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Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 $	2014 $
Income			
Revenue			
Recurrent revenue			
Rates and utility charges	3 (a)	6,414,554	6,264,473
Sale of goods and major services	3 (b)	1,057,152	1,087,148
Fees and charges	3 (c)	518,553	535,108
Rental income	3 (d)	280,222	251,158
Interest received	3 (e)	264,725	374,653
Sales of contract and recoverable works		1,001,234	1,361,682
Other recurrent income		200,220	478,503
Grants, subsidies, contributions and donations	4 (i)	9,226,709	4,902,198
		18,963,369	15,254,923
Capital revenue			
Grants, subsidies, contributions and donations	4 (ii)	41,664,405	26,147,845
		41,664,405	26,147,845
Total revenue		60,627,774	41,402,768
Capital income	5	214,864	77,787
Total income	2	60,842,638	41,480,555
Expenses			
Recurrent expenses			
Employee benefits	7	(10,244,017)	(9,769,904)
Materials and services	8	(8,178,809)	(8,673,204)
Finance costs	9	(438,749)	(312,071)
Depreciation	14	(8,412,800)	(8,663,915)
		(27,274,375)	(27,419,094)
Capital expenses			
Other capital expenses	10	(38,390,864)	(24,489,188)
Total expenses		(65,665,239)	(51,908,282)
Net result		**(4,822,601)**	**(10,427,727)**
Other comprehensive income			
Increase / (decrease) in asset revaluation surplus	20	36,215,545	(22,557,502)
Total other comprehensive income		36,215,545	(22,557,502)
Total comprehensive income for the period		31,392,944	(32,985,229)

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

Statement of Financial Position

As at 30 June 2015

	Note	2015 $	2014 $
Current Assets			
Cash assets and cash equivalents	12	6,880,309	6,211,082
Trade and other receivables	13	2,578,004	4,750,431
Inventories		585,927	513,694
Total current assets		10,044,240	11,475,207
Non-current Assets			
Property, plant and equipment	14 (a)	287,854,262	254,064,759
Total non-current assets		287,854,262	254,064,759
TOTAL ASSETS		297,898,502	265,539,966
Current Liabilities			
Trade and other payables	16	6,461,078	5,409,714
Provisions	17	805,373	49,114
Borrowings	18	350,524	303,098
Other	19	-	1,173,040
Total current liabilities		7,616,975	6,934,966
Non-current Liabilities			
Provisions	17	1,732,850	2,441,028
Borrowings	18	5,144,964	4,187,177
Other	19	100,284	66,310
Total non-current liabilities		6,978,098	6,694,515
TOTAL LIABILITIES		14,595,073	13,629,481
NET COMMUNITY ASSETS		**283,303,429**	**251,910,485**
Community Equity			
Asset revaluation surplus	20	221,860,021	185,644,476
Retained surplus (deficiency)	21	58,635,000	64,967,114
Reserves	22	2,808,408	1,298,895
TOTAL COMMUNITY EQUITY		**283,303,429**	**251,910,485**

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

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Total		Retained surplus (deficit) Note 21		Reserves Note 22		Asset revaluation surplus Note 20	
		2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Balance as at 1 July 2014		251,910,485	284,895,714	64,967,114	71,346,975	1,298,895	5,346,761	185,644,476	208,201,978
Net result		-4,822,601	(10,427,727)	(4,822,601)	(10,427,727)				
Other comprehensive income for the period									
Revaluations:									
Property, plant & equipment	14	36,215,545	(22,557,502)					36,215,545	(22,557,502)
Total comprehensive income for period		31,392,944	(32,985,229)	(4,822,601)	(10,427,727)	-	-	36,215,545	(22,557,502)
Transfers (to) from retained earnings and recurrent reserves	21		-	-	4,255,031	-	(4,255,031)		
Transfers (to) from retained earnings and capital reserves	21		-	(1,509,513)	(207,165)	1,509,513	207,165		
			-						
Balance as at 30 June 2015		283,303,429	251,910,485	58,635,000	64,967,114	2,808,408	1,298,895	221,860,021	185,644,476

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

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities :			
Receipts			
Receipts from customers		10,289,196	9,116,145
Operating grants, subsidies and contributions		9,164,147	4,902,198
Interest received		284,823	354,555
Rental income		280,222	251,158
Payments			
Payments to suppliers and employees		(17,665,069)	(17,175,205)
Interest paid		(260,781)	(235,622)
Net cash inflow (outflow) from operating activities	28	2,092,538	(2,786,771)
Cash flows from investing activities:			
Commonwealth government grants		320,000	446,233
State Government subsidies & grants		40,860,525	25,059,450
Capital contributions		-	642,162
Payments for property, plant and equipment		(44,743,552)	(33,516,861)
Proceeds from sale of property plant and equipment	6	1,134,503	630,804
Net cash inflow (outflow) from investing activities		(2,428,524)	(6,738,212)
Cash flows from financing activities:			
Proceeds from borrowings	18	1,300,000	1,000,000
Repayment of borrowings	18	(294,787)	(237,691)
Net cash inflow (outflow) from financing activities		1,005,213	762,309
Net increase (decrease) in cash and cash equivalents held		669,227	(8,762,674)
Cash and cash equivalents at beginning of the financial year		6,211,082	14,973,756
Cash and cash equivalents at end of the financial year	12	**6,880,309**	**6,211,082**

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

1 Significant accounting policies

1. 1 Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

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

Recurrent/capital classification

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

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

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

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

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

1. 2 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. 3 Constitution

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

1. 4 Currency

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

1. 5 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.

Cook Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 Financial Instruments is the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9, 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.

As a result, Council will be required to measure its financial assets at fair value (to quantify the impact).

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 Related Party Disclosures will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

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

1. 6 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 1.12 and note 15

Impairment of property, plant and equipment - note 1.13 and note 14 (a)

Provisions - note 1.16 and note 17

Contingencies - note 25

1. 7 Revenue

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

1. 7 (a) 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.

1. 7 (b) 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 Constrained grants, subsidies and contributions reserve.

Council has spent 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 as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

1. 7 (c) Non-cash contributions

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

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

1. 7 (d) Cash contributions

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

1. 7 (e) Rental income

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

1. 7 (f) Interest income

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

1. 7 (g) Sales revenue

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

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

1. 7 (h) Fees and Charges

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

1. 8 Financial assets and 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.

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

<u>Financial assets</u>

Cash and cash equivalents (note 1.9)

Receivables - measured at amortised cost less any impairment (note 1.10)

<u>Financial liabilities</u>

Payables - measured at amortised cost (note 1.15)

Borrowings - measured at amortised cost (note 1.17)

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

1. 9 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. 10 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 is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables, with the exception of certain property on land subject to certain land tenure restrictions.

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

1. 11 Inventories

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

Inventories held for distribution (internal consumption) 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.
  Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.

1. 12 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 $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 reported in note 14 (a).

(a) 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.

(b) Capital and operating expenditure

Wages and materials expenditure incurred for the acquisition or construction are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned at which time they are reclassified from work in progress to the appropriate asset class.

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

(c) 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 its independent valuers to determine suitable indices which are applied to each of these asset classes. 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 15.

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.

(d) 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.

(e) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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 14 (a).

(f) 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 Cook Shire Council currently does not have any such land holdings.

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

1. 13 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 immediately 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. 14 Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers 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.

The council has no finance 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. 15 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. 16 Liabilities - employee benefits

(a) 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 included in note 16 as a payable.

(b) Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

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

This liability represents an accrued expense and is reported in Note 16 as a payable.

(c) 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 16 as a payable.

(d) 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 26.

(e) 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.

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

This liability is reported in note 17 as a provision.

1. 17 Borrowings

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

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

All borrowing costs are expensed in the period in which they are incurred.

1. 18 Restoration provision

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

Restoration on land not controlled by Council
Where the restoration site is on State reserves which the council does not control, the cost of the provisions for restoration of these sites is to be treated as an expense in the year the provision is first recognised. Changes in the provision due to either time, discount rate or expected future cost are treated as an expense or income in the reporting period in which they arise.

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

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

The council has the following restoration provisions:

(a) Gravel pit sites

The provision represents the present value of the anticipated future costs associated with the closure of the gravel pit sites, reclamation and rehabilitation of these sites.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for gravel pit sites rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time.

Management estimates that the restoration will occur in 2024.

1. 19 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. 20 Retained surplus (deficit)

In reference to the comparative figures for the ended 30 June 2014, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1. 21 Reserves held for funding future capital expenditure

These are cash backed reserves and represent funds, from revenue sources, that are accumulated to meet anticipated future capital asset funding requirements. In each case the amount relates to a perceived future requirement which is not currently a liability.

Unspent loan cash reserve
The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of approved loan funds from QTC that have been drawn down but not expended on the specific capital projects. As the funds are expended they are transferred to the council's capital account. Refer notes 12 and 22 (a) .

Constrained grants and subsidy contributions reserve
The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Refuse Levy reserve
This reserve was created to fund capital expenditure on landfill and transfer station infrastructure and the rehabilitation of landfill sites within the Cook Shire.

1. 22 Reserves held for funding future recurrent expenditure:

These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

1. 23 National competition policy

The Council has reviewed its activities and has identified 3 activities that are business activities. Details of these activities can be found in note 30.

1. 24 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. 25 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.

For details see note 27.

1. 26 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.

The Council pays payroll tax to the Queensland Government on certain activities.

2 (a) Components of council functions

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

Executive Services

The objective of executive services is to be open, accountable, transparent and deliver value for money community outcomes. This function focuses on strategic and operational planning, risk management, legal and administrative support.

This department also manages the human resources and workplace health and safety functions.

Corporate Services

This function provides the administrative services of Council including financial management including budget control, asset management in addition to records management and customer service.

Economic Development & Community Services

The goal of economic development and community services is to ensure Cook Shire is a vibrant community and remains attractive to to visitors and investors.
This function is also responsible for the provision community facilities including libraries and recreation facilities.

Engineering Services

Management of the engineering department and ensuring that the community is serviced by a high quality and effective road and drainage network. When applicable this department also supervises the restoration works as approved and funded through the NDRRA disaster relief program.

This function also manages the Cooktown, Coen and Laura aerodromes, including maintenance and refuelling facilities, and is also responsible for the maintenance of various gravel pits throughout the shire.

The goal of this function is to support a healthy, safe community through sustainable water services through the supply of potable water to shire communities and maintenance of the water and sewerage infrastructure assets. This function also maintains the shires parks and gardens.

Restoration of roads and drainage infrastructure adversely effected by annual climatic events throughout Cook Shire, supported through the receipt of approved funding from the Natural Disaster Relief and Recovery Arrangements (NDRRA).

Planning & Environmental Services

This function facilitates the shire's growth through well planned and quality development. The objective of planning and environmental services is to ensure Cook Shire is well designed, facilitates growth, preserves the natural character of the shire while overseeing environmental protection programs and effective animal control.

This function also provides refuse collection, recycling activities and waste disposal services throughout the shire, enforcement of local laws and land management.

2 Analysis of results by function

(b) Income and expenses defined between recurring and capital, and assets are attributed to the following functions:

	Gross function income				Total income	Gross function expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets
	Recurrent revenue		Capital revenue			Recurrent	Capital				
	Grants	Other	Grants	Other							
Functions	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $
Executive Services	5,000	55,152			60,152	(2,412,323)		(2,412,323)	(2,352,171)	(2,352,171)	-
Corporate Services	7,114,719	3,662,496			10,777,215	(4,890,463)		(4,890,463)	5,886,752	5,886,752	39,415,671
Economic Development & Community Services	50,904	198,316			249,220	(2,498,434)		(2,498,434)	(2,249,214)	(2,249,214)	12,104,261
Engineering Services	1,588,279	4,421,679	41,664,406	214,864	47,889,228	(13,513,625)	(38,390,864)	(51,904,489)	(7,503,667)	(4,015,261)	243,874,546
Planning & Environmental Services	467,807	1,399,016			1,866,823	(3,959,530)		(3,959,530)	(2,092,707)	(2,092,707)	2,504,024
Total	9,226,709	9,736,659	41,664,406	214,864	60,842,638	(27,274,375)	(38,390,864)	(65,665,239)	(8,311,007)	(4,822,601)	297,898,502

For the year ended 30 June 2014

	Gross function income				Total income	Gross function expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets
	Recurrent revenue		Capital revenue			Recurrent	Capital				
	Grants	Other	Grants	Other							
Functions	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $
Executive Services	-	127,080	-	-	127,080	(2,035,467)	-	(2,035,467)	(1,908,387)	(1,908,387)	-
Corporate Services	3,676,820	3,554,682	59,753	642,162	7,933,417	(1,128,317)	-	(1,128,317)	6,103,185	6,805,100	42,295,315
Economic Development & Community Services	71,022	261,092	-	-	332,114	(2,577,259)	-	(2,577,259)	(2,245,145)	(2,245,145)	12,425,608
Engineering Services	865,146	4,899,478	25,445,930	77,787	31,288,341	(16,948,194)	(24,573,944)	(41,522,138)	(11,183,570)	(10,233,797)	208,170,807
Planning & Environmental Services	289,210	1,510,393	-	-	1,799,603	(4,645,101)	-	(4,645,101)	(2,845,498)	(2,845,498)	2,648,236
Total	4,902,198	10,352,725	25,505,683	719,949	41,480,555	(27,334,338)	(24,573,944)	(51,908,282)	(12,079,415)	(10,427,727)	265,539,966

	Note	2015 $	2014 $
3 Revenue analysis			
(a) Rates and utility charges	1.7(a)		
General rates		3,279,965	3,108,884
Separate rates		226,901	224,554
Water		799,681	-
Water consumption, rental and sundries		955,258	1,765,176
Sewerage		1,130,812	1,117,438
Garbage charges		355,937	353,989
Total rates and utility charge revenue		6,748,554	6,570,041
Less: Discounts		(288,247)	(268,698)
Less: Pensioner remissions		(45,753)	(36,870)
Net rates and utility charges		6,414,554	6,264,473
(b) Sale of goods and major services			
Airport services		612,766	545,450
Refuse tip fees		436,372	481,863
Sale of other goods		8,014	59,835
		1,057,152	1,087,148
(c) Statutory fees and charges			
Town planning fees		70,750	70,842
Building fees & charges		116,139	74,372
Other statutory fees		-	49,115
User fees and charges		331,664	340,779
		518,553	535,108
(d) Rental income			
Community housing & hall rentals		280,222	251,158
		280,222	251,158
(e) Interest received			
Investments		191,285	302,057
Overdue rates and utility charges		73,440	72,596
		264,725	374,653
4 Grants, subsidies, contributions and donations	1.7(b)		
(i) Recurrent - grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		8,534,753	4,408,038
Other federal grants		354,479	81,876
State Government subsidies & grants		330,217	400,284
Donations		7,260	12,000
Total recurrent revenue		9,226,709	4,902,198

	Note	2015 $	2014 $
(ii) Capital - grants, subsidies, and contributions are analysed as follows:			
(a) Monetary revenue designated for capital funding purposes:			
Commonwealth government grants		320,000	446,233
State Government subsidies & grants		5,345,582	2,316,148
NDRRA flood damage grants		35,514,943	22,743,302
Contributions		-	642,162
		41,180,525	26,147,845
(b) Non-monetary revenue received is analysed as follows:	1.7(c)		
Developer assets contributed by developers at fair value		483,880	-
		483,880	-
Total capital revenue		41,664,405	26,147,845
(iii) Conditions over contributions			
Non-reciprocal grants and contributions which were recognised as revenues during a previous reporting period and were expended during the current reporting period.			
Operational grants received in advance		-	4,255,031
		-	4,255,031

5 *Capital income*

Gain on disposal of non-current assets	6	214,864	27,086
Reduction in rehabilitation provision due to the change in the estimated future cost on land not controlled by council	1.18 & 17	-	50,701
Total capital income		214,864	77,787

6 *Gain (loss) on the disposal of non-current assets*

Proceeds from the sale of plant and equipment		1,134,503	630,804
Less: Book value of plant and equipment sold		(919,639)	(603,718)
		214,864	27,086
Total gain (loss) on the disposal of non-current assets	5	214,864	27,086

7 *Employee benefits*

Total staff wages and salaries		9,540,399	8,706,420
Councillors' remuneration		361,838	381,143
Annual, sick and long service leave entitlements		2,359,184	2,062,970
Superannuation	26	1,089,148	1,143,387
		13,350,569	12,293,920
Other employee related expenses		243,266	267,608
		13,593,835	12,561,528
Less : Capitalised employee expenses		(3,349,818)	(2,791,624)
		10,244,017	9,769,904

	Note	$	$
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at June 2015:		2015	2014
Elected members		7	7
Administration staff		47	50
Depot and outdoors staff		56	90
Total full time equivalent employees		110	147

8 Materials and services

Audit of annual financial statements by the Auditor-General of Queensland		88,843	89,098
Consultants		330,167	324,945
Inventory and other materials		-	91,785
Contractors		2,903,717	2,768,859
Fuel & Oils		1,051,036	188,399
Insurances		544,911	474,338
IT - Software & Hardware		386,804	338,090
Legal Costs		122,252	157,206
Management Fees		273,349	318,359
Royalties		204,968	119,803
Subscriptions		134,041	151,597
Utilities		625,640	684,444
Travel & Accom		188,526	203,810
Donations		80,431	84,912
Other material and services		1,244,124	2,677,559
		8,178,809	8,673,204

9 Finance costs

Finance costs charged by the Queensland Treasury Corporation		260,781	235,622
Bank charges		29,175	33,365
Impairment of receivables and bad debts written off		99,502	-
Gravel pit sites - change in PV over time		49,291	43,084
		438,749	312,071

10 Capital expenses

Loss on write-off of capital assets	11	38,321,035	24,489,188
Increase in rehabilitation provision for future costs, on land not controlled by council, due to a change in discount rate	1.18	69,829	-
Total capital expenses		38,390,864	24,489,188

11 Loss on write-off of capital assets are as follows:

Road, drainage and bridge network - flood damage		38,321,035	24,489,188
	10	38,321,035	24,489,188

		2015	2014
	Note	$	$

12 *Cash assets and cash equivalents*

	1.9		
Cash at bank and on hand		375,576	280,971
Deposits at call		-	5,930,111
Term deposits		6,504,733	-
Total cash and cash equivalents per cash flow statement		6,880,309	6,211,082
Total cash assets		6,880,309	6,211,082

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed expenditure restrictions at the reporting date relate to the following assets:			
Unspent loan monies	22	1,300,000	-
Internally imposed expenditure restrictions at the reporting date relate to the following assets:			
Funds set aside by council and held in reserves for future projects		1,508,408	1,298,895
Total unspent restricted cash held in reserves	22	2,808,408	1,298,895

Cash and deposits at call are held in the Westpac Bank in a normal business cheque account. On call accounts are also held with QTC.
Term deposits earn fixed interest over varying terms at interest rates of between 3.33% and 3.1%.

13 *Trade and other receivables*

	1.10		
Current			
Rateable revenue and utility charges		653,716	678,897
Less: Impairment provision		(104,973)	(5,471)
		548,743	673,426
Water charges yet to be levied		375,235	386,473
Accrued government operating grants and subsidies		62,562	-
Accrued interest		-	20,098
GST recoverable		118,182	416,446
Other debtors		1,396,651	3,303,988
Less: Impairment provision		(50,000)	(50,000)
		1,902,630	4,077,005
Prepayments		126,631	-
		2,578,004	4,750,431

Interest is charged on outstanding rates at a rate of 11% 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.

Movement in accumulated impairment losses (trade and other receivables) is as follows:

Opening balance	55,471	55,471
Impairment adjustment in period	99,502	-
Closing balance	154,973	55,471

Further information about the valuation techniques used to derive fair value are included in note 15.

14 (a) Property, plant and equipment

	Note	Land	Buildings	Plant and equipment	Furniture and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Asset Values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2014		20,880,311	34,825,364	10,320,679	834,404	209,589,465	48,112,254	22,782,112	7,130,490	6,997,633	361,472,712
Additions at cost		-	-		-	-	-	-	-	44,743,552	44,743,552
Contributed assets at valuation		-	-	-	-	-	-	-	483,880		483,880
Internal transfers from work in progress		-	-	1,136,979	-	41,933,723	59,229	68,682	1,111,333	(44,309,946)	-
Disposals	6	-	-	(1,965,712)	-	-	-	-	-		(1,965,712)
Write-offs	10	-	-	-	-	(38,321,035)	-	-	-	-	(38,321,035)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	20	-	-	-	-	21,399,491	-	-	-		21,399,491
Internal transfers between asset classes		-	2,828,039	-	-	-	-	-	(2,828,039)		-
Closing gross value as at 30 June 2015		20,880,311	37,653,403	9,491,946	834,404	234,601,644	48,171,483	22,850,794	5,897,664	7,431,239	387,812,888
Accumulated depreciation and impairment											
Opening balance as at 1 July 2014			11,582,460	4,399,784	777,716	66,159,036	18,678,062	4,716,526	1,094,369		107,407,953
Depreciation provided in period			928,807	1,194,643	21,680	4,739,414	909,708	475,899	142,649		8,412,800
Depreciation on disposals	6		-	(1,046,073)	-	-	-	-	-		(1,046,073)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	20		-	-	-	(14,816,054)	-	-	-		(14,816,054)
Internal transfers to other asset classes			219,017	2,682	(2,682)	-	-	(7,661)	(211,356)		-
Accumulated depreciation as at 30 June 2015			12,730,284	4,551,036	796,714	56,082,396	19,587,770	5,184,764	1,025,662		99,958,626
Total written down value as at 30 June 2015		20,880,311	24,923,119	4,940,910	37,690	178,519,248	28,583,713	17,666,030	4,872,002	7,431,239	287,854,262
Range of estimated useful life in years		Not depreciated	30 - 100	3 - 20	3 - 10	15 - 180	20 - 80	12 - 100	50 - 100		
Addition of renewal assets			-	-	-	-	-	-	-	36,074,188	36,074,188
Addition of other assets			-	-	-	-	-	-	483,880	8,669,364	9,153,244
Total additions in period			-	-	-	-	-	-	483,880	44,743,552	45,227,432

* ARS denotes - Asset Revaluation Surplus

14 (a) Property, plant and equipment - prior year

	Note	Land	Buildings	Plant and equipment	Furniture and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
Asset Values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2013		24,937,088	34,310,910	8,876,102	834,404	207,797,418	40,947,183	28,582,764	7,130,490	2,168,394	355,584,753
Additions at cost		-	-	2,373,400	-	1,792,047	-	32,987	-	29,318,427	33,516,861
Internal transfers from work in progress		-	-	-	-	24,489,188	-	-	-	(24,489,188)	-
Disposals	6	-	-	(928,823)	-	-	-	-	-		(928,823)
Write-offs	10	-	-	-	-	(24,489,188)	-	-	-	-	(24,489,188)
Revaluation adjust to other comprehensive income. (refer the ARS*)	20	(5,029,229)	514,454	-	-	-	7,165,071	(5,833,639)	-		(3,183,343)
Internal transfers between asset classes		972,452	-	-	-	-	-	-	-		972,452
Closing gross value as at 30 June 2014		20,880,311	34,825,364	10,320,679	834,404	209,589,465	48,112,254	22,782,112	7,130,490	6,997,633	361,472,712
Accumulated depreciation and impairment											
Opening balance as at 1 July 2013			3,167,367	3,582,103	757,085	61,105,627	6,865,917	3,266,850	950,035		79,694,984
Depreciation provided in period			914,815	1,142,786	20,631	5,053,409	913,324	474,616	144,334		8,663,915
Depreciation on disposals	6		-	(325,105)	-	-	-	-	-		(325,105)
Revaluation adjust to other comprehensive income. (refer the ARS*)	20		7,500,278	-	-	-	10,898,821	975,060	-		19,374,159
			-	-	-	-	-	-	-		
Accumulated depreciation as at 30 June 2014			11,582,460	4,399,784	777,716	66,159,036	18,678,062	4,716,526	1,094,369		107,407,953
Total written down value as at 30 June 2014		20,880,311	23,242,904	5,920,895	56,688	143,430,429	29,434,192	18,065,586	6,036,121	6,997,633	254,064,759
Range of estimated useful life in years		Not depreciated	30 - 100	3 - 20		10 - 100	20 - 80	12 - 100	50 - 100		

* ARS denotes - Asset Revaluation Surplus

15 *Fair value measurements*

(i) Recognised fair value measurements

Property, plant and equipment
- Land
- Buildings
- Road, drainage and bridge network
- Water
- Sewerage
- Other structures

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.
Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 18 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

	Note	Level 3		Total	
		2015	2014	2015	2014
		$	$	$	$
Recurring fair value measurements					
Property, plant and equipment	14				
- Land		20,880,311	20,880,311	20,880,311	20,880,311
- Buildings		24,923,119	23,242,904	24,923,119	23,242,904
- Road, drainage and bridge network		178,519,248	143,430,429	178,519,248	143,430,429
- Water		28,583,713	29,434,192	28,583,713	29,434,192
- Sewerage		17,666,030	18,065,586	17,666,030	18,065,586
- Other structures		4,872,002	6,036,121	4,872,002	6,036,121
		275,444,423	241,089,543	275,444,423	241,089,543

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.
Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

15 Fair value measurements - continued

Specific valuation techniques used to value Council assets comprise:
Property, plant and equipment

Land fair values were determined by independent valuer, Cardno (Qld) Pty Ltd effective 1 July 2013. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Our fair value measurement has been either a level 2 or 3, depending on our assumptions as to:
- Whether the land is subject to restriction as to use and/or sale;
- Whether there is no active market

These assumptions apply to all of council's land, and it is therefore measured at the expected fair value as a level 3. However if an active market can be established and there are no unreasonable restrictions as to use and/or sale then the measurement criteria for level 2 would have be applied.

For indexed land valuations:
Overall price movements in the various property sectors of residential, commercial, industrial and rural determined through discussions with local real estate agents and sales evidence has seen the market in Cook Shire remain stable over the past few years with no increase in land values.
All Council site improvements assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The DRC was determined using methods relevant to the asset class as described under individual asset categories below.
The changes are detailed in note14 (property, plant and equipment).

Buildings(level 2 and 3)

The fair value of buildings were also were determined by independent valuer, Cardno (Qld) Pty Ltd effective 1 July 2013. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

CRC as at 30/6/2015 was determined by Cardno (Qld) Pty Ltd using Rawlinson's Building Prices Index, Qld Treasury's Asset Revaluation Index and the ABS Producer Price Index (ABS 6427.00 table 17) the resulting index was 4.5%

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. The average cost of construction used to calculate the gross current value of Council's buildings was $1,325/sqm for residential buildings and $1,328/sqm for commercial buildings.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

15 Fair value measurements - continued

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The valuation's sensitivity to these inputs is summarised below.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating (useful life)	1 - 10 (95% - 5%)	The higher the condition rating, the lower the fair value.
Residual value	$0	The higher the residual value the higher the fair value.

The valuation's sensitivity to unobservable inputs is summarised below for Buildings, sports fields and pool assets.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Condition rating (useful life)	new-5.5 (100%-0%)	The higher the condition rating, the lower the fair value.	Decrease in the value of the asset	Increase in the value of the asset

Infrastructure assets (level 3)

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

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

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

1(a) Road, drainage and bridge network - calculation of current replacement cost

Roads

Current replacement cost:
Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). The majority of council roads are in Cape York Peninsula and subject to severe annual climatic events. Council assess all roads annually after the 'wet season' to assess damage and with National Disaster Relief and Recovery Arrangements (NDRRA) funding conducts restoration works, as a result, rural roads have an average condition rating applied.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council's urban road pavements are constructed to an average depth of 200mm, while rural roads vary due to the variety of terrain and soil quality. Due to the remote location and vast size of Cook Shire (116,000 sq km) raw materials (gravel & water) are sourced from various locations therefore construction costs vary significantly. For internal construction estimates material and services prices were based on Council's Enterprise Bargaining Agreement (EBA).

The last full valuation of road infrastructure was undertaken effective 30 June 2015 by Cardno (Qld) Pty Ltd.

Accumulated depreciation:
In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Estimated useful lives are disclosed in note 14.

Bridges
Current replacement cost:
A full valuation of bridges assets was undertaken by independent valuers, Cardno (Qld) Pty Ltd 30 June 2015. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation:
In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition rating	Assessment
1	Very high level of remaining service potential
2-3	High level of remaining service potential
4-5	Adequate level of remaining service potential
6-7	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
8-9	Barely adequate level of remaining service potential requiring action to be taken in the short term
10	Asset is now unacceptable and must be closed or renewed

Estimated useful lives are disclosed in note 14.

Drainage
Current replacement cost:
A full valuation of drainage infrastructure was undertaken by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2015. Drainage assets are managed by components - culverts, pipes and channels being the major types.

Council assumes that each component is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to bridges.

Accumulated depreciation:
In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.
Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 14.

1(b) Roads, drainage and Bridge network – Sensitivity of valuation to unobservable inputs
As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

15 Fair value measurements - continued

Significant unobservable input	Relationship of unobservable inputs to fair value
Number of Labour hours	The higher the labour hours, the higher the fair value
Standard material usage quantities	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	The higher the condition rating, the lower the fair value.
Remaining useful life	The longer the remaining useful life, the higher the fair value.
Residual value	The higher the residual value the higher the fair value.

2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost

Water and sewerage infrastructure

Current replacement cost:
Water and sewerage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 1 July 2013. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.
CRC as at 30/6/2015 was determined by Cardno (Qld) Pty Ltd using Rawlinson's Building Prices Index, Qld Treasury's Asset Revaluation Index and the ABS Producer Price Index (ABS 6427.00 table 17) the resulting index was 1.5%

The Council region is split into 4 distinct areas based on geographic (coastal / rural / mountainous) and environmental factors (sand; acid sulphate soil; soft rock; and hard rock). Council assumes that these factors are consistent across each of these 4 regions and that costs of labour are consistent within each of these regions, depending on the materials used.

Cardno's cost models were derived from the following sources:

- Schedule rates for construction of asset or similar assets
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's Rates for building and construction, and
- Suppliers' quotations

Factors taken into account in determining replacement costs included:

- Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
- Soil factors - The types of soil or other surface material (e.g. areas where soil is subject to rock are difficult to excavate while areas where the soil is generally free of rock would not present any great difficulty for excavation).
- Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/ trench cage which increases costs and slows production).

Valuation unit rates (replacement costs) were increased by 20% to allow for project overheads including survey, environmental and investigation costs (6%), engineering design (5%), planning (3%) and project management (6%).

Accumulated depreciation:
In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

15 Fair value measurements - continued

Condition rating	Condition description	Description explanation	Remaining useful life %
1	As new/ excellent	Asset "as new"	95% of useful life
2 - 4	Good	Asset is reliable, it operates as intended. Its appearance and structural integrity is of a standard expected of an operating asset.	75% of useful life
5 - 7	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
8 - 9	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
10	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- The relining of pipes was valued at reline rates and depreciated over the reline life (70 years). The reline fair value was based on age.

2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	5-100 hrs/linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	1 – 10 as specified above	The higher the condition rating, the lower the fair value.
Remaining useful life	15-500 years	The longer the remaining useful life, the higher the fair value.
Residual value	$0	The higher the residual value the higher the fair value.

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

(ii) Valuation processes

Council's valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer, Director of Engineering and Director of Corporate Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in note 1.12 (c). Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

	Note	2015 $	2014 $
16 Trade and other payables	1.15		
Current			
Creditors and accruals		5,195,875	4,232,962
Employee related accruals		234,998	-
Annual leave	1.16(b)	797,858	1,022,823
Sick leave		35,000	35,000
Other entitlements		197,347	118,929
		6,461,078	5,409,714

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

The non-current portion of annual leave and long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1.16

17 Provisions			
Current			
Long service leave	1.16(e)	805,373	49,114
		805,373	49,114
Non-Current			
Long service leave	1.16(e)	185,056	1,012,354
Property restoration:			
Gravel pit sites		1,547,794	1,428,674
		1,732,850	2,441,028

Details of movements in provisions:

Long service leave		
Balance at the beginning of financial year	1,061,468	1,216,309
Amount paid in the period	392,164	103,731
Amount provided for in the period	(463,203)	(258,572)
Balance at end of the financial year	990,429	1,061,468
Gravel pit sites		
Balance at the beginning of financial year	1,428,674	1,436,291
Increase in provision - due to change in time	49,291	43,084
Increase (decrease) in provision - change in discount rate	69,829	(50,701)
Balance at end of the financial year	1,547,794	1,428,674
Current portion	-	-
Non-current portion	1,547,794	1,428,674
	1,547,794	1,428,674

This is the present value of the estimated future cost of restoring the gravel pit sites under the State Government environmental regulations at the end of its useful life.

The projected cost is $1,874,040 and this cost is expected to be incurred in 2024.

Cash funds committed to meet this liability at the reporting date are:	1,528,666	1,479,375

	Note	2015 $	2014 $

18 *Borrowings*

(a) Bank overdraft

The council does not have a bank overdraft facility.

(b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation.

All borrowings are in $A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from December 2025 to June 2036.

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

Principal and interest repayments are made quarterly in arrears.

Details of borrowings at balance date are:

	2015 $	2014 $
Current		
Queensland Treasury Corporation	350,524	303,098
Non Current		
Queensland Treasury Corporation	5,144,964	4,187,177

Details of movements in borrowings:

	2015 $	2014 $
Queensland Treasury Corporation		
Balance at the beginning of financial year	4,490,275	3,727,966
Loans raised	1,300,000	1,000,000
Principal repayments	(294,787)	(237,691)
Balance at end of the financial year	5,495,488	4,490,275
Classified as :		
Current	350,524	303,098
Non-current	5,144,964	4,187,177
	5,495,488	4,490,275

The QTC loan market value at the reporting date was $6,106,862

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.

No assets have been pledged as security by the council for any liabilities.

Borrowings are all in $A and are underwritten by the Queensland State Government.

19 *Other liabilities*

	2015 $	2014 $
Current		
Unearned revenue	-	1,173,040
	-	1,173,040
Non-current		
Unearned premiums received in advance	100,284	66,310
	100,284	66,310

	Note	2015 $	2014 $
20 (i) Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at the beginning of financial year		185,644,476	208,201,978
(a) Adjustments to property, plant and equipment through revaluations:	14		
Land		-	(5,029,229)
Buildings		-	(6,985,824)
Road, drainage and bridge network		36,215,545	-
Water		-	(3,733,750)
Sewerage		-	(6,808,699)
Balance at end of the financial year		221,860,021	185,644,476
(ii) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land		15,660,125	15,660,125
Buildings		7,029,222	7,029,222
Road, drainage and bridge network		178,917,362	142,701,817
Water		16,827,595	16,827,595
Sewerage		3,425,717	3,425,717
		221,860,021	185,644,476
21 Retained surplus	1.20		
Movement in retained surplus			
Balance at the beginning of financial year		64,967,114	71,346,975
Net result		(4,822,601)	(10,427,727)
		60,144,513	60,919,248
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended:			
Unspent loan cash reserve		(1,300,000)	-
Refuse Levy reserve		(209,513)	(207,165)
		(1,509,513)	(207,165)
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			
Grant received in advance reserve		-	4,255,031
		-	4,255,031
Balance at end of the financial year		58,635,000	64,967,114
22 Reserves	1.21		
(a) Restricted capital reserves			
Unspent loan cash reserve			
This cash forms part of council's capital value as the balance represents loan cash drawn down but unspent at balance date. The cash is restricted to specific project funding.			
Balance at the beginning of financial year		-	-
Loan funds drawn down in period.		1,300,000	1,000,000
Loan cash expended in period.		-	(1,000,000)
Balance at end of the financial year		1,300,000	-
Total restricted capital reserves		1,300,000	-

	Note	2015 $	2014 $
22 Reserves - continued			
(b) Other reserves			
(1) Summary of capital reserves held for funding future projects:			
(i) Grants, subsidies and contributions reimbursed reserve		-	-
(ii) Refuse Levy reserve		1,508,408	1,298,895
(i) Grant received in advance reserve		-	-
		1,508,408	1,298,895
Total reserves		2,808,408	1,298,895
Movements in capital reserves are analysed as follows:			
(i) Grants, subsidies and contributions reimbursed reserve			
Transfer from retained earnings grants, subsidies and contributions received in the period which are a reimbursement		-	642,162
Transfer to retained earnings funds expended		-	(642,162)
Balance at end of the financial year		-	-
(ii) Refuse Levy reserve			
Balance at the beginning of financial year		1,298,895	1,091,730
Transfer from retained earnings for future expenditure		209,513	207,165
Balance at end of the financial year		1,508,408	1,298,895
(i) Grant received in advance reserve			
Balance at the beginning of financial year		-	4,255,031
Transfer to retained earnings funds expended		-	(4,255,031)
Balance at end of the financial year		-	-

23 Commitments for expenditure

Contractual Commitments

Contractual commitments at balance date but not recognised in the financial statements are as follows:

Kerbside garbage collection - expires June 2017	649,744	320,861
	649,744	320,861

Capital Commitments

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:

Waterfront development	1,314,709	-
	1,314,709	-
These expenditures are payable :		
Within one year	1,314,709	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	1,314,709	-

24 Events after balance date

There were no material adjusting events after balance date.

	Note	2015 $	2014 $

25 Contingent liabilities

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

Local Government Workcare
The Cook Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare.

Under this scheme the Council has provided 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:		384,577	438,560

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 2014 the audited financial statements reported accumulated member funds of $26,013,447. It is not anticipated any liability will arise.

26 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:
The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; 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.

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.

26 Superannuation - continued

	Note	2015 $	2014 $

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional 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 Regional 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 the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that “the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme’s actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 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 DBF are insufficient to meet members' benefits.

There are currently 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Cook Shire Council made less than 4% of the total contributions to the plan in the 2014-15 financial year.

The next actuarial investigation will be conducted as at 1 July 2015.

The amount of superannuation contributions paid by Cook Shire Council to the scheme in this period for the benefit of employees was:		1,089,148	1,143,387

27 Trust funds

	Note		
Trust funds held for outside parties:	1.25		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		135,978	126,271
Security deposits		1,055	1,055
		137,033	127,326

The Cook Shire Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements.

28 *Reconciliation of net result for the year to net cash inflow (outflow) from operating activities*

	Note	2015 $	2014 $
Net result		(4,822,601)	(10,427,727)
Non-cash operating items:			
Impairment of receivables and bad debts written off	9	99,502	-
Depreciation and amortisation	14	8,412,800	8,663,915
Change in restoration provisions expensed to finance costs		49,291	43,084
		8,561,593	8,706,999
Investing and development activities:			
Capital grants, subsidies and contributions	4	(41,664,405)	(26,147,845)
Capital income	5	(214,864)	(77,787)
Capital expenses	10	38,390,864	24,489,188
		(3,488,405)	(1,736,444)
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		2,072,925	(1,822,217)
(Increase) decrease in inventories (excluding land)		(72,233)	(10,472)
Increase (decrease) in payables		1,051,364	1,466,581
Increase (decrease) in provisions		(71,039)	(154,841)
Increase (decrease) in other liabilities		(1,139,066)	1,191,350
		1,841,951	670,401
Net cash inflow from operating activities		2,092,538	(2,786,771)

29 *Financial instruments*

Cook Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

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

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Cook Shire Council does not enter into derivatives.

29 Financial Instruments - continued

Credit Risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.
No collateral is held as security relating to the financial assets held by Cook Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	12	375,576	280,971
Cash investments held-QTC	12	6,504,733	5,930,111
Receivables - rates	13	923,978	1,059,899
Other financial assets	13	1,527,395	3,690,532
Other credit exposure			
Guarantee	25	384,577	438,560
Total		9,716,259	11,400,073

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

Trade and other receivables

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

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	Not past due	Past due			Less Impaired	Total
		31 to 60 days	61 to 90 days	Over 90 days		
	$	$	$	$	$	$
Receivables:						
2015	1,866,338	19,494	9,574	710,940	(154,973)	2,451,373
2014	3,405,165	849	1,248	1,398,640	(55,471)	4,750,431

29 Financial Instruments - continued

Liquidity risk
Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Cook Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

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

These facilities are disclosed in note 18.

The council does not have any overdraft facilities at the reporting date.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2015	$	$	$	$	$
Trade and other payables	5,430,873	-	-	5,430,873	5,430,873
Loans QTC	612,237	2,540,436	4,464,740	7,617,413	5,495,488
	6,043,110	2,540,436	4,464,740	13,048,286	10,926,361
2014					
Trade and other payables	4,232,962	-	-	4,232,962	4,232,962
Loans QTC	557,754	2,174,483	3,663,707	6,395,944	4,490,275
	4,790,716	2,174,483	3,663,707	10,628,906	8,723,237

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Market risk
Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk
Cook Shire Council is exposed to interest rate risk through investments with QTC.

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

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

29 Financial Instruments - continued

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 0.25%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

2015	Net carrying amount	Change in profit & (loss) from 0.25% increase	Change in profit & (loss) from 0.25% decrease	Change in equity from 0.25% increase	Change in equity from 0.25% decrease
Financial assets and liabilities that are held at variable interest rates total:	$	$	$	$	$
QTC cash funds	6,504,733	16,262	(16,262)	16,262	(16,262)
Loans - QTC at fixed and generic *	(5,495,488)	(13,738)	13,738	(13,738)	13,738
Net total	1,009,245	2,524	(2,524)	2,524	(2,524)
2014					
QTC cash funds	5,930,111	14,825	(14,825)	14,825	(14,825)
Loans - QTC at variable **	(4,490,275)	(11,225)	11,225	(11,225)	11,225
Net total	1,439,836	3,600	(3,600)	3,600	(3,600)

In relation to the QTC loans held by the Council, the following has been applied:

*QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair Value
The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below and disclosed in note 18.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

30 National Competition Policy

(a) Business activities to which the code of competitive conduct is applied
This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The Cook Shire Council applies the competitive code of conduct to the following activities:

Aerodromes

Water & sewerage

Waste management

30 National Competition Policy - continued

(b) The following activity statements are for activities subject to the competitive code of conduct:

	Aerodromes	Water & sewerage	Waste management
	2015	2015	2015
	$	$	$
Revenue for services provided to external clients	734,694	2,934,708	806,246
Less : Expenditure	1,117,347	4,454,103	1,881,660
Surplus (deficiency)	-382,653	(1,519,395)	(1,075,415)

MANAGEMENT CERTIFICATE

For the year ended 30 June 2015

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 39, 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	Chief Executive Officer
Name: Peter Scott	Name: Timothy Cronin
Date: 16/ 10 / 2015	Date: 16/ 10 / 2015

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cook Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Cook Shire Council, which comprises the statement of financial position as at 30 June 2015, 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 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 Cook Shire Council for the financial year 1 July 2014 to 30 June 2015 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.

QUEENSLAND
29 OCT 2015
AUDIT OFFICE

C J WEH FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

COOK SHIRE COUNCIL

Current-year Financial Sustainability Statement
For the year ended 30 June 2015

Measures of Financial Sustainability

(i) Operating surplus ratio

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue)

(ii) Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) Net financial liabilities ratio

Total liabilities less current assets divided by total operating revenue (excludes capital revenue)

Council's performance at 30 June 2015 against key financial ratios:

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	-43.83%	428.80%	24.00%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

Certificate of Accuracy
For the year ended 30 June 2015

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

Name: Peter Scott

Date: 16/ 10 / 2015

Chief Executive Officer

Name: Timothy Cronin

Date: 16/ 10 / 2015

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cook 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 Cook Shire Council for the year ended 30 June 2015, 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 Cook Shire Council, for the year ended 30 June 2015, 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.

QUEENSLAND
29 OCT 2015
AUDIT OFFICE

C J WEH FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

COOK SHIRE COUNCIL

Long-Term Financial Sustainability Statement
Prepared as at 30 June 2015

Measures of Financial Sustainability

(i) Operating surplus ratio

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue)

(ii) Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) Net financial liabilities ratio

Total liabilities less current assets divided by total operating revenue (excludes capital revenue)

Council's performance at 30 June 2015 against key financial ratios:

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actuals at 30 June 2015	-43.83%	428.80%	24.00%
Projected for the 30 June 2016	-32.12%	78.50%	-46.00%
30 June 2017	-29.63%	81.16%	2.94%
30 June 2018	-28.20%	69.77%	-5.49%
30 June 2019	-27.64%	68.97%	-9.42%
30 June 2020	-26.98%	68.57%	-12.67%
30 June 2021	-26.22%	68.18%	-14.98%
30 June 2022	-25.92%	67.42%	-17.67%
30 June 2023	-25.51%	66.67%	-20.38%
30 June 2024	-24.85%	65.93%	-22.77%

Financial Management Strategy

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

The table above summarises how we performed against set targets for three key financial performance indicators established in our financial strategy. The ratios are a general formula and in Cook Shire's case do not necessarily reflect an accurate representation of Council's financial situation - Cook Shire encompasses 106,169 sq km, has $361 mil in assets and $3 mil in annual general rate revenue. Council has 2,000 km of mainly unsealed roads to maintain throughout Cape York which are subjected to severe annual climatic events, approved funding from the NDRRA program effectively funds the depreciation of these roads.

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2015

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

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

Mayor

Name: Peter Scott

Date: 16/ 10 / 2015

Chief Executive Officer

Name: Timothy Cronin

Date: 16/ 10 / 2015