



Cook Shire
COUNCIL



2016 - 2017 ANNUAL REPORT





Adoption

The 2016-17 Annual Report was adopted at the November 2017 Cook Shire Council Special Meeting in accordance with the *Queensland Local Government Act 2009* and *Local Government Regulation 2012* S182.

Questions about the plan?

If you would like any further information about the Cook Shire Council 2016-17 Annual Report please contact Council's Corporate and Community Services division via email at mail@cook.qld.gov.au or phone on 07 4069 5444.

Legislative Requirements

The administrative practices of Cook Shire Council are primarily governed by the *Queensland Local Government Act 2009* and *Local Government Regulation 2012*. Under this legislation, Council is required to prepare and adopt an annual report for each financial year, reporting against the Shire's progress with reference to its community, corporate and operational plans.



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Our 2016-17 Annual Report is a statutorily required public summary of your Council's performance over the last financial year.

The information and figures presented are required to be qualified and audited, both internally and externally, and are used by the State and Federal governments in the assessment and deliberation of Council's performance,

sustainability and support needs.

There is a degree of cynicism and indeed attacks on the role and function of Local Government and its employees, largely promoted through social media. However, our successful national system of government relies on councils being the most locally informed and proactive level of government.

Unless we can find a better form of government in Australia, then Local Government must be allowed to function as efficiently as possible without unnecessary distraction from anarchistic sentiment and interference.

Elected Council members and both contracted and award staff are obliged to fulfill a responsible role as public servants. They are also obvious in their involvement in community issues, volunteer groups and committees. In my 13 years in Council I can attest to the consistent best intention and effort by all the Council men and women towards the interests of Cook Shire and its constituents.

Cooktown and the Shire has seen positive progress over the last year with support from State and Federal government, our neighboring Shires and our own residents. Last year's Census showed uncommon growth for a regionally remote shire and a recent business survey indicated a bumper tourist season. Building approvals are strong and catalytic projects like the waterfront, airport, Peninsula Development Road seal and Lakeland solar projects are progressing steadily.

We have a continuing challenge to manage a huge Shire with a small population and limited resources.

I look forward to your working positively with Council in the upcoming year.

Cr Peter Scott
Mayor, Cook Shire Council



Keating's Lagoon Bird Hide

From the CEO's desk



Cook Shire Council has continued to manage significant infrastructure legacy issues while implementing organisational change during 2016-17.

Remediation of legacy issues associated with Council infrastructure and major projects including the waterfront, Events Centre and waste transfer stations have been a major focus.

Work recommenced on the waterfront in November 2016 following 12 months of review by external consultants and engagement with the Department of Environment and Heritage Protection (EHP) regarding the seawall. Wall remediation was completed in March 2017 and has recently been signed off by EHP. Work is continuing on the site, however, ongoing legacy issues requiring additional remediation are resulting in extra costs and time for the completion of the project.

Works commenced in 2016-17 to address design and construction issues that resulted in the Events Centre no longer being recognised as a cyclone shelter. Funding from the Community Resilience Fund, along with Council funding, has seen in excess of \$2 million committed to rectification works, which will be completed in 2017. Additional funding is being sought to enable the completion of the final stage of works. Council has entered into a new five year contract with the PCYC for running the Events Centre. The gym has now been upgraded to operate 24/7 and this has seen a large increase in use.

In February 2017, the State Government announced a new funding initiative, Works for Queensland. This initiative provided funds for councils to utilise in the maintenance of assets and development of infrastructure. It has a strong focus on the creation of jobs and a requirement that projects be completed by November 30, 2017. Works for Queensland funding of \$2.47 million has enabled Council to undertake much needed works. Projects were identified across the Shire from Portland Roads to Ayton and included footpaths, waste transfer stations, and the taxiway for the Cooktown Airport Aviation Park. Council was delighted to see a second portion of Works for Queensland rolled out in the Queensland Government's budget. Additional projects have recently been approved for completion in June 2019.

In December 2016 Cooktown's only childcare centre closed. As an essential service for the community, Council took the decision to purchase the centre. Agreement was reached for the Cairns Catholic Diocese to manage the centre for 2017, and it continues to provide an invaluable service to our residents.

Throughout 2016-17, Council has continued to review organisational structure and performance with a focus on improving service delivery to the community. A reduction in directors from four to two over the last two years has enabled Council to employ skilled managers to improve service delivery. Performance management frameworks have been implemented along with a continued focus on training. I would take this opportunity to thank staff for their hard work and commitment over the previous 12 months.

Cook Shire continues to enjoy increased economic development. The sealing of the Peninsula Development Road continues and will transform the Cape. Hinterland Aviation, in a vote of confidence in the region, increased flights from Cairns to Cooktown by 40 per cent in 2017. With the adoption of a new Corporate Plan in July 2017, Cook Shire Council is committed to building our diverse and unique communities into the future.

Timothy F Cronin
Chief Executive Officer



About Cook Shire

Cook Shire is a large, sparsely populated shire located in Cape York Peninsula, Australia. Successive Cook Shire Councils have worked creatively and industriously to build a firm foundation for a good quality of life and business opportunity for the population. Cook Shire Council provides infrastructure and a range of municipal and social services.

Geography

Cook Shire is roughly half the size of Victoria and twice the size of Tasmania: 106,073 square kilometres. The Shire stretches from Palmerville in the south to north of the Jardine River, with over 2750km of roads and encompassing several islands situated off the North East coast of Cape York. Cook Shire adjoins 13 other local government authorities and includes two internationally significant world heritage areas: the Wet Tropics and the Great Barrier Reef, which forms the Shire's outer boundary. The Shire is subject to extreme seasonality with cyclones and monsoon rains regularly severely affecting infrastructure. Road access to some of the Shire is often restricted for up to five months of the year.

Land Tenure

Within the Shire there are just over 2200 rateable properties, raising roughly \$6 million in rates and levies per annum. However, rateable properties are gradually declining as properties are transferred to conservation and other non-rateable tenures: Freehold 1 per cent; Land Lease 5 per cent; Aboriginal Shire Lease/Deed of Grant in Trust (DOGIT) or Land Trust 4 per cent; National Park 14 per cent; Nature Reserve 23 per cent; and Mining, State Lands and Reserve 53 per cent.



People

Cook Shire's population is 4424, which accounts for more than 58 per cent of all Cape York residents. Almost half of the population live in the Cooktown, Marton and Endeavour Valley areas. 11 per cent of the population identify as Aboriginal or Torres Strait Islander.

Economy

Local Gross Regional Product output in the Shire has increased since 2015 to \$0.73 billion from \$0.65 billion (2016 Census). Gross Regional Product has been growing at a steady rate, despite the relative remoteness of the region and high unemployment rate.

At the time of the 2016 Census, mining was listed as the largest employer, generating 662 local jobs in 2015-16, followed by construction, public administration, the agriculture, forestry and fishing sectors, and accommodation and food services.

Cooktown, Marton and Endeavour Valley

On the banks of the Endeavour River, Cooktown (and its surrounding communities) is the Shire's major township, service and population centre. European settlement began with Captain Cook, followed by explorers and miners, and the establishment of pastoral and timber industries. Today Cooktown is home to a range of industries which include retail, hospitality services, construction, trades, tourism and government. The population values the laid-back lifestyle, the acceptance of all peoples, and the town's natural beauty, whilst desiring ongoing sustainable development across multiple industries. Traditional Owners refer to the area as Waymburr: a traditionally peaceful meeting place.

Laura

Established in 1887, Laura's population is largely indigenous, and the traditional owners are recognised by a series of Land Trusts for reserves in and around the township. Proud of the scenery and indigenous connections, the population sees tourism as a prime growth industry and the world famous Aboriginal rock art in the area supports this vision.

Rossville Region

Encompassing Helenvale, Shiptons Flat, Mount Amos and Archer Point, the Rossville region emerged through mining and pastoral industries in the 1800s. Forming part of the Bloomfield Track, the village in the rainforest atmosphere attracts tourists and naturalists alike, with residents proud of the environmental diversity and community lifestyle.

Port Stewart

54km from their nearest service centre of Coen, two settlements can be found just kilometres apart: Moojeeba and Theethinji. Port Stewart is known as Yintjingga (sea eagle) in the local language and offers public camping grounds, a boat ramp and associated tourism services.

Portland Roads

Portland Roads is a beautiful, small community neighbouring Chilli Beach and protected from the South Easterly trade winds. Whilst managing the tourist trade is important, the population exhibit concern about whether the town's infrastructure can keep up with the increasing number of seasonal visitors heading North.



Black Mountain National Park

Lakeland

Lakeland is a small farming community: tight knit, prosperous and keen for further development despite an accommodation shortage. A pleasant place to live, the fertile, scenic, volcanic-formed basin supports extensive farming. Lakeland is home to some of the largest banana producers in Australia, and will also soon house two of the country's largest solar plus battery storage projects and the state's most northern avocado crop.

Bloomfield

Hosting a smaller population, the Bloomfield Valley (including the township of Ayton) is encompassed by a beautiful environment which the locals are passionate about. Offering rivers, beaches, Wet Tropics and Cedar Bay National Park, the population is happy with their community and strives for less regulation, the chance to contribute to decision-making for the area, and the development of its arts and cultural facilities.

Coen

An important supply point for travellers heading to the Cape, Coen provides key services to the North. Cape York Heritage House Museum attracts tourists travelling to and from the tip of Cape York. Tourism in Coen is confined to the dry season and access can be difficult for the few months of the wet season. The town is home to a population featuring many different indigenous and non-indigenous families and community groups. Tourism, pastoral and mining industries are key to Coen's growth.



Councillors

Cook Shire Council is made up of seven Councillors. Every four years residents democratically elect a Mayor and six Councillors as community representatives. The latest Local Government election was held on March 19, 2016 by full postal ballot. Your Councillors were popularly elected to represent the diverse views and social ecology of our Shire.

We are fortunate to have a sound mix of gender and experience with the key team traits of common sense and community focus.

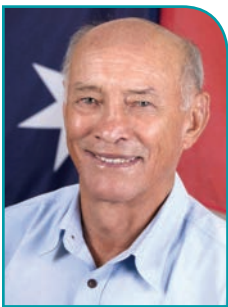
Councillors are allocated portfolios comprising regions and sectors that align to their strengths and interest.

Mayor Peter Scott

Cr Scott has a strong business background, with more than 23 years working for Westpac and a further 23 years managing

an accommodation business in Cooktown. Cr Scott is also an advocate of many community groups and passionate about sport, having volunteered for many

years with various local groups including golf, rugby league, tennis and parents and citizens groups. Elected Councillor in 2004, Mayor in 2008, 2012 and 2016.



Deputy Mayor Alan Wilson

Cr Wilson has lived on Cape York for more than 25 years working in the cattle industry and as a business owner. Cr Wilson is the Council representative for the Laura/Lakeland area. Elected Councillor in 2004, 2008, 2012 and 2016.



Cr Robyn Holmes

Cr Holmes has lived in rural areas all her life and has a background in State Government administration, banking, management and the rural sector. She has lived in Cooktown since 2006. Elected Councillor in 2016.



Cr Kaz Price

Cr Price was raised on a cattle property and has lived in Cooktown since 2003. She has been manager of the Cooktown District Community Centre since 2013. Elected Councillor in 2012 and 2016.



Cr Larissa Hale

Cr Hale is a traditional owner of the Archer Point region and is passionate about land and sea management and caring for country. Cr Hale is the Regional Arts Development Fund Advisory Committee Chair. Elected Councillor in 2016.



Cr John Dessmann

Cr Dessmann moved to Cooktown from Melbourne 14 years ago and has owned several businesses and has a background in tourism and business. Cr Dessmann is the Council representative for the Rossville and Bloomfield areas. Elected Councillor in 2016.



Cr John Chook Giese

Cr Giese has lived in Cooktown since 1973, and is the Council representative for Coen and surrounding areas. Cr Giese was previously a Council employee for seven years, specialising in road construction and maintenance. Elected Councillor in 2016.

Successive Councils and the community have worked creatively and hard to build a firm foundation for a good quality of life and successful business opportunity in Cook Shire. Today, Cook Shire Council's place in the community is to maintain and improve that foundation through the provisions of infrastructure and a range of municipal and social services.



Our Vision

Building sustainable communities with respect for our unique natural environment, celebrating our diverse cultures and sharing our pride in Cape York.

Our Mission

Our mission is to understand our communities' needs and provide consistent service to enable them to flourish in a safe, sustainable manner.

Our Core Values and Principles

Cook Shire Council promotes, encourages, rewards and actively believes in:

- Providing a safe workplace
- Adopting honest and progressing systems of accountability and reporting
- Working with our communities and stakeholders to plan, define, achieve and celebrate common short and long term goals
- Actively sharing responsibility for improving sustainable service provision for all customers
- Ensuring equal opportunity for all employees, potential employees, employees pursuing promotion and cross skilling and persons and organisations seeking to work with Council through the provision of services, works and consultants
- Encouraging and rewarding innovation demonstrated in operational and strategic service provision.



Strategic Planning Framework

The 2016-17 Annual Report is a way for Council to report to the community its financial and operational progress against Council's 2012-17 Corporate Plan. The Corporate Plan is designed to translate the needs and expectations of the community into tangible action and strategy. The plan provides for the prioritisation of Council's work commitments within a strategic framework, which is identified every year in Council's Operational Plan. The yearly budget is then developed based on those actions. At the end of each year the Annual Report is compiled to outline our achievements against the Corporate Plan by reflecting on our performance over the past 12 months.

Identify community need

Cook Shire Community Plan 2011-21

Shire vision, aspirations and priorities

Develop a strategic response

Long term Strategic and Financial Plans

Provide tangible strategic pathways to achieve community priorities

State and Federal Government requirements

Ensure Shire growth complies with legislation and regional planning framework

Five Year Corporate Plan

Detail community priorities, outcomes and strategies

Determine and implement operational priorities

Annual Operational Plans and Budgets

Guide departmental deliverables and resourcing

Inform the community of ongoing performance

Quarterly performance assessments

Assesses progress of the Operational Plan

Annual Report

Reviews performance for the year



Progress against the Corporate and Operational plans (s190)

Cook Shire Council's 2012-2017 Corporate Plan was formally adopted by Council at the August 2012 ordinary meeting. Planning and consultation for the 2017-2022 Corporate Plan began in 2015-16 and the final document has been completed.

The Operational Plan gives effect to the Corporate Plan on an annual basis. Council provides a detailed quarterly assessment of the progress made against its Operational Plan. Details of the quarterly review of the Operational Plan can be found on Council's website.

The following gives a broad overview of Council's works against the 2012-17 Corporate Plan to June 30, 2016 and the 2015-16 Operational Plan.

1. Leadership and Governance

Council renewed its focus on corporate governance in 2016-17, council delegations have been updated and will undergo regular review to ensure compliance.

Council's Fraud Policy was adopted in June and council purchasing procedures will be continually monitored as reported in the internal audit recommendations.

The project management training undertaken by council staff has seen these skills utilised on both large and small projects throughout 2016-17 - the Cooktown Airport taxiway project providing valuable experience to many involved with the project.

2. Environment and Wellbeing

Council has focused on animal control within the townships during 2016-17, and has continued with the animal management program in Coen which has proved very successful.

Waste transfer station facilities in Ayton, Laura and Lakeland are undergoing significant upgrades under the Works for Queensland grant program, with a new leachate management system installed at the Cooktown waste transfer station in 2017 funded by Council's environmental levy reserve. The Coen landfill has also undergone facility upgrade and construction of a site stormwater management system.

3. Active, Creative and Connected

The contract for the PCYC to manage the Cooktown Events Centre was extended in September 2016 for another five years. A major change was the introduction of 24 hour access to the gymnasium, which has proved very popular with Cooktown residents.

4. Safe, Healthy and Inclusive

The upgrade of the Cooktown Events Centre to improve the facility as a place of refuge during a cyclone is nearing completion. Stage two requires additional funding and the preparation of the application is underway.

The Local Disaster Management Committee (LDMC) has met on a regular basis throughout 2016-17. The Committee continues to build on the experience and expertise developed in previous years when the community experienced cyclones in consecutive years. The excellent relationship with the District Disaster Management Committee and state government agencies enhances the operations of the LDMC.



Royal Australian Air Force Freedom of the City Parade



Cook Shire is working with Wujal Wujal and Hopevale councils to formulate an Memorandum Of Understanding to provide mutual support during natural disasters.

5. Identity and Integrity

Natural asset management remains a focus, with Council working on the Native Title United 1 claim and Indigenous Land Use Agreement mapping. A continuing focus on gravel and water, including permission to access, saw Council working closely with traditional owners and the relevant state authorities.

Council's new planning scheme also included provision for the preservation of the Shire's cultural heritage. Cook Shire Council became a member of the Torres Cape Indigenous Council Alliance, a group which provides a forum for all councils to work together in achieving beneficial strategic outcomes for Cape York communities.

6. Infrastructure, Transport and Services

Infrastructure Services continued to provide key, critical infrastructure throughout the Shire with ongoing work undertaken under Council's roads, bridge and drainage capital works and maintenance programs.

New capital works for 2016-17 included a new bore and replacement of the Lakeland reservoir. Council invested \$4.5 million in upgrading unsealed roads with bitumen seals, these include – Battlecamp, Musgrave Strathgordon, and Railway Avenue East roads. Flood damage remediation works totalled \$25 million in 2016-17, down 24 per cent from the previous year. In Laura the Army Aboriginal Community Assistance Program completed a sewage treatment works, as well as footpaths, a training centre and a roof over the basketball court. The project was completed in October 2016.

7. Economic Wellbeing

Remediation works on the Webber Esplanade waterfront development is well underway, and the rock wall reinforcement has been completed and signed off by the Department of Environment and Heritage Protection.

The Works for Queensland grant program provided Council with \$2.4 million for community projects - footpaths in Coen, new picnic facilities for Portland Roads, refurbishment of the Rossville playground and upgrades for the Laura, Aytton and Lakeland waste transfer stations. All of these projects are on schedule for completion by November.

Hinterland Aviation increased their air service to Cooktown by 40 per cent during 2016-17, confirming the confidence in the continuing economic growth throughout Cook Shire. The Cooktown Airport Subdivision Project incorporates a new taxiway and is due for completion in November 2017, and the first tenant has commenced works on their leased property. Construction on the Lakeland Solar project is nearing completion with an expansion to the project looking positive.

Report on the Internal Audit for the 2016-17 Financial Year (s190)

Council's Internal Audit activities for the 2016-17 financial year have been wholly outsourced to the Local Government Association of Queensland (LGAQ), an appropriately qualified, independent, objective internal audit consultant approved by the Queensland Auditors Office. LGAQ annually reviews Cook Shire's internal controls in the pursuit of effective corporate governance, value adding and improved operational performance.

The overall objective of Council's annual Internal Audit is to assist the Council, its executive directors and all levels of management to discharge their responsibilities in maintaining Council operations as a well controlled, economic, efficient and effective Local Government which complies with statutory obligations. To this end, the Internal Audit process reviews all of Council's activities, reports to the Cook Shire Council Audit Committee, and supplies the Council and Council's executive directors with a report containing analyses, appraisals, recommendations, comments and observations generally.

The role, scope and purpose of the Internal Audit process is understood and supported by the organisation. The Internal Audit consultant works collaboratively with management to source appropriate qualitative and quantitative data. This data is designed to ensure subsequent reporting is accurate, identifies the various internal and inherent risks facing the local government, and provides sufficiently relevant recommendations that will result in improvements to systems, processes, work practices, compliance and business effectiveness. Cook Shire Council's 2016-17 Internal Audit Report included an assessment of all departments, with a targeted review of procurement, workplace health and safety, payroll, fraud prevention, management strategies and processes.

Key Findings of the 2016-17 Internal Audit

Fraud Framework

- Council developed a Fraud Policy which was adopted at the June 2017 Council meeting.
- Council is developing a fraud prevention framework and an update was provided to the Audit Committee in June 2017. To proactively assist with the implementation of the fraud framework, the Internal Audit provided the fraud related procedures, forms, fraud risk assessment and risk register templates to the Governance and Risk Manager. This will assist in development of the required elements for the overall framework.
- An action plan and timeframe for implementation of the fraud framework should be developed and monitored by the Audit Committee.

Risk Framework

- Council has formed a Risk Committee to monitor the implementation of the risk framework. A Risk Committee Charter and Risk Policy is currently in place. An extract of the risks from the corporate risk register was presented to the Risk Committee in February 2017. The Governance and Risk Manager is currently updating the corporate risks in the new risk register template.
- Council is developing various elements required for the overall risk framework. The Risk Committee, Audit Committee and Queensland Audit Office are aware of the current implementation status.

Procurement Review

- Overall, the requisitions were authorised by staff within the delegated authority. However, a pre-approval is not obtained from the delegated authority where the actual invoice value is higher than the purchase order amount.
- Instances are noted where the purchase orders are generated without any order value. An amount is entered in the authority system but not generated on the purchase order.
- There is no field in the authority system to enter the name of the authoriser at the time of creating a purchase order. The purchase order displays the name of the staff raising the requisition as the authoriser of the purchase order.
- The finance staff advised that the outstanding purchase orders are being followed up and reviewed.
- The details of exceptions and areas for improvement are outlined in the Detailed Audit Results section of this report.

Recommendations have been disseminated, built into the relevant positions, and the 2017-18 Operational Plan has been adopted with a strong focus on implementation of the Internal Auditor's recommendations.

Further Legislative Inclusions

As per the *Queensland Local Government Act 2009* and Division 3 of the *Local Government Regulations 2012* (the *Act* and the *Regulations*), the annual report for a local government must contain information relating to specific legislative and operational procedure, actions and resolutions (where relevant). Where information is required under the *Act* or *Regulation* that does not pertain to Cook Shire Council, it has been excluded.

Administrative Action Complaints

Cook Shire Council undertakes the management of all complaints or referrals in accordance with the General Complaints Process as detailed under the *Queensland Local Government Act 2009*. Council acknowledges the right of persons to provide feedback, both positive and negative, on its services and/or to lodge a complaint about a decision or other action it takes. To this end, Council actions complaints in accordance with its General Complaints Policy and Procedures, adopted July 2013. This Policy has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence (subject to any legal requirements) and in a manner respectful to the complainant. Council has committed to providing adequate resources and trained officers to deal with complaints and to record and analyse complaints data and has successfully evidenced impartial assessment, investigation and resolution of complaints throughout the 2016-17 financial year.

During the 2016-17 financial year 12 complaints were assessed under Council's administrative action complaints procedures. The 12 complaints were investigated and reported upon and deemed resolved by Council. One complaint was not resolved under the Council's administrative action complaints procedures. In the 2015-16 financial year 28 complaints were assessed under Council's administrative action complaints policy and processes.

Sections 187 (1) and (2) *Queensland Local Government Regulation 2012*

Remuneration

The total of all remuneration packages paid in the 2016-17 financial year to the four senior executives employed by Cook Shire Council was \$869,751. No executives were paid within the total package salary band comprising \$0 to \$100,000. Two executives received packages that totalled between \$100,000 and \$200,000 and two received a total package totalling between \$200,000 and \$300,000.

Section 201 *Queensland Local Government Regulation 2012*

Council Registers

- Delegations Register
- Risk Register
- Contaminated Land Register
- Local Law Register
- Roads Register
- Cemetery Register
- Community Grants Register
- Register of Cost Recovery & Regulatory Fees
- Register of Interests
- Register of Benefits and Gifts
- Lobbyist Register
- Register of Electoral Gifts
- Asset Register
- Register of Contracts Valued at > \$200,000

Section 190(1)(f) *Queensland Local Government Regulation 2012*



Community Grants and Sponsorship

2016-17 Community Development Grants

Recipient	Amount	Purpose
Cooktown Tennis Club	\$1700.00	Laptop computer.
Laura District Rodeo and Campdraft Association	\$1700.00	Laptop computer.
Lakeland Horsesports	\$2000.00	Lakeland Horsesports and Bullride
Queensland Country Women's Association	\$625.00	Cake Decorating for All Ages.
Bloomfield District Residents Association	\$1000.00	Resources to establish a new playground.
Cooktown School of Art Society	\$2000.00	Tree lopping to remove dangerous branches.
Scripture Union Australia	\$2000.00	Purchase mountain bikes for father and son leadership program.
Sporting Shooters Association of Australia Cape York Branch	\$2000.00	Purchase new target thrower.
Lakeland Progress Association	\$2000.00	Leading ladies activities and workshops.
Cooktown Creative Arts Association	\$1700.00	Laptop computer.
Cooktown Dive Club	\$1700.00	Laptop computer.
Total	\$18,425.00	

2016-17 Regional Arts Development Fund (RADF) Program

Recipient	Amount	Purpose
Lainie Franzl	\$2800.00	Art After School.
Fiona Mitchell	\$3320.00	Community drum circle workshops and interactive performances.
Cooktown District Community Centre	\$5840.00	Sharing Songs, Sharing Cultures.
Cooktown School of Art Society	\$1157.00	Melted crayon art workshops.
Tess Buhmann	\$2128.00	Minuet, ballroom dancers and debutantes.
Legends of Perhaps	\$8950.00	High quality professional film clip.
Cooktown PCYC	\$4070.00	Musical workshops and concert with Tijuana Cartel.
Total	\$28,265.00	

2016-17 Sponsorship and In Kind Support Program

Recipient	Amount	Purpose
Far North Queensland Hospital Foundation	\$6000.00	2016 and 2017 Cardiac Challenge.
Lakeland School	\$80.00	Two compost bins.
Kalan Enterprises	\$2720.00	Laura Aboriginal Dance Festival.
Harold Ludwick	\$1000.00	Conference trip support for Cooktown 2020.
Lakeland Horsesports	\$600.00	2017 Annual Bull Ride Sponsorship.
Cooktown Multicultural Festival Association	\$2875.00	2017 Cooktown Multicultural Festival.
Cooktown Community Church	\$568.10	2016 Carols by Candlelight.
Laura Aboriginal Dance Festival	\$35,785.00	Laura Dance Festival 2017
Cooktown Amateur Turf Club	\$6697.00	Cooktown Races 2016
Our CDF Inc	\$4000.00	Cooktown Wild and Windy Festival 2017
Total	\$60,325.10	

Community Grants and Sponsorship

2016-17 Economic Development Grants

Recipient	Amount	Purpose
South Cape York Catchments	\$4400.00	Water quality monitoring training for Cape York rangers
Cooktown Chamber of Commerce and Tourism	\$5000.00	Cooktown Marine Industry - researching its value to the local community.
Cape York NRM	\$4950.00	Reducing input costs for food producers in Cook Shire.
Coen Historical Society	\$3300.00	Office equipment to establish society.
Yuku Baja Muliku Landowner and Reserves Ltd	\$3928.00	Purchase art gallery software.
Total	\$21,578.00	

2016-17 Event Development Grants

Recipient	Amount	Purpose
Laura and District Rodeo and Campdraft	\$5000.00	Laura Rodeo 2017.
Cape York Folk Club Inc	\$5000.00	Wallaby Creek Festival 2016.
Cooktown Amateur Turf Club	\$5000.00	Cooktown Races 2016.
Total	\$15,000.00	

Concessions

Concessions granted by Cook Shire Council for rates and charges in the 2016-17 Financial Year and in accordance with section 190(1)(g) of the *Queensland Local Government Regulation 2012* are as follows:

Stage Government Pensioner Subsidy	227	\$47,147.76
Council Pension rebate	227	\$42,659.68
Water consumption concession	1	\$729.75
Concession on water consumption charges for dialysis	1	\$332.50
Concession on water consumption charges for leaks	18	\$20,189.64
Change in water service charge (25mm to 20mm)	19	\$4864.00
50 per cent reduction on 20mm residential water service and 50 per cent reduction on water consumption	11	\$3601.96
Change in water service charge (32mm to 25mm)	6	\$4308.00
100 per cent general rates concession	2	\$3919.49
100 per cent sewerage charges concession	2	\$2384.00
Vacant water service at no charge	4	\$3240.00
100 per cent environmental levy concession	2	\$988.00
Properties resolved at non-valued	5	

Change to Tenders

There were no changes to tenders issued during the 2016-17 financial year (section 228 {7} of the *Local Government Regulation 2012*).

Councillors

The following table details the total remuneration, including superannuation contributions, paid to each councillor during the financial year. No action was undertaken in accordance with sections 180, 181 and 176 of the *Act* (conduct and performance of Councillors) during the 2016-17 financial year.

Councillors Remuneration

Councillors	Gross Salary	Superannuation	Total Remuneration	Travel/Expenses Reimbursement
Peter Scott	\$99,070.72	\$17,621.05	\$116,691.77	\$20,769.50
Alan Wilson	\$58,584.71	\$5,251.46	\$63,836.17	\$13,463.18
Kaz Price	\$49,535.48	\$5748.88	\$55,284.36	\$5004.68
John Dessmann	\$49,535.48	\$5748.88	\$55,284.36	\$1959.50
John Giese	\$49,535.48	\$5748.88	\$55,284.36	\$1665.00
Larissa Hale	\$49,535.48	\$5748.88	\$55,284.36	\$1421.00
Robyn Holmes	\$49,535.48	\$5748.88	\$55,284.36	\$1528.00
TOTAL			\$456,949.74	\$45,810.86

Ordinary Council Meetings Attended

Councillors	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017
Peter Scott	●	●	●	●	●	●	●	●		●	●	●
Alan Wilson	●	●	●	●	●	●	●	●	●	●	●	●
Kaz Price	●	●	●	●	●	●	●	●	●	●	●	●
Larissa Hale	●	●			●	●	●		●		●	●
John Giese	●	●	●	●	●	●	●		●	●	●	●
John Dessmann	●		●	●	●	●	●	●	●	●	●	●
Robyn Holmes	●	●	●	●	●	●	●	●	●	●	●	

Other Council Meetings Attended

Councillors	Apr 2017 Special	Oct 2016 Special	Nov 2016 Special	Nov 2016 Risk	Dec 2016 Risk	Feb 2017 Risk	Oct 2016 Audit	Jun 2017 Audit
Peter Scott	●	●	●			●		
Alan Wilson	●	●	●	●	●	●		
Kaz Price	●	●	●				●	●
Larissa Hale	●		●					
John Giese	●	●	●	●	●			
John Dessmann	●	●	●	●				
Robyn Holmes	●	●	●	●	●	●		

Council Planning and Environment Standing Committee Meetings Attended

Councillors	January 2017	March 2017	April 2017	May 2017	June 2017
Peter Scott	●	●	●	●	●
Alan Wilson	●	●	●	●	
Kaz Price	●	●	●	●	●
Larissa Hale	●	●	●		●
John Giese	●	●	●		●
John Dessmann	●	●	●	●	●
Robyn Holmes	●		●	●	●

Other Council Meetings Attended Continued

Councillors	Nov 2016 RADF	Mar 2017 RADF	Sep 2016 Waterfront	Mar 2017 Waterfront	Apr 2017 Waterfront	Jun 2017 Waterfront
Peter Scott			●	●	●	●
Alan Wilson			●	●	●	
Kaz Price			●	●	●	●
Larissa Hale	●	●		●	●	●
John Giese			●	●	●	●
John Dessmann			●	●	●	●
Robyn Holmes			●		●	●

Legislative Requirements - Nil Transactions

The following items are required to be reported under the *Queensland Local Government Act 2009* and the *Local Government Regulations 2012*, however there were nil transactions to report in the 2016-17 financial year.

Local Government Act 2009

Section 41 Identifying beneficial enterprises
 Section 45 Identifying significant business activities
 Section 46 Assessing public benefit
 Division 6 Conduct and performance of councillors

Local Government Regulation 2012

Section 185 (a) and (b) Resolutions made under 205, Councillor reimbursements, and 206 expensing of assets
 Section 188 Overseas travel
 Section 190 Other contents
 (c) Commercial business units
 (d) Jointly provided services and facilities
 (i) and (j) Competitive neutrality complaints section 49

Community Financial Report 2016-17

The Community Financial Report is a summary of the information contained in Council's financial statements for the period July 1, 2016 to June 30, 2017 and provides an overview of Council's financial management and performance in accordance with S179 of the *Local Government Regulation 2012*. The report is consistent with the 2016-17 audited financial statements and uses plain language and pictorial aids such as tables and graphs to give members of the community, customers, business partners and employees an easy to follow summary of Council's financial performance and position for the 2016-17 financial year.

2016-17 Snapshot

It is prudent to explain the difference between operational costs and capital costs because 59 per cent of revenue - including National Disaster Relief and Recovery Arrangements (NDRRA) advances - and 46 per cent of expenses in the income statement is capital and the treatment of these transactions has a significant bearing on how the income statement should be interpreted.

Operating Revenue and Expenses

- Transactions that relate to the day to day functions of the organisation.
- Revenue from rates, fees, charges and operating grants - eg Financial Assistance Grants (FAG).
- Expenses for administration - salaries, utilities, insurances, legal costs, consultants and maintenance.

Capital Revenue and Expenses

- Generally occur when an organisation invests in the business through adding value to its asset base.
- Revenue from a surplus gained from asset sales, capital grants - eg NDRRA, Transport Infrastructure Development Scheme (TIDS) and Roads to Recovery (R2R).
- Expenses from a loss on asset sales and for the construction of new assets or improvement of existing assets.

The operating result (net of capital transactions) for 2016-17 is a surplus of \$2,573,248 against the budgeted surplus of \$70,780. The major financial impact for the current year resulted from:

- An additional \$4.7 million of FAG monies, this amount is for the 2017-18 allocation and was prepaid by the Federal Government in June 2017. Grants in the Local Government Financial Statements are recognised as revenue when receipted.
- A \$581,000 savings in salaries as staff levels remained lower than budgeted due to difficulty in replacing staff.
- Gravel sales were down by \$698,000 against budget.
- Materials increased over budget by \$740,000.
- An additional \$796,000 in depreciation expenses for 2016-17.

The NDRRA works were treated as a capital in 2016-17 - in accordance with the Queensland Audit Office (QAO) recommendation - if the gravel contribution of \$2.9 million was treated as operating revenue then the operating surplus would be \$5.5 million. Council has notified the QAO of its objection to this treatment and will endeavour to return to treating NDRRA works as operational in future years.

Summary of Revenue and Expenses

\$ '000	Actual	Actual	Actual	Actual	Budget
	2016-17	2015-16	2014-15	2013-14	2012-13
Revenues (exc income for capital purposes)	23,429.00	17,942.00	18,963.00	15,255.00	57,387.00
Expenditure	29,904.00	27,044.00	27,274.00	27,419 .00	61,087.00
Operating Surplus	6475.00	9102.00	8311.00	12,164.00	3700.00
Capital Grants and Other Income	34,151.00	48,611.00	41,879.00	26,225.00	6147.00
Capital expenses	25,103.00	33,099.00	38,391.00	24,489.00	1607.00
Capital Surplus	9048.00	15, 512.00	3488.00	1736.00	4540.00
Net Result Surplus	2573.00	6410.00	4823.00	10,428.00	840.00
Capital Expenditure (exc NDRRA)	12,582.00	12,563.00	8463.00	7867.00	4440.00

The Operating Deficit (\$6,475,000) – a summary of revenue and expenses (table on previous page) represents the result after Council has provided services and paid for maintenance on its assets. The depreciation expense (non-cash) for 2016-17 was \$10.0 million, of this \$6.4 million was for road infrastructure, as the Shire's roads are subject to annual climatic events and eligible for NDRRA funding, Council does not require additional reserves to fund the majority of its road infrastructure maintenance.

The net surplus of \$2,573,000 includes all capital revenue but excludes capital expenditure on assets. Readers must be aware of this required accounting treatment when reviewing the income statement and draw conclusions based on the operating result which excludes capital transactions.

Although Cook Shire is regularly reporting deficits, it generates sufficient income to fund its operational budget and service the \$4.8 million in borrowings.

Cook Shire has a small rate base from which to generate its income and as with other small to medium councils, relies on its allocation of the Financial Assistance Grant (\$9.1 million in 2016-17) to help fund its operations and maintenance program.

About Financial Statements

What you will find in the Financial Statements

- Council's Audited Financial Statements set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended June 30, 2017. The statements are supported by the notes to the accounts which provide more detail.
- Management Certificate - the Financial Statements must be certified by both the Mayor and Chief Executive Officer as presenting accurately the Council's financial results for the year. These statements are required to be adopted by Council within one month after being certified by the Auditor-General.
- Financial Sustainability Statements provide current and long term sustainability ratios and Council's management strategy in meeting the community's current and future needs. The Mayor and Chief Executive Officer certify the accuracy of both current and long term certificates.
- Independent Audit Report - Council's Financial Statements are required to be audited by the Queensland Audit Office (QAO). The audit report gives an opinion on whether the Financial Statements fairly present the Council's financial performance and position.

The Financial Statements incorporate the following four primary financial documents - additional information and supporting details for these statements can be found in the notes to the statements.

1. Statement of Comprehensive Income

The Statement of Comprehensive Income provides a breakdown of Council's operational revenue and expenses and capital income and some capital costs, it also records changes in the fair values of Council's assets and investments in the event of a revaluation in Council's assets.

2. Statement of Financial Position

A snapshot at June 30, 2017 of the Council Financial Position - includes assets, liabilities and community equity. Council's cash balance at June 30, 2017 was \$15,413,423. This balance included \$4.7 million in advance payments for Financial Assistance Grants attributable to 2017-18.

3. Statement of Changes in Equity

Shows the overall change in the value of the Council assets and the movements in reserves for the financial year.

4. Statement of Cash Flows

A summary of Council's cash movements for the financial year, excluding non-cash transactions such as the depreciation expense and accruals - at June 30, 2017 creditor accruals totalled \$3.0 million. These are creditor invoices payable in 2017-18 but relate to goods and services provided in 2016-17.

Summary of key financial performance and financial sustainability indicators

Financial sustainability of councils is now a cornerstone of the *Local Government Act* and a core responsibility of councils across Queensland. Financial sustainability is defined as when a Local Government is able to maintain its financial capital and infrastructure capital over the long term (*Local Government Act 2009* S102). The table below shows the sustainability indicators for Cook Shire Council.

Financial Health Indicator		Target	2016-17		2015-16	
			Actual Performance	Within Limits	Actual Performance	Within Limits
Operating Surplus Ratio	Indicates to what extent revenues raised cover operational expenses. (Net Op/Total Revenue)	0% - 15%	-27.64%	No	-50.73%	No
Asset Sustainability Ratio	Approximation of the extent that Council's assets are replaced as they reach the end of their useful life (Capex on replacement assets/ Depreciation Expense)	> 90%	376.75%	Yes	374.23%	Yes
Net Financial Liabilities Ratio	Indicates the extent to which the net financial liabilities (or assets) can be serviced by its operating revenues. (Current Assets- Total Liabilities/ Total Operating Revenue)	< 60%	-15.51%	Yes	-17.01%	Yes

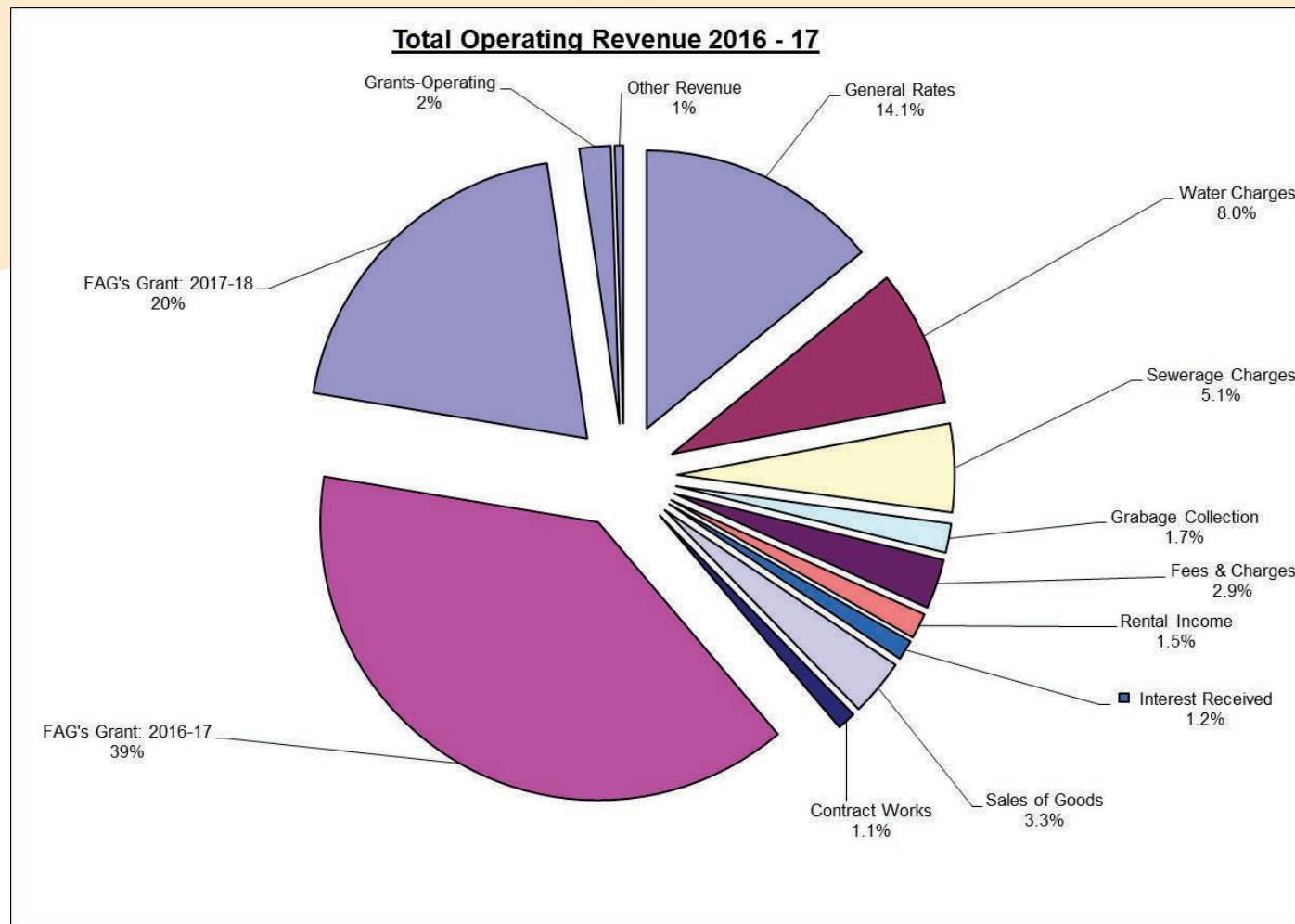
Cook Shire Council's Operating Surplus Ratio is negative because of the deficits regularly reported - a direct result of the shire's low rate base with which to service 106,000km² and the \$420 million of assets that incur an annual depreciation expense of \$10.0 million. \$181 million of those assets are unsealed roads within Cape York Peninsula and are subject to severe annual climatic events that cause significant damage to these assets. The Federal Government's NDRRA program provides funding that restores these assets to their previous condition. The cost of the restoration works is currently classified as capital and effectively offsets Council's depreciation expense – Council may change the accounting treatment from capital to operating in 2017-18 to better reflect its operating result, however this will also produce a much lower Asset Sustainability Ratio.

Council's financial strategy is to operate within a set of conservative guide posts to ensure it is financially sustainable in both the short and long terms. Council relies on key financial indicators to provide guidelines in monitoring our financial health. These indicators are monitored throughout the financial year, along with financial reports and cash forecasts. Should there be a deviation from the parameters set, the Executive Leadership Team and Council will be informed and corrective action taken.

What were the major sources of Council's income?

Statement of Comprehensive Income and Notes

Council's total operating revenue for the financial year was \$23,429,218.00. Financial Assistance Grants remain Council's major source of operating funds at 59 per cent, but still 49 per cent after removing the impact of the prepaid 2017-18 FAG's allocation. Note general rates are 14.1 per cent and service charges total 14.8 per cent.



Capital income included road grants of \$4,202,484.00, Events Centre upgrade of \$1,672,640.00 and NDRRA grant funding receipts totalled \$26,221,077.00.



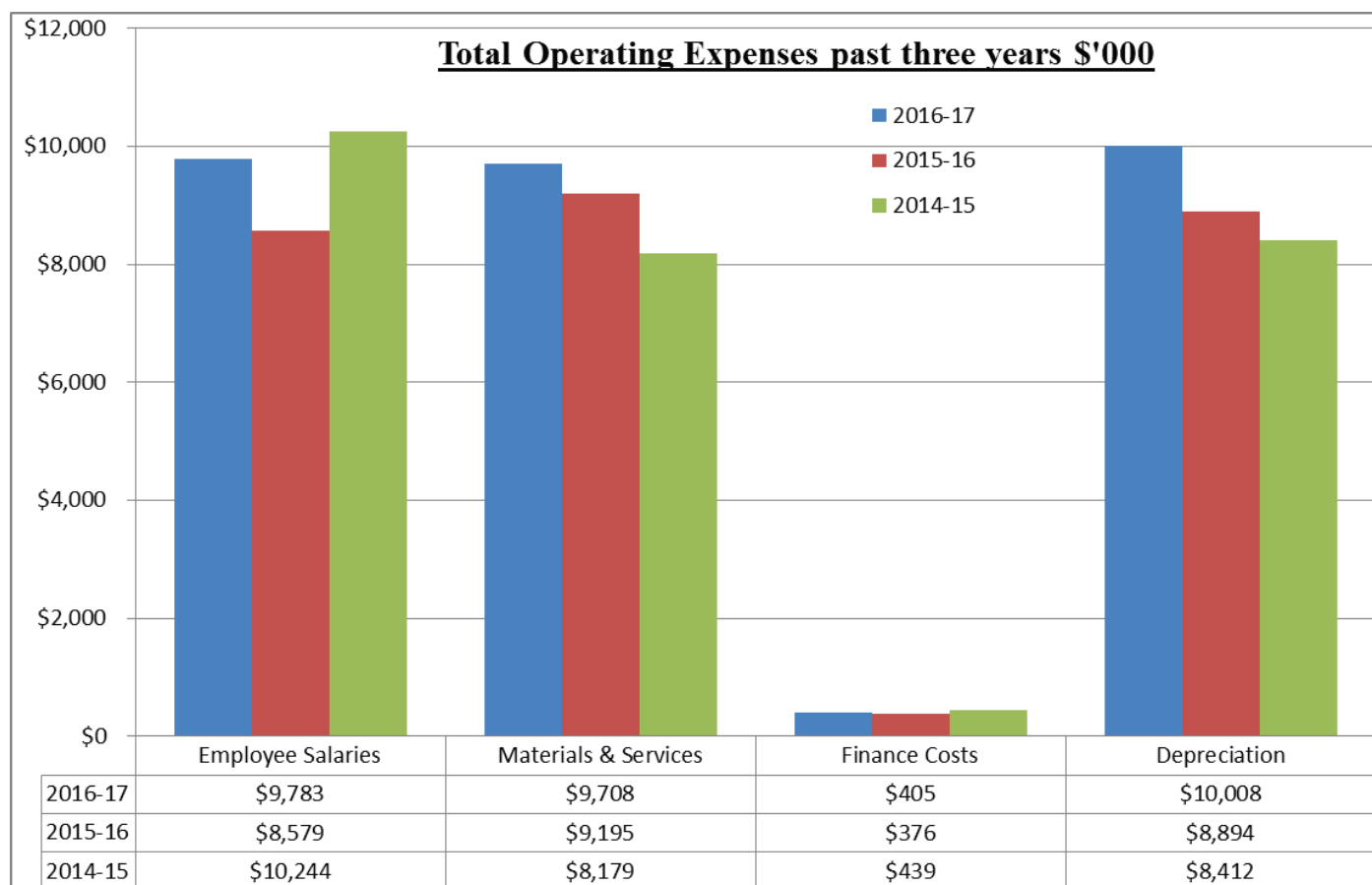
Cooktown Swimming Pool



What expenses did Council have to meet?

Statement of Comprehensive Income

Operating expenditure for the period ending June 30, 2017 was \$29,904,209.00 and includes the depreciation expense of \$10,008,080.00.



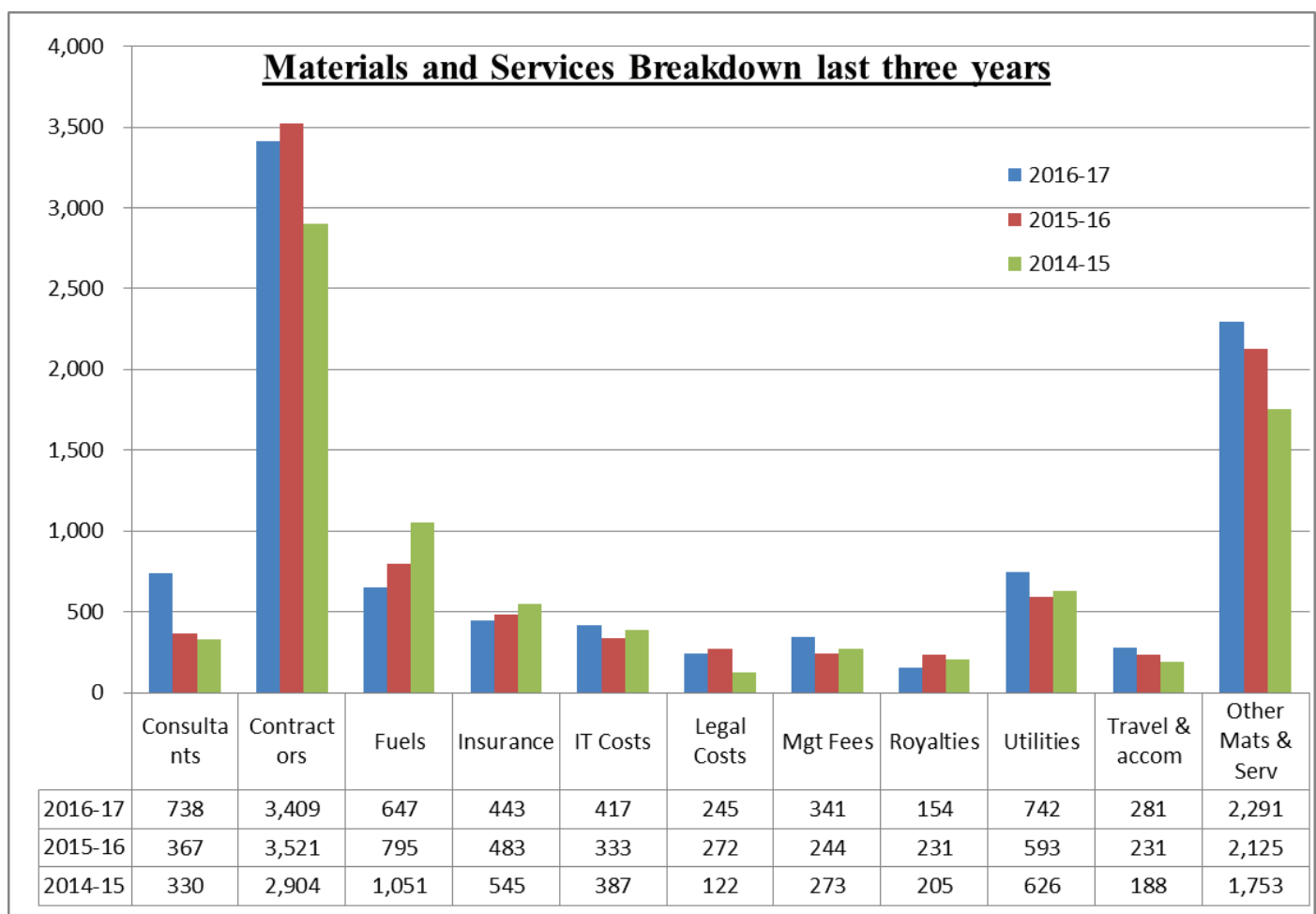
Depreciation expenses refer to the estimated reduction in the value of Council's assets due to wear and tear or through technological advancement. The depreciation expense can be offset by the amount of maintenance work carried out on Council assets and this is evident on the Shire's road network that suffers damage through the wet season and is restored through approved NDRRA works.

Employee salaries increased in line with Council's rebuilding program. Total salary costs came in \$580,000.00 under budget due to a delay in recruiting new staff. At June 30, 2017 staff numbers were four higher than 2015-16. This was offset by an increase in employing contractors and consultants to provide support for Council programs that were short staffed (see following table).



Materials and Services

Statement of Comprehensive Income



The graph above shows a breakdown of materials and services costs for Council in 2016-17. the largest cost, contractors (mostly local), provide waste management and maintenance services and provide for hire of plant.

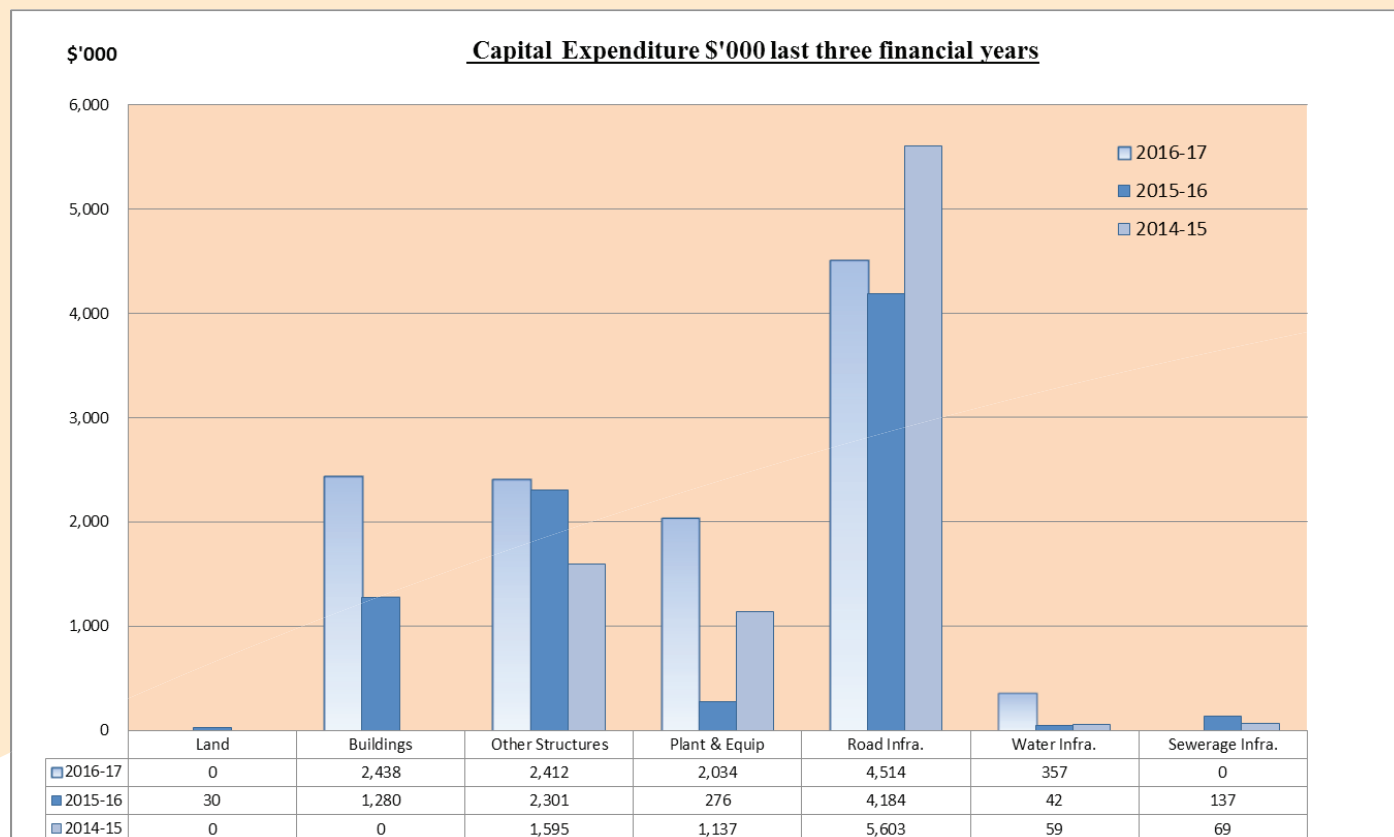
The increases in consultant costs is due to specialist services required and also to temporarily replace staff while recruitment is in process. Other materials and services include the \$1.6 million Council invested in road maintenance (\$954,000.00 for contractors and \$213,000.00\ for materials).

Management fees include the costs to operate the Events Centre through the PCYC, Nature's PowerHouse and the Visitor Information Centre.

Capital Works Program

Statement of Cash Flows and Note 14

Capital expenditure for the 2015-16 year totalled \$8,250,000.00, with the majority of the capital works program funded by Federal and State Government grants. Roads were sealed with funding from Cook Shire Council and the Queensland Government.



Capital expenditure for the 2016-17 year totalled \$11,755,000.00, with the majority of the capital works program funded by Federal and State government grants. In addition, the Laura Sewerage Treatment works were constructed and funded by the Australian Defence Force's Army Aboriginal Community Assistance Program - a contributed asset.

Roads sealed with funding from Cook Shire Council, the State Government's Transport Infrastructure Development Scheme and the Federal Roads to Recovery (R2R) program included:

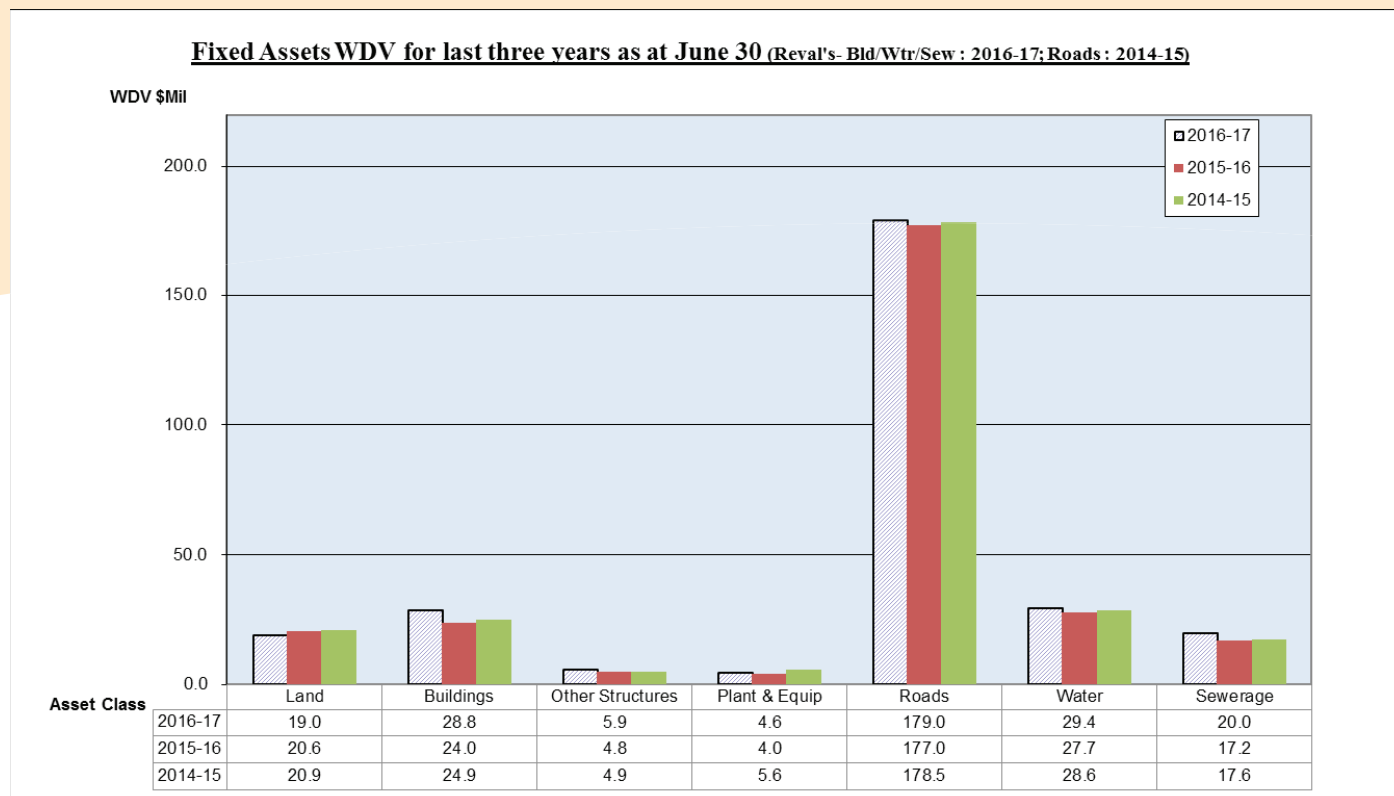
- Railway Avenue East \$653,000.00;
- Musgrave/Strathgordon \$2.4 million;
- Endeavour/Battlecamp road \$637,000.00;
- Town Streets and Footpaths 967,000.00; and
- Morehead Causeway \$204,000.00.



What is the value of the community's assets in Council's care?

Statement of Financial Position and Note 14

The below graph shows the breakdown of Council's assets at their Written Down Value (WDV), this is the net value of assets after accumulated depreciation has been applied. The gross amount of Cook Shire assets at June 30, 2017 is \$420 million, of which \$247 million is roads and road infrastructure.



Revaluation results 2016-17

Buildings and Structures: \$3.8 million increase

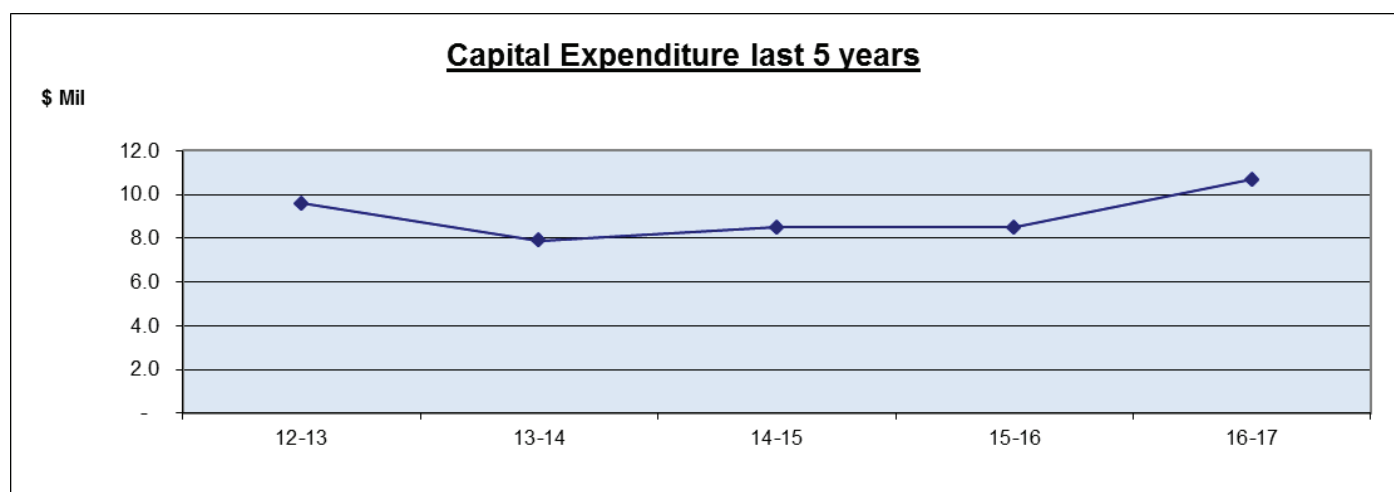
Water Infrastructure: \$2.4 million increase

Sewerage Infrastructure: \$1.6 million increase

Capital expenditure last five years

Statement of Cash Flows

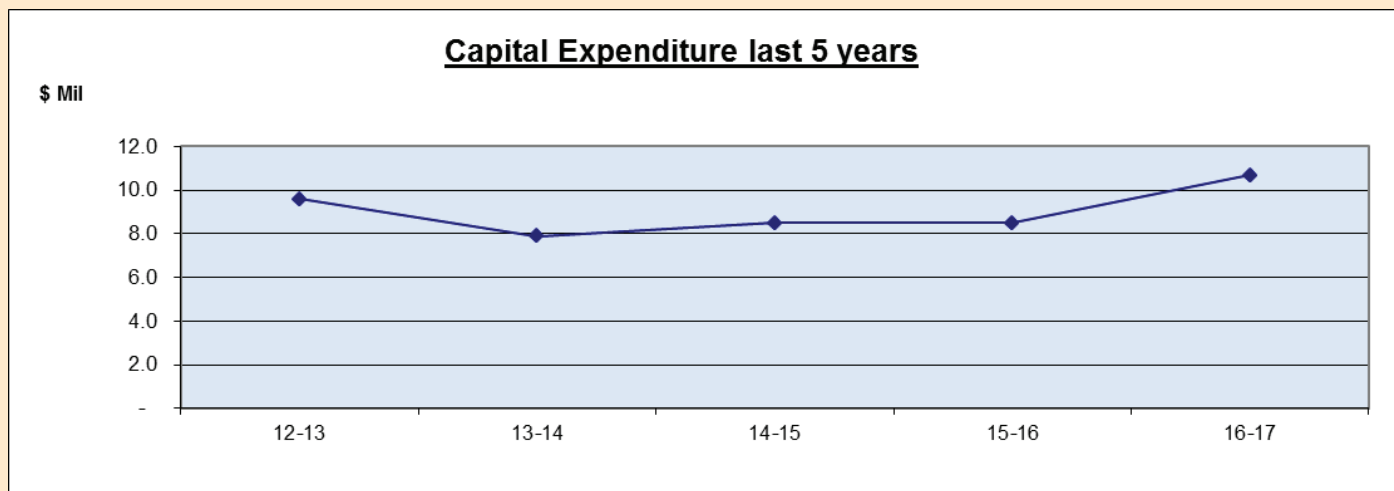
Over the past five years Council has spent \$45.2 million on capital works. Cook Shire has limited means to generate excess funds for capital works and relies on government grants to fund the majority of its new assets – Council's road programs are supported through TIDS, Aboriginal and Torres Strait Islander TIDS and Roads to Recovery. The Events Centre upgrade in 2016-17 cost \$1.7 million, funded by the Queensland Government. See Note 14 for details.



Debt position last five years

Statement of Financial Position

Council is easily servicing its debt with principal repayments representing 55 per cent of the total debt servicing obligation of \$665,000 and with a net interest ratio of 1.27 per cent (interest expense as a per cent of total operating revenue) signifying that Council's debt policy is very manageable. See Note 18 for details of the movement in Council's borrowings.



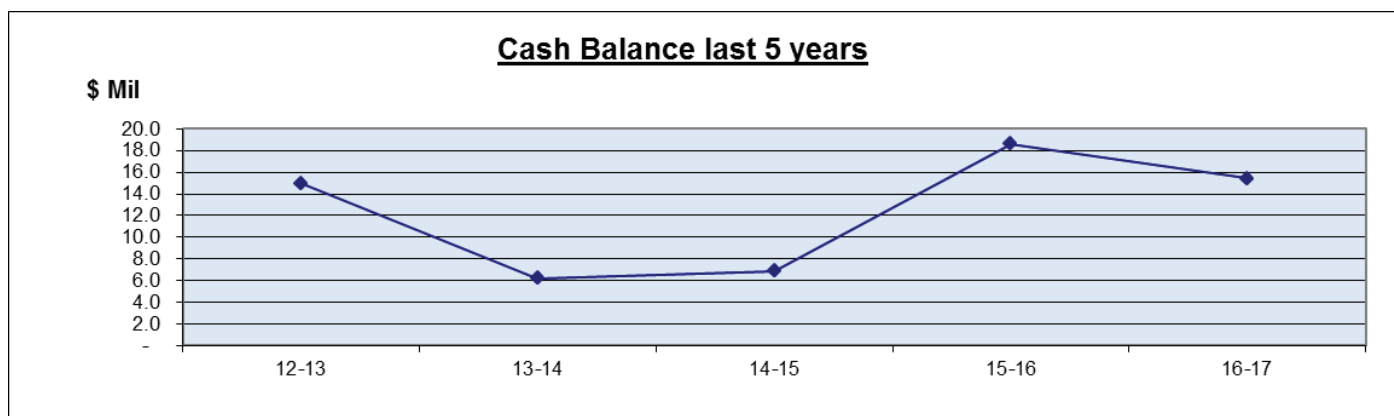
Cash balance last five years

Statement of Financial Position

To maintain a strong financial position on behalf of the community, Council must make enough cash from its day-to-day operations to fund purchases of property, plant and equipment, repay debt and have enough in reserve for future obligations. Council's cash balance at June 30, 2017 was \$15.4 million. This cash supports the \$7.7 million in reserves - including the Environmental Levy, Unspent Loan, Unspent Grants (FAGs 2017-18 advance) and Land Purchase and operating commitments - creditors and employee entitlements.

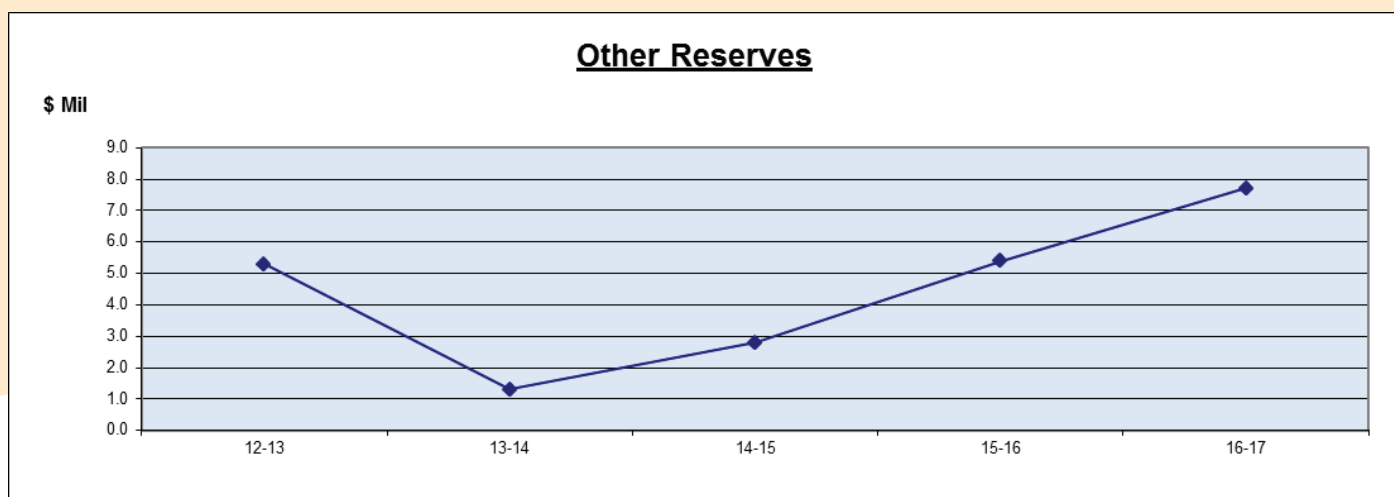
The challenge for all councils is to generate excess funds to ensure that Council assets are maintained and new assets are sustainable over the long term.

The majority of Cook Shire Council's revenue is allocated to providing services or the maintenance of Council assets. The size of Cook Shire and the annual wet season increases the cost of these operational works through travel and reduced access during the dry season, thereby limiting Council's capacity to generate surplus revenue.



Council's Other Reserves last five years

Statement of Financial Position



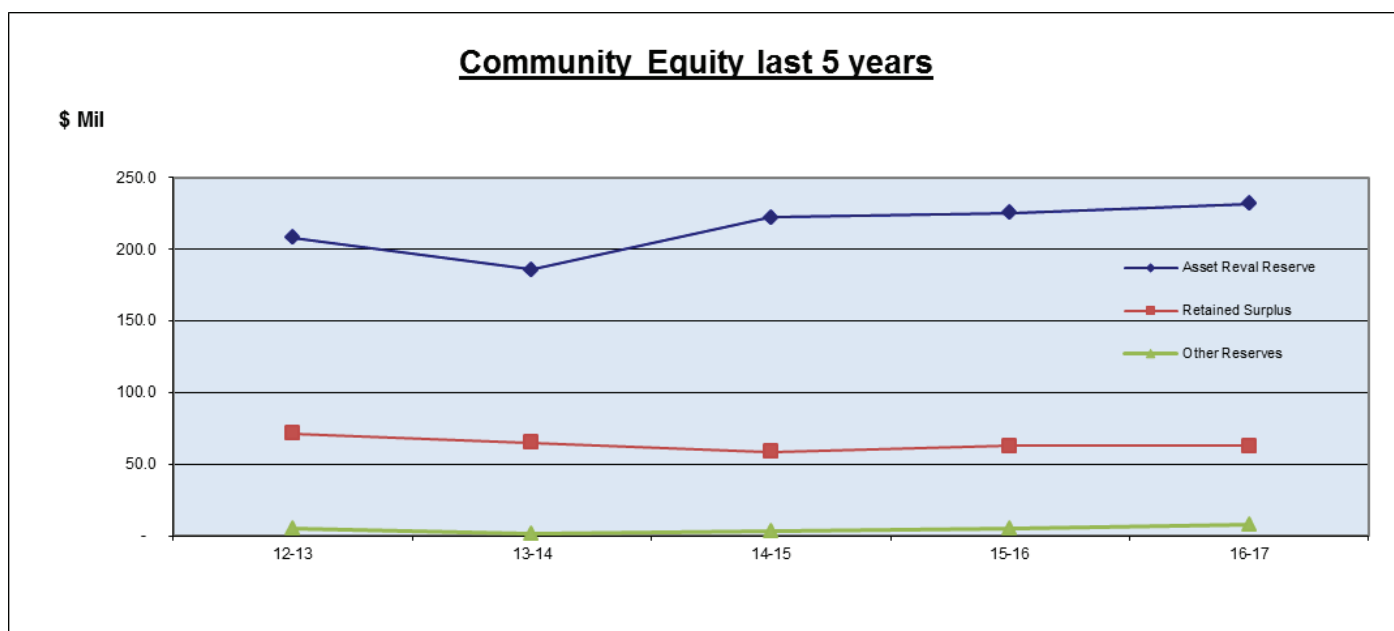
Cook Shire increased its reserve balances during 2016-17 - a summary of reserves is listed below:

- Land Purchase Reserve \$455,000 - funded from land sales;
- Unspent Financial Assistance Grants - \$4.7 million was received in June 2017 and will be expended in full during 2017-18;
- Environmental Levy \$1.3 million - of which \$1.185 million was approved in November 2016 for expenditure on the Cooktown refuse pit; and
- Unspent Loans \$1.3 million - this was drawn down for the construction and purchase of staff accommodation.

Note 21 in the financial statements gives a breakdown of movements in reserves.

Council's financial position last five years

Statement of Changes in Equity



Community equity is represented by Council's net worth, that is what we own (total assets) less what we owe (total liabilities). Total community equity increased by \$8,855,701.00 in 2016-17, \$6.3 million from the asset revaluation adjustment.

Details of movements in community equity can be found in Notes 19, 20 and 21.

COOK SHIRE COUNCIL

Financial Statements

For the year ended 30 June 2017

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COOK SHIRE COUNCIL

**Statement of Comprehensive Income
For the year ended 30 June 2017**

		2017	2016
	Note	\$	\$
Income			
Recurrent revenue			
Rates and levies	3 (a)	6,758,749	6,564,178
Sale of goods and major services	3 (b)	776,919	786,297
Fees and charges		677,509	553,234
Rental and levies		348,743	307,414
Interest received		274,483	304,599
Sales of contract and recoverable works		254,804	264,424
Other recurrent income		116,229	122,418
Grants, subsidies and contributions	4 (i)	14,221,782	9,039,596
Total operating revenue		23,429,218	17,942,160
Capital revenue			
Grants, subsidies and contributions	4 (ii)	33,932,344	48,107,282
		33,932,344	48,107,282
Total revenue		57,361,562	66,049,442
Capital income	5	218,662	504,113
Total income	2 (b)	57,580,224	66,553,555
Expenses			
Recurrent expenses			
Employee benefits	7	(9,782,838)	(8,578,721)
Materials and services	8	(9,708,534)	(9,194,914)
Finance costs	9	(404,777)	(376,478)
Depreciation	14	(10,008,080)	(8,894,408)
Total operating expenses		(29,904,229)	(27,044,521)
Capital expenses			
Other capital expenses	10	(25,102,747)	(33,099,086)
Total expenses	2 (b)	(55,006,976)	(60,143,607)
Net result		2,573,248	6,409,948
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	19	6,282,453	3,549,662
Total other comprehensive income for the year		6,282,453	3,549,662
Total comprehensive income for the year		8,855,701	9,959,610

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

COOK SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2017

		2017	2016
	Note	\$	\$
Current assets			
Cash and cash equivalents	12	15,413,423	18,643,517
Trade and other receivables	13	1,588,338	2,060,649
Inventories		424,041	482,949
Total current assets		17,425,802	21,187,115
Non-current assets			
Property, plant and equipment	14	298,483,904	290,210,631
Total non-current assets		298,483,904	290,210,631
TOTAL ASSETS		315,909,706	311,397,746
Current liabilities			
Trade and other payables	16	4,647,193	10,091,865
Provisions	17	995,781	893,016
Borrowings	18	388,129	367,888
Other		1,391,652	-
Total current liabilities		7,422,755	11,352,769
Non-current liabilities			
Provisions	17	1,797,854	1,835,594
Borrowings	18	4,405,437	4,793,566
Other		164,920	152,778
Total non-current liabilities		6,368,211	6,781,938
TOTAL LIABILITIES		13,790,966	18,134,707
NET COMMUNITY ASSETS		302,118,740	293,263,039
Community equity			
Asset revaluation surplus	19	231,692,136	225,409,683
Retained surplus (deficiency)	20	62,710,972	62,503,035
Reserves	21	7,715,632	5,350,321
TOTAL COMMUNITY EQUITY		302,118,740	293,263,039

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

COOK SHIRE COUNCIL

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Total		Retained surplus (deficit) Note 20		Reserves Note 21		Asset revaluation surplus Note 19	
		2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Balance at beginning of the year		293,263,039	283,303,429	62,503,035	58,635,000	5,350,321	2,808,408	225,409,683	221,860,021
Net result		2,573,248	6,409,948	2,573,248	6,409,948	-	-	-	-
Other comprehensive income for the year									
Revaluations									
Property, plant & equipment	14	6,282,453	3,549,662	-	-	-	-	6,282,453	3,549,662
Total comprehensive income for the year		8,855,701	9,959,610	2,573,248	6,409,948	-	-	6,282,453	3,549,662
Transfers (to) from retained earnings and capital reserves	20	-	-	(2,365,311)	(2,541,913)	2,365,311	2,541,913	-	-
Balance at end of the year		302,118,740	293,263,039	62,710,972	62,503,035	7,715,632	5,350,321	231,692,136	225,409,683

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

COOK SHIRE COUNCIL

Statement of Cash Flows

For the year ended 30 June 2017

		2017	2016
	Note	\$	\$
Cash flows from operating activities			
Receipts			
Receipts from customers		10,757,904	8,999,942
Operating grants, subsidies and contributions		14,221,782	9,102,158
Interest received		249,852	304,599
Payments			
Payments to suppliers and employees		(24,818,817)	(13,964,982)
Interest expense		(316,781)	(279,464)
Net cash inflow (outflow) from operating activities	25	<u>93,940</u>	<u>4,162,253</u>
Cash flows from investing activities			
Commonwealth government grants		1,849,484	2,304,302
State government subsidies and grants		30,463,295	45,855,474
Payments for property, plant and equipment		(35,809,625)	(41,214,990)
Proceeds from sale of property, plant and equipment	6	<u>521,845</u>	<u>1,009,058</u>
Net cash inflow (outflow) from investing activities		<u>(2,975,001)</u>	<u>7,953,844</u>
Cash flows from financing activities			
Repayment of borrowings	18	<u>(349,033)</u>	<u>(352,889)</u>
Net cash inflow (outflow) from financing activities		<u>(349,033)</u>	<u>(352,889)</u>
Net increase (decrease) in cash and cash equivalents held		<u>(3,230,094)</u>	<u>11,763,208</u>
Cash and cash equivalents at beginning of the financial year		<u>18,643,517</u>	<u>6,880,309</u>
Cash and cash equivalents at end of the financial year	12	<u>15,413,423</u>	<u>18,643,517</u>

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

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

1 Significant accounting policies

1. 1 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 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, subsidies and contributions 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, when reported in the Statement of Comprehensive Income, are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal and write-off of non-current assets
- discount rate and valuation adjustments to restoration provisions
- revaluations and impairments of investment property and property, plant and equipment.
- revaluation of QTC loan arising from a loan restructure or early loan redemption

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.

1. 3 Constitution

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

1. 4 Date of authorisation

The financial statements are authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1. 5 Currency

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

1. 6 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.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 28.

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

1 **Significant accounting policies**

Other 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.

At the date of authorisation of the financial report, the new or amended Australian Accounting Standards with future commencement dates are not likely to have a material impact on the financial statements.

1. 7 **Estimates and judgements**

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to Council assets or liabilities relate to:

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

- Valuation and depreciation of property, plant and equipment - note 15
- Impairment of receivables - note 13
- Annual leave liability - note 16
- Provision for long service leave - note 17
- Contingencies - note 23

1. 8 **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 27.

1. 9 **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. 10 **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.

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

2 (a) Components of council functions

The activities relating to the Council's components reported on in Note 2 (b).

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 function also provides the human resources and workplace health and safety functions of Council.

Corporate Services

Provides the administrative services of Council including financial management, budget control, asset management, building maintenance, 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 visitors and investors.

This function is also responsible for providing 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 the department also oversees the restoration works as approved by the Natural Disaster Relief and Recovery Arrangements program.

The provision of a healthy safe community through the provision of sustainable water services through the supply of potable water, the maintenance of sewerage infrastructure assets and management of Council's waste management and recycling programs and processes.

This department also manages the operation of the Cooktown, Coen and Laura aerodromes, including maintenance and refuelling facilities, maintains the Shire's parks and gardens and various gravel pits throughout Cook Shire.

Planning & Environmental Services

This function facilitates the Shire's growth through well planned and quality development through management of the planning and building practices and standards and to ensure that Cook Shire preserves the natural character of the region while overseeing environmental protection programs and effective animal control by enforcing Council's local laws.

COOK SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2017

2 Analysis of results by program

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

Programs	Gross program income				Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for year	Assets
	Recurrent revenue		Capital revenue			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2017 \$	2017 \$	2017 \$	2017 \$							
Executive Services	82,808	2,178	-	-	84,986	(2,146,583)	-	(2,146,583)	(2,061,597)	(2,061,597)	-
Corporate Services	11,293,811	3,737,394	1,785,622	-	16,816,827	(5,594,902)	-	(5,594,902)	9,436,303	11,221,925	52,499,811
Economic Development & Community Services	194,345	140,202	91,454	-	426,001	(2,136,293)	-	(2,136,293)	(1,801,746)	(1,710,292)	5,674,618
Engineering Services	2,610,818	5,119,100	30,423,561	1,813,867	39,967,346	(19,281,482)	(25,102,747)	(44,384,229)	(11,551,564)	(4,416,883)	257,735,277
Planning & Environmental	40,000	208,562	-	36,502	285,064	(744,969)	-	(744,969)	(496,407)	(459,905)	-
Total	14,221,782	9,207,436	32,300,637	1,850,369	57,580,224	(29,904,229)	(25,102,747)	(55,006,976)	(6,475,011)	2,573,248	315,909,706

For the year ended 30 June 2016

	Gross program income				Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for year	Assets
	Recurrent revenue		Capital revenue			Recurrent	Capital				
	Grants	Other	Grants	Other							
Programs	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$
Executive Services		4,045	-	-	4,045	(1,900,387)	-	(1,900,387)	(1,896,342)	(1,896,342)	59
Corporate Services	7,255,705	3,702,608	-	455,000	11,413,313	(3,181,138)	-	(3,181,138)	7,777,175	8,232,175	57,721,116
Economic Development & Community Services	92,680	72,479	1,790,325	-	1,955,484	(1,580,325)	-	(1,580,325)	(1,415,166)	375,159	4,048,394
Engineering Services	1,691,211	4,909,715	46,316,957	49,113	52,966,996	(18,770,648)	(33,008,930)	(51,779,578)	(12,169,722)	1,187,418	249,628,177
Planning & Environmental		213,717	-	-	213,717	(1,612,023)	(90,156)	(1,702,179)	(1,398,306)	(1,488,462)	-
Total	9,039,596	8,902,564	48,107,282	504,113	66,553,555	(27,044,521)	(33,099,086)	(60,143,607)	(9,102,361)	6,409,948	311,397,746

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

	Note	2017 \$	2016 \$
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3 Revenue

Revenue is recognised at the fair value of consideration received or receivable, on the basis it meets the recognition criteria set out below.

(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.

General rates	3,407,481	3,341,535
Separate rates	229,415	229,137
Water	843,899	835,639
Water consumption, rental and sundries	1,020,283	949,743
Sewerage	1,202,891	1,173,395
Garbage charges	394,757	369,614
Rates and utility charge revenue	7,098,726	6,899,063
Less: Discounts	(296,543)	(290,362)
Less: Pensioner remissions	(43,434)	(44,523)
Net rates and utility charges	6,758,749	6,564,178

(b) Sale of goods and major services

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

Airport services	680,715	735,001
Sale of other goods	96,204	51,296
	776,919	786,297

4 Grants, subsidies and contributions

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

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2017, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the constrained grants, subsidies and contributions reserve.

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

Non-cash contributions 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

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.

4 Grants, subsidies and contributions (continued)

(i) Recurrent

General purpose grants (2017-18 allocation received in advance : June 2017)	4,699,170	-
General purpose grants	9,096,763	8,835,215
Commonwealth subsidies and grants	46,612	25,291
State government subsidies and grants	379,237	179,090
Total recurrent revenue	14,221,782	9,039,596

(ii) Capital

(a) Monetary revenue designated for capital funding purposes

Commonwealth government grants	1,849,484	2,304,302
State government subsidies and grants	4,230,076	5,013,155
NDRRA flood damage grants for capitalised repairs	26,221,077	40,789,825
	32,300,637	48,107,282

(b) Non-monetary revenue received -

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

		2017	2016
	Developer contributions of physical assets at fair value	1,631,707	-
		1,631,707	-
	Total capital revenue	33,932,344	48,107,282
5	Capital income		
	Gain on disposal of non-current assets	182,160	504,113
	Reduction in rehabilitation provision due to the change in the estimated future cost on land not controlled by council	36,502	-
		218,662	504,113
6	Gain (loss) on the disposal of capital assets		
	(a) Proceeds from the sale of plant and equipment	521,845	254,058
	Less book value of plant and equipment sold	(339,685)	(204,945)
		182,160	49,113
	(b) Proceeds from the sale of land and buildings	-	755,000
	Less book value of land and buildings sold	-	(300,000)
		-	455,000
	Total gain (loss) on the disposal of capital assets	182,160	504,113
7	Employee benefits		
	Total staff wages and salaries	9,068,699	6,709,703
	Councillors' remuneration	406,171	371,697
	Annual, sick and long service leave entitlements	1,131,106	1,362,374
	Superannuation	760,612	950,093
		11,366,588	9,393,867
	Other employee related expenses	167,293	295,330
		11,533,881	9,689,197
	Less capitalised employee expenses	(1,751,043)	(1,110,476)
		9,782,838	8,578,721
	Councillor remuneration represents salary, and other allowances paid in respect of carrying out their		
	Total Council employees at 30 June	2017	2016
	Elected members	7	7
	Administration staff	51	51
	Depot and outdoors staff	69	65
	Total full-time equivalent employees	127	123
8	Materials and services	\$	\$
	Audit of annual financial statements by the Auditor-General of Queensland	96,219	96,633
	Consultants	738,465	366,722
	Contractors	3,408,800	3,521,220
	Fuel & Oils	646,620	795,129
	Insurances	443,493	483,376
	IT - Software & Hardware	417,033	332,946
	Legal Costs	245,186	272,230
	Management Fees	341,457	244,036
	Royalties	153,737	230,661
	Subscriptions	142,571	134,705
	Utilities	741,755	592,859
	Travel & Accommodation	281,111	231,223
	Donations	86,681	78,285
	Other material and services	1,965,406	1,814,889
		9,708,534	9,194,914
9	Finance costs		
	Finance costs charged by the Queensland Treasury Corporation	297,926	298,319
	Bank charges	76,093	35,285
	Refuse sites - change in present value over time	30,758	42,874
		404,777	376,478
10	Capital expenses		
	Loss on write-off of capital assets	25,102,747	33,008,930
	Increase in rehabilitation provision for future costs, on land not controlled by the council, due to a change in the discount rate	-	90,156

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

		2017	2016
Total capital expenses		25,102,747	33,099,086
11 Loss on write-off of capital assets			
Road, drainage and bridge network	10	25,102,747	33,008,930
		25,102,747	33,008,930

12 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.

Cash at bank and on hand	995,796	2,975,618
Deposits at call	14,417,627	-
Term deposits	-	15,667,899
Total cash and cash equivalents per statement of cash flows	15,413,423	18,643,517
Total cash assets	15,413,423	18,643,517

12 Cash and cash equivalents (continued)

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

Unspent loan monies	21 (a) (i)	1,300,000	1,300,000
Unspent government grants and subsidies	21 (a) (ii)	-	1,875,165
Total unspent external restricted cash held in reserves		1,300,000	3,175,165

Council has resolved to set aside revenue to provide funding for specific future projects that will be required to meet delivery of essential services and meet day to day operational requirements.

Funds set aside by council to meet specific future funding requirements	14,113,422	15,468,352
Total cash held to contribute to identified funding commitments	15,413,422	18,643,517

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.

Trust funds

In accordance with the Local Government Act 2009 and Local Government Regulation 2012, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account 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). 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.

Trust funds held for outside parties

to be paid out to or on behalf of those entities	151,777	155,770
Security deposits	28,749	1,055
	180,526	156,825

13 Trade and other receivables

Trade and other receivables represent amounts owed to Council at year end.

Settlement of trade receivable amounts is required within 30 days from invoice date and no interest is charged on the outstanding amount. Interest is charged on outstanding rates and utility charges at a rate of 11% per annum.

There is no concentration of credit risk for trade and other debtors receivables. In the case of rates receivables, Council has the power under the provisions of the Local Government Act 2009 to sell the property to recover any defaulted amounts, which protects Council against credit risk in the case of rates defaults.

The collectability of trade receivables is assessed periodically and the carrying amount is reduced for impairment if Council believes it will not collect all amounts due. The loss is recognised as a finance costs. All known bad debts are written off at 30 June and subsequent recoveries of amounts written off in the same period are recognised as a finance cost and amounts written off in a prior period are recognised as revenue.

Current

Rateable revenue and utility charges	808,739	867,948
Less: Impairment provision	(104,973)	(104,973)
	703,766	762,975
Water charges yet to be levied	409,930	366,978
Accrued interest	24,631	-
GST recoverable	-	247
Other debtors	489,839	906,634

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

	2017	2016
Less impairment provision	(50,000)	(50,000)
	874,400	1,223,859
Prepayments	10,172	73,815
	1,588,338	2,060,649
13 Trade and other receivables (continued)		
Movement in accumulated impairment losses (trade and other receivables)		
Balance at beginning of the year	154,973	154,973
Impairment adjustment in year	-	-
Balance at end of the year	154,973	154,973
Ageing of past due receivables (excluding prepayments) and the amount of any impairment is disclosed in the following table:		
Not past due	808,463	1,175,343
Past due - 31 to 60 days	38,326	43,944
- 61 to 90 days	14,408	8,122
- Over 90 days	871,942	914,398
Less impaired	(154,973)	(154,973)
Total	1,578,166	1,986,834

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

14 Property, plant and equipment

14 (a) Recognition

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.

Network assets are an aggregate of interrelated assets that perform a specific service which, individually are likely to be below the capitalisation threshold levels, but collectively are above the capitalisation threshold for their class. Networked assets include computers and communication equipment.

14 (b) 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.

14 (c) Capital and operating expenditure

Direct labour, materials and overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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.

14 Property, plant and equipment (continued)

14 (d) 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 and AASB 13 Fair Value Measurement. Other plant and equipment and work in progress are measured at cost.

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

2017 2016

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 3-5 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, with respect to the valuation of land, buildings, other assets, bridges and specific water and sewerage assets, 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 to apply to each of these asset classes. Council staff assesses the cost assumptions associated with all other infrastructure assets taking into consideration additions, deletions and changes to assumptions such as useful life, residual value and condition rating.

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 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.

Further information on the fair value measurement is contained in note 15

14 (e) 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.

Investment property under construction is classified as investment property.

14 Property, plant and equipment (continued)

14 (f) 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.

14 (g) Impairment

Property, plant and equipment 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.

14 (h) Land under roads

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

	2017	2016
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.		

COOK SHIRE COUNCIL

**Notes to the Financial Statements
For the year ended 30 June 2017**

14 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	
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Values										
Opening gross value as at 1 July 2016	20,580,311	37,653,403	9,364,488	834,404	238,521,379	48,213,843	22,850,794	5,969,709	14,973,094	398,961,425
Additions at cost	-	-	2,021,740	11,855	-	-	-	-	33,776,030	35,809,625
Contributed assets at valuation	-	-	-	-	-	-	1,631,707	-	-	1,631,707
Internal transfers from work in progress	-	2,600,934	-	-	33,533,151	151,457	-	634,403	(36,919,945)	-
Disposals	-	-	(1,209,049)	-	-	-	-	-	-	(1,209,049)
Write-offs	-	-	-	-	(25,102,747)	-	-	-	-	(25,102,747)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	(1,618,810)	9,054,847	-	-	-	551,075	1,200,848	1,070,124	-	10,258,084
Internal transfers between asset classes	-	25,894	(9,031)	5,366	-	3,669	-	(25,898)	-	-
Closing gross value as at 30 June 2017	18,961,501	49,335,078	10,168,148	851,625	246,951,783	48,920,044	25,683,349	7,648,338	11,829,179	420,349,045

Accumulated depreciation and impairment

Opening balance as at 1 July 2016	-	13,676,260	5,387,027	813,187	61,529,874	20,498,885	5,669,260	1,176,301	-	108,750,794
Depreciation provided in year	-	969,967	1,029,955	13,088	6,400,805	918,460	476,834	198,971	-	10,008,080
Depreciation on disposals	-	-	(869,364)	-	-	-	-	-	-	(869,364)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	-	5,887,239	-	-	-	(1,850,170)	(459,723)	398,285	-	3,975,631
Internal transfers between asset classes	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2017	-	20,533,466	5,547,618	826,275	67,930,679	19,567,175	5,686,371	1,773,557	-	121,865,141

Total written down value as at 30 June 2017	18,961,501	28,801,612	4,620,530	25,350	179,021,104	29,352,869	19,996,978	5,874,781	11,829,179	298,483,904
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	-	-	1,955,792	11,855	-	-	-	-	33,776,030	35,743,677
Addition of other assets	-	-	65,948	-	-	-	1,631,707	-	-	1,697,655
Total additions in year	-	-	2,021,740	11,855	-	-	1,631,707	-	33,776,030	37,441,332

* ARS denotes - Asset Revaluation Surplus

COOK SHIRE COUNCIL

**Notes to the Financial Statements
For the year ended 30 June 2017**

14 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	
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Values										
Opening gross value as at 1 July 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
Additions at cost	-	-	-	-	-	-	-	-	41,214,990	41,214,990
Internal transfers from work in progress	-	-	276,226	-	33,282,504	42,360	-	72,045	(33,673,135)	-
Disposals	(300,000)	-	(403,684)	-	-	-	-	-	-	(703,684)
Write-offs	-	-	-	-	(33,008,930)	-	-	-	-	(33,008,930)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	-	-	-	-	3,646,161	-	-	-	-	3,646,161
Closing gross value as at 30 June 2016	20,580,311	37,653,403	9,364,488	834,404	238,521,379	48,213,843	22,850,794	5,969,709	14,973,094	398,961,425

Accumulated depreciation and impairment

Opening balance as at 1 July 2015		-	12,730,284	4,551,036	796,714	56,082,396	19,587,770	5,184,764	1,025,662	-	99,958,626
Depreciation provided in year		-	928,198	1,034,730	16,473	5,350,979	911,115	476,835	176,078	-	8,894,408
Depreciation on disposals	6	-	-	(198,739)	-	-	-	-	-	-	(198,739)
Revaluation adjustment to other comprehensive income. (refer the ARS*)	19	-	-	-	-	96,499	-	-	-	-	96,499
Internal transfers between asset classes		-	17,778	-	-	-	-	7,661	(25,439)	-	-
		-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2016		-	13,676,260	5,387,027	813,187	61,529,874	20,498,885	5,669,260	1,176,301	-	108,750,794
Total written down value as at 30 June 2016		20,580,311	23,977,143	3,977,461	21,217	176,991,505	27,714,958	17,181,534	4,793,408	14,973,094	290,210,631
Range of estimated useful life in years		Not depreciated	30 - 100	3 - 20	3 - 10	15 - 180	20 - 80	12 - 100	50 - 100		
* ARS denotes - Asset Revaluation Surplus											

15 Fair value measurements**(i) Recognised fair value measurements**

Council measures and recognises the following assets at fair value on a recurring basis:

- 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).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise land previously used as a depot as disclosed in note 15. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (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 2017.

	Note 14		Level 2		Level 3		Total	
			(Significant other observable inputs)		(Significant unobservable inputs)			
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Recurring fair value measurements								
Property, plant and equipment								
- Land	18,961,501	20,580,311	-	-	18,961,501	20,580,311		
- Buildings	-	-	28,801,612	23,977,143	28,801,612	23,977,143		
- Road, drainage and bridge network	-	-	179,021,104	176,991,505	179,021,104	176,991,505		
- Water	-	-	29,352,869	27,714,958	29,352,869	27,714,958		
- Sewerage	-	-	19,996,978	17,181,534	19,996,978	17,181,534		
- Other structures	-	-	5,874,781	4,793,408	5,874,781	4,793,408		
	<u>18,961,501</u>	<u>20,580,311</u>	<u>263,047,344</u>	<u>250,658,548</u>	<u>282,008,845</u>	<u>271,238,859</u>		

Land previously classified as level 3 has been transferred to level 2 in 2016-17.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

Specific valuation techniques used to value Council assets comprise:**Property, plant and equipment****Land (level 2)**

Land fair values were determined by independent valuer, Cardno (Qld) Pty Ltd effective 30 June 2017. 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.

Buildings (level 2 and 3)

The fair value of buildings were also were determined by independent valuer, Cardno (Qld) Pty Ltd effective 30 June 2017. 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.

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 and \$1,328/sqm for commercial buildings.

15 Fair value measurements

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 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.

While the unit rates based on square metres can be supported by market evidence (level 2), 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.

Infrastructure assets (level 3)**Road, drainage and bridge network, water, sewerage and other structures**

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.

Specific valuation techniques used to value Council infrastructure assets comprise:**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.

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) Road, drainage and bridge network, bridges and drainage – 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.

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 30 June 2017. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Accumulated depreciation:

15 Fair value measurements

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.

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.

Useful life of unlined sewers has been determined based on an assessment of industry standards, manufacturers data and performance history. Useful lives of re-lined pipes have been based on the manufacturers recommendations for the materials used.

The assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Estimated useful lives are disclosed in note 14.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component 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 and obsolescence.

Estimated useful lives are disclosed in note 14.

(ii) Valuation processes

Council approves the valuation policies and the valuation procedures are reviewed and approved by the executive management team. 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 is set out in note 14 (d). Non-recurring fair value measurements are made at the point of reclassification by a registered valuer and revalued if necessary.

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

2017 2016

16 Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

Current

Creditors and accruals	3,517,062	8,958,909
Employee related accruals	81,044	142,182
Annual leave	909,225	836,003
Sick leave	35,000	35,000
Other entitlements	104,862	119,771
	<u>4,647,193</u>	<u>10,091,865</u>

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 17

17 Provisions

Long Service Leave

The provision for long service leave represents 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 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.

Gravel pit sites

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

The calculation of this provision requires assumptions such as application of environment 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 is estimating the provision is the costs that will be incurred.

The provision recognised for gravel pit sites rehabilitation is reviewed annually and updated based on the facts and circumstances available at the time. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

The provision recognised for is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur progressively in 2024.

17 Provisions (continued)

Current

Long service leave	995,781	893,016
	<u>995,781</u>	<u>893,016</u>

Non-Current

Long service leave	122,774	154,770
Property restoration		
Gravel pit sites	1,675,080	1,680,824
	<u>1,797,854</u>	<u>1,835,594</u>

Details of movements in provisions

Long service leave

Balance at beginning of the year	1,047,786	990,429
Amount provided for in the year	52,611	89,286
Amount paid in the year	18,158	(31,929)
Balance at end of the year	<u>1,118,555</u>	<u>1,047,786</u>
Current portion	995,781	893,016
Non-current portion	122,774	154,770
	<u>1,118,555</u>	<u>1,047,786</u>

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

	2017	2016
Gravel pit sites		
Balance at beginning of the year	1,680,824	1,547,794
Increase due to change in time	30,758	42,874
Increase (decrease) due to change in discount rate	(36,502)	90,156
Balance at end of the year	1,675,080	1,680,824
Current portion	-	-
Non-current portion	1,675,080	1,680,824
	1,675,080	1,680,824
This is the present value of the estimated future cost of restoring the quarry sites under the State Government environmental regulations at the end of its useful life.		
Cash funds committed to meet this liability at reporting date are	1,602,298	1,571,540

18 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 28 April 2019 to 7 October 2020.

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.

Principal and interest repayments are made quarterly in arrears.

Borrowings at balance date are

Queensland Treasury Corporation		
Balance at beginning of the year	5,161,454	5,495,488
Capitalised interest	-	18,855
Principal repayments	(367,888)	(352,889)
Balance at end of the year	4,793,566	5,161,454
Classified as		
Current	388,129	367,888
Non-current	4,405,437	4,793,566
	4,793,566	5,161,454

18 Borrowings (continued)

The loan market value at the reporting date was \$5,380,766

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, however all loans are guaranteed by the Queensland Government.

The following sets out the liquidity risk in relation to the above borrowings and represents the remaining contractual cash flows (principal and interest) at the end of the reporting period.

0 to 1 year	642,698	642,697
1 to 5 years	2,570,790	2,570,789
Over 5 years	3,129,630	3,772,329
Total contractual outflows	6,343,118	6,985,815
Carrying amount	4,793,566	5,161,454

The contractual outflows are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated.

In accordance with AASB101 paragraphs 5 and 6 the following disclosure is provided as the Council considers such presentation is relevant to the understanding of the Council's financial performance.

The Council's capital account at the reporting date, represents the amount the community has invested in capital assets to deliver future services, plus any equity and property investments it holds, less the amount it has borrowed to fund these assets. At the creation of the Council any operating assets and liabilities that required to be recognised, were brought to account through the capital account.

The maintenance of the Council's capital (physical operating capability) is fundamental to its long term sustainability to continue to deliver essential services to the community, it has therefore been separately identified and the change in value is reported in the Statement of Changes in Equity and note 19. The balance of the asset revaluation surplus also forms part of the physical operating capability that must be maintained.

19 Asset revaluation surplus

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

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.

(i) Movements in the asset revaluation surplus

		2017	2016
Balance at beginning of the year		225,409,683	221,860,021
Adjustments to the property, plant and equipment through revaluations	14	6,282,453	3,549,662
Balance at end of the year		231,692,136	225,409,683

(ii) Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus is comprised of the following asset categories

Land	14,041,315	15,660,125
Buildings	10,196,830	7,029,222
Road, drainage and bridge network	182,467,024	182,467,024
Water	19,228,840	16,827,595
Sewerage	5,086,288	3,425,717
Other structures	671,839	-
	231,692,136	225,409,683

20 Retained surplus

Movement in retained surplus

Balance at beginning of the year	62,503,035	58,635,000
Net result	2,573,248	6,409,948
	65,076,283	65,044,948
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended		
Constrained grants and subsidy contributions reserve	490,324	(490,324)
Constrained NDRRA grants reserve	1,384,841	(1,384,841)
Grants, subsidies and contributions reimbursed reserve	-	-
Unspent loan fund reserve	-	-
Land purchase reserve	-	(455,000)
Refuse levy reserve	458,694	(211,748)
	2,333,859	(2,541,913)
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been		
Grant received in advance reserve	(4,699,170)	-
	(4,699,170)	-
Balance at end of the year	62,710,972	62,503,035

21 Reserves

(a) Restricted capital reserves

(i) 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 beginning of the year	1,300,000	1,300,000
Balance at end of the year	1,300,000	1,300,000

(ii)(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.

Balance at beginning of the year	490,324	-
Transfer from retained earnings non reciprocal grants, subsidies and contributions received and allocated to specific capital projects	6,079,560	7,317,457
Transfer to retained earnings funds expended	(6,569,884)	(6,827,133)
Balance at end of the year	-	490,324

(ii)(b) Constrained NDRRA grants reserve

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

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 to specifically fund infrastructure asset replacements that were damaged through recent floods but had not yet been carried out.

	2017	2016
Balance at beginning of the year	1,384,841	-
Transfer from retained earnings for future expenditure	26,221,077	40,789,825
Transfer to retained earnings funds expended	(27,605,918)	(39,404,984)
Balance at end of the year	-	1,384,841

21 Reserves (continued)

(b) Other reserves

(1) Summary of capital reserves held for funding future projects

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

Council only includes reserve balances, in these financial statements, that are considered material in providing useful information to the reader. The total of all reserves and restricted cash held by council is reported in note 12.

(ii) Land purchase reserve	455,000	455,000
(iii) Refuse levy reserve	1,261,462	1,720,156
	<u>1,716,462</u>	<u>2,175,156</u>

(2) Summary of recurrent reserves held for funding future projects

These are cash backed reserves and represent funds that are received by Council to meet operating project expenditures and were unexpended at the reporting date or are accumulated by Council to meet anticipated future operating events. In each case the amount relates to a future project requirement and is not currently a liability.

(i) Grant received in advance reserve	4,699,170	-
Total other reserves	<u>6,415,632</u>	<u>2,175,156</u>

Total reserves	<u><u>7,715,632</u></u>	<u><u>5,350,321</u></u>
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(1) Movements in capital reserves

(ii) Land purchase reserve

Balance at beginning of the year	455,000	-
Transfer from retained earnings for future expenditure	-	455,000
Balance at end of the year	<u>455,000</u>	<u>455,000</u>

(iii) Refuse levy reserve

Balance at beginning of the year	1,720,156	1,508,408
Transfer from retained earnings for future expenditure	-	211,748
Transfer to retained earnings funds expended	(458,694)	-
Balance at end of the year	<u>1,261,462</u>	<u>1,720,156</u>

(2) Movements in recurrent reserve

(i) Grant received in advance reserve

Transfer from retained earnings for future expenditure	4,699,170	-
Balance at end of the year	<u>4,699,170</u>	<u>-</u>

22 Commitments for expenditure

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements

Kerbside garbage collection - expires March 2020	219,075	324,872
	<u>219,075</u>	<u>324,872</u>

Capital commitments

Commitment for the construction of the following assets contracted for at end of the financial year but not recognised as liabilities

Waterfront	50,000	-
------------	--------	---

These expenditures are payable		
Within one year	<u>50,000</u>	<u>-</u>

23 Contingent liabilities

Local government workcare

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

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 were 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

2017

2016

331,152

388,616

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

24 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.

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.

24 Superannuation (continued)

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

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

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

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Cook Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

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

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

		2017	2016
The amount of superannuation contributions paid by Cook Shire Council to the scheme in this year for the benefit of employees was.		760,612	950,093
25 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		2,573,248	6,409,948
Non-cash operating items			
Depreciation and amortisation	14	10,008,080	8,894,408
Change in restoration provisions expensed to finance costs		30,758	42,874
		10,038,838	8,937,282
Investing and development activities			
Capital grants, subsidies and contributions	4	(33,932,344)	(48,107,282)
Capital income	5	(218,662)	(504,113)
Capital expenses	10	25,102,747	33,099,086
		(9,048,259)	(15,512,309)
Financing activities			
Capitalised interest		-	18,855
		-	18,855
Changes in operating assets and liabilities			
(Increase) decrease in receivables		408,668	464,539
(Increase) decrease in inventories (excluding land)		58,908	102,978
Increase (decrease) in payables		(5,399,884)	3,683,603
Increase (decrease) in provisions		70,769	57,357
Increase (decrease) in other liabilities		1,391,652	-
		(3,469,887)	4,308,477
Net cash inflow from operating activities		93,940	4,162,253

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

26 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 in evaluating 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.

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	2017 \$	2016 \$
Financial assets			
Cash at bank and on hand	12	995,796	2,975,618
Cash investments held with - QTC	12	14,417,627	15,667,899
Receivables - rates	13	1,113,696	1,129,953
Receivables - other	13	464,470	856,881
Other credit exposure			
Guarantee	23	331,152	388,616
Total		17,322,741	21,018,967

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 the capacity to meet its financial commitments is strong.

26 Financial instruments - continued

Trade and other receivables

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

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely (e.g. agricultural/mining), there is also a concentration in the (e.g. agricultural/mining) sector.

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

Notes to the Financial Statements For the year ended 30 June 2017

26 Financial instruments

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

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.

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.

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.

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.

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

27 National competition policy

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 activity was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost activities 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

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

Revenue for services provided to external clients

Less: Expenditure

Surplus (deficiency)

Aerodromes	Water & sewerage	Waste management
2017	2017	2017
\$	\$	\$
797,292	3,136,651	655,043
797,292	3,136,651	655,043
1,389,571	5,245,006	1,817,453
-592,279	(2,108,355)	(1,162,410)

COOK SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2017

27 Transactions with related parties

(a) Transactions with other Related Parties

Related parties include the close family members of Key Management Personnel (KMP) and any entities controlled or jointly controlled by KMP or their close family members.

Close family members include spouse, child and dependent of a KMP or their spouse.

Details of transactions between council and other related parties are discussed below.

The following table includes those transactions deemed significant either by the amount or by their nature.

Purchase of materials & services from entities controlled by KMP	Details of related party	2017 \$
Workforce Vitality	Gary Kerr Director, Community and Environmental Services	14,790
Consulting fees for Employee Performance Workshops		
Total		14,790

(i) Workforce Vitality is a consulting company, the CEO is Jilinda Lee wife of Gary Kerr, Director of Community and Environmental Services, Workforce Vitality was the successful tenderer for the Performance Management and Training Consultancy project (Q0415).

Gary Kerr is the Director of Workforce Vitality.

(b) Outstanding balances

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

(c) Transactions with related parties that have not been disclosed

Most of the entities that are related parties of council live and operate within Cook shire, therefore on a regular basis ordinary citizen transactions occur between the council and its related parties.

Some examples include:

- Payment of rates.
- Use of Cooktown swimming pool
- Animal registration
- Use of the council library facilities.

Council has not included these types of transactions in its disclosures where they are made on the same terms and conditions available to the general public.

(d) Transactions with key management personnel (KMP)

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2016/17 comprises:

	2017 \$
Short-term employee benefits	1,067,026
Post-employment benefits	147,558
Long-term benefits	16,607
Termination benefits	38,888
Total	1,270,079

Detailed remuneration disclosures are provided in the annual report.

COOK SHIRE COUNCIL

FINANCIAL STATEMENTS

For the year ended 30 June 2017

MANAGEMENT CERTIFICATE

For the year ended 30 June 2017

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

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

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

Mayor

Name:


Date:


Peter H Scott

Chief Executive Officer

Name:

Date:


T. Peronin

27, 9, 17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Cook Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in Cook Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council for the financial report

The council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

C.G. Strickland



CG STRICKLAND CA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

COOK SHIRE COUNCIL

Current-year Financial Sustainability Statement For the year ended 30 June 2017

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.

Council's performance at 30 June 2017 against key financial ratios

Target

Actual

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and 10%	greater than 90%	not greater than 60%
-27.64%	376.75%	-15.51%

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 2017.

Certificate of Accuracy For the year ended 30 June 2017

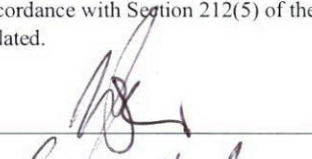
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

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

Mayor

Name:

Date:


Peter H Scott

27, 9, 17

Chief Executive Officer

Name:

Date:



J. J. Cronin

27, 9, 17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Cook Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Cook Shire Council for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

Other information comprises the information included in Cook Shire Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council for the current year financial sustainability statement

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

Auditor's responsibilities for the audit of the current year financial sustainability statement

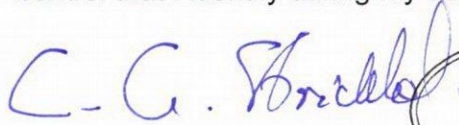

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

CG STRICKLAND CA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

COOK SHIRE COUNCIL

Current-year Financial Sustainability Statement For the year ended 30 June 2017

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.

Council's performance at 30 June 2017 against key financial ratios

Target

Actual

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and 10%	greater than 90%	not greater than 60%
-27.64%	376.75%	-15.51%

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 2017.

Certificate of Accuracy For the year ended 30 June 2017

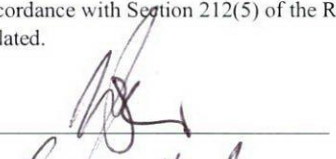
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

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

Mayor

Name:

Date:



Peter H Scott

27, 9, 17

Chief Executive Officer

Name:

Date:


J. J. Cronin

27, 9, 17

COOK SHIRE COUNCIL

Long-Term Financial Sustainability Statement Prepared as at 30 June 2017

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.

Council's performance at 30 June 2017 against key financial ratios

Target

Actuals at 30 June 2017

Projected for the years ended

30 June 2018
30 June 2019
30 June 2020
30 June 2021
30 June 2022
30 June 2023
30 June 2024
30 June 2025
30 June 2026

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and 10%	greater than 90%	not greater than 60%
-27.64%	376.75%	-15.51%
-74.93%	474.83%	12.82%
-37.64%	502.99%	5.75%
-35.97%	444.12%	2.73%
-36.92%	447.10%	1.77%
-35.30%	447.86%	-1.30%
-33.80%	445.07%	-6.35%
-32.52%	437.50%	-8.31%
-31.28%	430.14%	-10.61%
-30.30%	426.35%	-15.61%

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.

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2017


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:


Date:


Name: ALAN H SCOTT
Date: 27, 9, 17

Chief Executive Officer

Name:

Date:


Name: T F CROWDIN
Date: 27, 9, 17