road infrastructure into sealed and unsealed roads, which are managed in segments of no longer than 3km. All road segments are componentised into formation, pavement and seal (where applicable), and further into short and long-lived subcomponents. Drainage assets are segmented and componentised into pits, pipes, channels and floodways. Water and sewerage mains are segmented and componentised into standard and rising mains, and further into short and long-lived subcomponents.

Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

All road and water infrastructure network assets are valued utilising a depreciated replacement cost approach. Gross replacement costs are estimated through multiplying materials and labour unit prices (per measurement of area/length) determined by reference to market data for recent projects, costing guides such as Rawlinson's (Australian Construction Handbook) and benchmark data from similar councils, by volumes ascertained with reference to council minimum asset linear and area specifications.

In determining the level of accumulated depreciation assets are disaggregated into significant parts which exhibit different patterns of consumption or useful lives. Allowances are made for the typical asset lifecycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit and the condition of the asset. Condition is assessed by taking into account both physical characteristics as well as holistic factors such as functionality, capacity, utilisation and obsolescence.

An identical condition rating scale as provided above in relation to buildings and houses is utilised for infrastructure assets in order to assess the remaining service potential.

The most significant inputs into the valuation approach are construction cost unit rates (per square metre), pattern of consumption, asset condition, and the indexation rate applied in the current period desktop valuation update.

The following indexation rates were applied in deriving the 30 June 2016 and 30 June 2015 desktop valuation updates for road and water infrastructure network assets:

Class	Indexation Factor	Indexation Factor
	2016	2015
Water & Sewerage Infrastructure - Civil	1.5%	2%
Water & Sewerage Infrastructure - Other	1.5 - 3.5%	1 - 3%
Roads	1%	2%
Other Structures	2.5%	4%

The indexation percentages applied in the infrastructure valuations were derived by APV Valuers and Asset Management from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics, and the valuer's own internal market research and costings.

(iv) Changes in fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in note 9 (property, plant and equipment).

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
10 Trade and other payables			
Current			
Creditors and accruals		185,232	673,912
Annual leave		258,569	231,824
Revenue in advance		49,230	54,173
		<u>493,031</u>	<u>959,909</u>
11 Provisions			
Provision			
Current			
Legal matters			215,000
Long service leave		169,650	159,730
		<u>169,650</u>	<u>374,730</u>
Non-current			
Long service leave		104,027	81,782
		<u>104,027</u>	<u>81,782</u>
Details of movements in provisions:			
Long service leave			
Balance at beginning of financial year		241,512	225,765
Long service leave entitlement arising		41,525	78,841
Long Service entitlement paid		(9,360)	(63,094)
Balance at end of financial year		<u>273,677</u>	<u>241,512</u>
12 Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		49,263,213	47,798,028
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		967,034	1,624,077
Houses		(1,192,187)	(358,557)
Motor vehicles		29,526	3,470
Plant and equipment		233,741	(75,458)
Infrastructure		866,829	271,653
Balance at end of financial year		<u>50,168,156</u>	<u>49,263,213</u>
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Buildings		22,606,182	21,639,148
Houses		17,830,971	19,023,158
Motor vehicles		568,703	539,177
Plant and equipment		506,101	272,360
Infrastructure		8,656,199	7,789,370
		<u>50,168,156</u>	<u>49,263,213</u>

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
13 Commitments for expenditure			
Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		6,960	6,960
One to five years		13,340	20,300
		<u>20,300</u>	<u>27,260</u>

14 Contingent liabilities

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 2016 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 \$51,872.

National Regulatory System for Community Housing Providers

Under amendments passed to the Housing Act 2003 during the 2014 financial year, council, as a service provider of community housing, is required to register for the National Regulatory System for Community Housing Provider (NRSCH). In order to become eligible for registration under the NRSCH council must complete certain pre-requisite actions, a number of which remain outstanding as at the date of this report.

Should council not obtain registration prior to 30 June 2019, there would be three alternatives available for Council's consideration :

1. Transfer or return of community housing assets to the Department of Housing and Public Works;
2. Repayment of contingent liability of any funded assets (i.e purchasing the Department's interest in community housing assets); or
3. Transfer of assets to another provider that is registered under the NRSCH.

The most likely outcome should council fail to obtain registration under the NRSCH would be the removal of community housing assets from council's balance sheet. At 30 June 2016 these assets had a total value of \$64.379m (refer note 9).

Council consider that it is probable registration will be obtained within the required timeframe, however as the likelihood of not obtaining registration cannot be considered remote, disclosure of the alternatives has been made above.

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Notes to the financial statements

For the year ended 30 June 2016

15 Superannuation

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

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

The scheme has three elements referred to as:

1. The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund;
2. The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
3. The Accumulated Benefits Fund (ABF), which is a defined contribution scheme as defined in AASB 119.

Council has no liability or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009. Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

As at the reporting date, the assets of the scheme are sufficient to meet vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the Regional DBF are insufficient to meet members' benefits.

There are currently 72 entities contributing to the Regional DBF plan and any changes in the contribution rates would apply equally to all 72 entities. Cherbourg Aboriginal Shire Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
16 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities			
Net operating result		4,333,119	6,943,958
Non-cash operating items:			
Depreciation and amortisation		1,873,311	1,807,409
		1,873,311	1,807,409
Investing and development activities:			
Capital grants and contributions and sales		(5,838,033)	(6,508,030)
		(5,838,033)	(6,508,030)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		262,161	(397,594)
(Increase)/decrease in inventory		45,610	(40,376)
(Increase)/decrease in biological asset		(152,624)	(74,729)
Increase/(decrease) in payables		(466,878)	158,274
Increase/(decrease) in other provisions		(182,835)	(257,802)
		(494,566)	(612,227)
Net cash inflow from operating activities		(126,169)	1,631,110

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

17 Financial instruments

Cherbourg Aboriginal 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.

Cherbourg Aboriginal Shire Council measures material risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity 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.

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

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.

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, as disclosed in notes 7 and 8.

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

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:

30-Jun-16	Fully performing	Past due	Total		
	Less than 30 days	30-60 days	61-90 days		
	\$	\$	\$	\$	
Receivables	498,087	117,161	97,257	1,328,938	2,041,443
Less provision for impairment	-	-	-	(759,621)	(759,621)
Net Recievables	498,087	117,161	97,257	569,317	1,281,822

30-Jun-15	Fully performing	Past due	Total		
	Less than 30 days	30-60 days	61-90 days		
	\$	\$	\$	\$	
Receivables	647,019	230,494	141,031	1,168,475	2,187,019
Less provision for impairment	-	-	-	(681,917)	(681,917)
Net Receivables	647,019	230,494	141,031	486,558	1,505,102

Liquidity risk exposure

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.

Council's only recognised financial liabilities are trade payables as disclosed in note 10 which have contractual maturity dates of 6 months or less.

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

18 Tied grants by project

	Balance 01/07/15 \$	Revenue \$	Expense \$	Balance 30/06/2016 \$
Commonwealth government grants				
Dept Education, Employment and Workplace Relation				
<i>Barambah PACE Project</i>	(24,692)	-	-	(24,692)
<i>Carbon Farming Project</i>	1	-	-	1
<i>Community Training & Employment Program</i>	124,167	-	-	124,167
Total DEEWR Grants	99,476	-	-	99,476
Department of Infrastructure and Regional Development				
<i>Roads to Recovery</i>	63	-	-	63
Total	63	-	-	63
Dept of Families, Housing, Community Services and Indigenous Affairs				
<i>CDEP Community Dev Project Fund</i>	(4,838)	-	-	(4,838)
<i>Council Operational Municipal Services</i>	35,689	-	35,689	-
<i>Garbage Normalisation</i>	(24)	-	-	(24)
<i>Job Creation Package Muns</i>	(32,150)	47,264	56,503	(41,389)
<i>Titans CDEP Project</i>	1	-	-	1
<i>CDEP Operational Support</i>	6,067	-	-	6,067
<i>Barambah PACE 2014</i>	25,713	-	-	25,713
<i>NAIDOC Activities</i>	24	-	-	24
Total	30,482	47,264	92,192	(14,446)
Department of Health & Ageing				
<i>BMX Track, Park & Playground</i>	6,729	-	-	6,729
<i>NKB Certification</i>	39,993	-	-	39,993
<i>Sporting Support</i>	1,620	-	-	1,620
<i>Job Creation - Respite</i>	(1,426)	-	-	(1,426)
<i>NJCP - Sport & Rec</i>	(38,778)	103,000	105,545	(41,323)
<i>Indigenous Sports & Rec Program 2010/2011</i>	(23,582)	-	-	(23,582)
<i>Indigenous Sports & Rec Program 2011/2012</i>	(29,835)	-	-	(29,835)
Total	(45,279)	103,000	105,545	(47,824)
Total - Commonwealth government	84,742	150,264	197,737	37,269

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Balance 01/07/15	Revenue	Expense	Balance 30/06/2016
	\$	\$	\$	\$
State government grants				
Department of Local Government				
<i>GraffitiSTOP Funding</i>	(3,253)	-	543	(3,796)
<i>Flood Gauge</i>	(4,281)	4,281	-	-
<i>Council Flood Drainage</i>	(39,419)	39,419	-	-
<i>Public Lighting</i>	(15,075)	16,750	1,675	-
<i>Get Ready Queensland</i>	(405)	6,493	3,545	2,543
<i>Indigenous Economic Development Grant</i>	(24,325)	89,414	81,414	(16,325)
<i>LGGSP - Business Incentive Scheme</i>	119,771	119,068	257,415	(18,576)
<i>State Government Financial Aid Program</i>	(76,084)	1,535,124	1,661,896	(202,856)
<i>SGFA - Service Delivery Funds</i>	48,560	25,395	98,941	(24,986)
<i>Financial Assistance Grant</i>	1,043,297	565,837	823,577	785,557
<i>Enhancement of Asset Data</i>	(310)	-	-	(310)
<i>Natural Disasters Resilience Program</i>	(63)	-	-	(63)
Total	1,048,413	2,401,781	2,929,006	521,188
Department of Employment, Economic Development and Innovation				
<i>Employ Trainees</i>	(67,620)	-	-	(67,620)
<i>F.I.A - Cherbourg Fresh Commercial Expansion</i>	(12,878)	-	-	(12,878)
<i>SQW Construction</i>	(666)	-	-	(666)
Total	(81,164)	-	-	(81,164)
Department of Communities				
<i>Emergency Relief Program</i>	1,841	-	-	1,841
<i>Disability Funding Program</i>	188,290	-	-	188,290
<i>Home and Community Care Program</i>	(124,697)	-	-	(124,697)
Total	65,434	-	-	65,434
Department of Health				
<i>Injury Prevention, Safety Awareness</i>	1,667	-	-	1,667
<i>A&TSI Public Health</i>	(9,966)	154,630	203,163	(58,499)
Total	(8,299)	154,630	203,163	(56,832)
Department of Transport and Main Roads				
<i>Tids Funding</i>	-	43,543	-	43,543
Total	-	43,543	-	43,543
Department of Aboriginal and TI				
<i>Sports and Recreation</i>	-	1,750	-	1,750
Total	-	1,750	-	1,750
Department of Education, Training and Employment				
<i>Skilling Queenslander for Work</i>	-	25,000	3,517	21,483
Total	-	25,000	3,517	21,483
Department of National Parks, Sport and Racing				
<i>Get Out, Get Active Netball</i>	-	-	9,374	(9,374)
Total	-	-	9,374	(9,374)

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Balance	Revenue	Expense	Balance
	01/07/15			30/06/2016
	\$	\$	\$	\$
Department of Justice and Attorney - General				
<i>Sports Complex Lighting</i>	-	21,074	10,537	10,537
Total	-	21,074	10,537	10,537
Department of Environment and Resource				
<i>Illegal Dumping Camera</i>	1,000	-	-	1,000
<i>Waste Facility Assistance</i>	(5,042)	-	-	(5,042)
Total	(4,042)	-	-	(4,042)
Department of Community Safety				
<i>LGS Subsidy</i>	12,162	-	-	12,162
<i>Community Drought Support</i>	48,980	75,000	68,001	55,979
<i>SES Subsidy -Freight Container</i>	3,000	-	-	3,000
Total	64,142	75,000	68,001	71,141
Total - State government	1,084,484	2,722,778	3,223,598	583,664

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Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	Balance 01/07/15	Revenue	Expense	Balance 30/06/2016
	\$	\$	\$	\$
Other grant providers				
Keep Australia Beautiful				
<i>Recycling Grant</i>	(8,172)	15,000	11,714	(4,886)
Total	(8,172)	15,000	11,714	(4,886)
Burnett mary Regional Group				
<i>Drought Assistance Funding</i>	18,182	(3,532)	14,650	-
<i>Cherbourg Parthenium Control</i>	4,500	-	-	4,500
Total	22,682	(3,532)	14,650	4,500
Burnett Inland Economic Development Organisation				
<i>Cultural Diversity</i>	5,530	-	651	4,879
<i>Formal Training</i>	3,766	-	-	3,766
<i>Murri Network</i>	17,865	-	193	17,672
Total	27,161	-	844	26,317
State Library of Queensland				
<i>Indigenous Knowledge Centre</i>	14,600	50,085	42,180	22,505
Total	14,600	50,085	42,180	22,505
Rio Tinto - A.C.I.C.C				
<i>A.C.I.C.C - Barambah PaCE</i>	2,415	-	-	2,415
<i>A.C.I.C.C - Recycling</i>	-	1,720	1,580	140
<i>A.C.I.C.C - Cherbourg Café Project</i>	343	-	-	343
Total	2,758	1,720	1,580	2,898
Total - Other grant providers	59,029	63,273	70,968	51,334
Total grants	1,228,255	2,936,315	3,492,303	672,267
Less: Financial Assistance Grant	(1,043,297)			(785,557)
Add: Overdrawn Grant Balances	547,581			717,683
Total Tied Grants as at 30 June	732,539	-	-	504,393

Cherbourg Aboriginal Shire Council

Notes to the financial statements

For the year ended 30 June 2016

	2016	2015
Note	\$	\$

19 Correction of Error

In the process of valuing the Council's assets at 30 June 2016, it was discovered that measurements of contributed road infrastructure were incorrectly input into the 2015 valuation worksheets. As a result, the value of these contributed assets was overstated by \$1,358,882. In addition, Council has reclassified recoveries of joinery expenses of \$255,137 from sales revenue to materials and services expenditure in the comparative year, to reflect the nature of these recoveries and for consistency with current period classification. These errors have been corrected by restating each of the affected financial statement line items in the comparative statement of comprehensive income and statement of financial position, as follows:

Financial Statement Line Item	Previously Reported \$	Revised \$
Statement of comprehensive income		
Sales revenue	2,904,614	2,649,477
Capital grants, subsidies, contributions and donations	2,593,290	1,234,408
Total revenue	14,267,358	12,653,339
Materials and services	2,256,599	2,001,462
Total expenses	7,323,400	7,068,263
Net result	6,943,958	5,585,076
Total comprehensive income for the year	8,409,143	7,050,261
Statement of financial position		
Property, plant and equipment	114,711,073	113,352,191
Total non-current assets	114,828,529	113,469,647
Total assets	119,991,951	118,633,069
Net community assets	118,575,530	117,216,648
Retained surplus	69,312,317	67,953,435
Total community equity	118,575,530	117,216,648

Cherbourg Aboriginal Shire Council

Financial statements

For the year ended 30 June 2016

Management Certificate

For the year ended 30 June 2016

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 32, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor

Arnold Murray

Date: 24/10/2016



Chief Executive Officer

Warren Collins

Date: 24/10/2016

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INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cherbourg Aboriginal Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Cherbourg Aboriginal Shire Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (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 Cherbourg Aboriginal Shire Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



J MACGREGOR CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Cherbourg Aboriginal Shire Council

Current-year Financial Sustainability Statement For the year ended 30 June 2016

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-23%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by infrastructure depreciation expense.	0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-61%	not greater than 60%

Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2016.

Certificate of Accuracy

For the year ended 30 June 2016

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

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

Mayor
Arnold Murray

Date:24/10/2016

Chief Executive Officer
Warren Collins

Date:24/10/2016

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INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cherbourg Aboriginal Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Cherbourg Aboriginal Shire Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

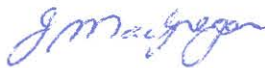
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Cherbourg Aboriginal Shire Council, for the year ended 30 June 2016, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



J MACGREGOR CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane