



# 2016-2017 Annual Report







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# WELCOME

## TO THE MOUNT ISA CITY COUNCIL ANNUAL REPORT 2016-2017

Our Annual Report summarises Council's 2016-2017 activities and details the performance of Mount Isa City Council in meeting the strategic priorities outlined in our current Corporate Plan.

This report provides an update on Council's finances and how we have delivered on our objectives and strategies in the 2016-2017 year.

### Our Values

- **Honesty**
- **Accountability**
- **Quality Services**
- **Equity and Justice**
- **Working in Partnership with our Community**

The objectives and strategies of the Annual Report include:

- to deliver successful corporate plan outcomes
- to support and encourage a safe and healthy community for our constituents and visitors
- to promote our region through community and government initiatives to local, state, federal and international stakeholders
- to encourage innovative business ideas and practices while supporting existing industry
- to appreciate and protect our cultural values and manage our unique natural environment
- to recognise the achievements of Council throughout the 2016-2017 fiscal year
- to be inclusive and practice ethical governance
- to meet statutory requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

### Our Vision

**Making our good city great, through innovation, diversification and cultural enhancement.**





## OUR REGION

Mount Isa City Council is one of the more remote local government areas in Queensland. Our region lies in the heart of Queensland's arid North West, adjoining the border of the Northern Territory.

Mount Isa is located approximately 1826 kilometres from Brisbane, the capital of Queensland, and 883 kilometres from the nearest main city and port of Townsville.

Covering an area of 43,310 square kilometres (including the township of Camooweal), making Mount Isa as one of the largest city in the world in area and second only to Kalgoorlie-Boulder.

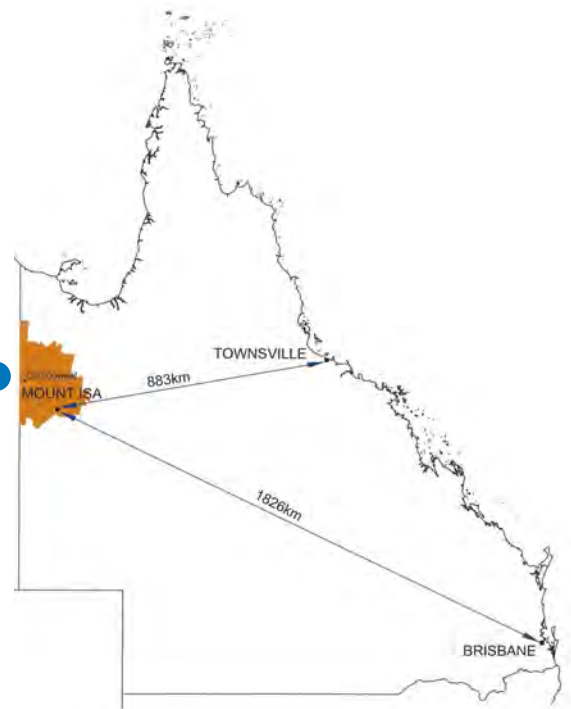
Shaped by our remote, rural location and rich mineral bounty, Mount Isa has a long standing mining heritage.

Celebrating its 90th year in 2013, a feat among mining towns nation-wide, Mount Isa has grown from Australia's first 'company town' into one of the largest and most important industrial powerhouses in the nation.

Demonstrating a strong sense of identity and community, the Mount Isa of today is the administrative, commercial and industrial centre of North West Queensland with a diverse multicultural population.

Our region produces some of the country's best beef and is renowned as one of the world's top 10 producers of copper, lead, silver and zinc.

Mount Isa is home to several unique events including the Mount Isa Rotary Rodeo, Lake Moondarra Fishing Classic and the 'MineX' Mining Expo which attracts visitors from across the globe.



## City Profile

- Our location extends from the head of the Leichhardt River near the Selwyn Ranges to the head of the Georgina River located on the Barkly Tableland
- Mount Isa is equidistant between Brisbane and Darwin and covers an area of 43,310 square kilometres
- Situated in the State Electorate of Traeger and the Federal division of Kennedy
- The Traditional owners of the land are the Kalkadoon and Indjilandji Tribes





# Customer Service Charter

Mount Isa City Council views customer service as a priority and we are committed to delivering a prompt and efficient service which provides friendly, accurate and consistent information.

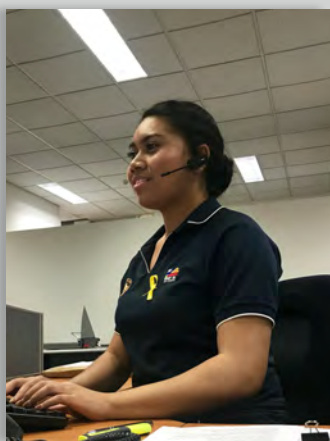


## When you contact us we endeavour to:

- Answer your phone calls within six rings
- Acknowledge your letters within five working days
- Acknowledge your emails within two working days
- Welcome customers at the customer service counter within three minutes

## We will:

- Identify ourselves when we speak to you
- Listen to and discuss any of your concerns
- Be professional in our dealings with you
- Keep your personal information confidential
- Provide you with accurate information that is easy to understand
- Deliver prompt and efficient services
- Offer 'After Hours' contacts and service for requests



To obtain a copy of the report  
or to provide customer feedback  
please email:

[city@mountisa.qld.gov.au](mailto:city@mountisa.qld.gov.au)

The report can be viewed on  
Council's website:

<http://www.mountisa.qld.gov.au/>





We invite written feedback from the public about our services and operations. Your comments provide valuable information to allow for continuous improvement to our customer service. Written correspondence can be addressed to:

**Email:** [City@Mountisa.qld.gov.au](mailto:City@Mountisa.qld.gov.au)

**Mail:** [PO Box 815, Mount Isa. QLD 4825](#)

**We will make sure our decisions:**

- Comply with relevant legislation
- Are fair and transparent
- Are made in a timely manner once all information is provided

**We strive to improve our service by:**

- Seeking feedback on our service delivery
- Welcoming input into the development of products and services
- Keeping you informed of your options
- Taking ownership of Council errors
- Fixing our mistakes willingly



Hard copies of the report are available for viewing at the Council offices located at:

[23 West Street, Mount Isa](#)  
[Queensland 4825](#)



# A MESSAGE FROM OUR MAYOR



The Mount Isa Economic Development Strategy establishes a new normal, with the Mount Isa City Council providing the leadership and vision to create new jobs and investment opportunities.

It is about constructing a more diverse economic base, building upon our natural advantages and existing industries to expand into new areas. Treading water is not an option in this increasingly competitive world.

The development strategy contains more than thirty different initiatives designed to foster growth of job generating industries — based not just on mining and resources, but also energy production, education, agriculture, tourism, transport and services.

We are committed to delivering all these initiatives, and more, over the course of the next three years.

To achieve our aims, we are strengthening our collaborations with all levels of government, including our Northern Territory neighbours, as well as private sector interests. It is vital we share information and a shared vision for developing North West Queensland and Northern Australia more broadly.

We have established the Tennant Creek to Mount Isa Cross Border Commission — a collaboration between our Council and the Northern Territory Barkly Regional Council. This body is designed to maximise the economic potential of our region and create an ongoing pipeline of jobs and investment.

## Treading a New Path

The city of Mount Isa voted to take a new direction in March 2016. It is a challenge I and my Councillors were ready to take on, and we've had our sleeves rolled up ever since.

With an economy long dominated by the resources sector and a few large employers, downturns in commodity prices exposed the region's vulnerabilities. A number of mining operations closed and were wound back, costing many people their livelihoods.

At the top of our election commitments was a plan to make the Isa stronger by making it more resilient.



The gas pipeline and Tennant Creek to Mount Isa rail link are among the first projects the commission is working on to make a reality.

We have also maintained our focus on the basic services of roads, rates and rubbish.

One of our first tasks upon taking office was to review council operations to find savings and efficiencies so we could pass those benefits on to ratepayers. This objective has been achieved, though the process of making services better and more cost-effective will continue.

Making the Isa a more liveable and enjoyable place is another core commitment of this council.

Through the expanding use of reclaimed water, council is greening our parks, gardens and public spaces, providing an oasis from our sometimes harsh climate.

We are also actively encouraging residents to be more active, with upgrades to play areas and skate parks, bike trails and exercise areas. We have also invested in a range of community, cultural and sporting events including our signature event, the annual Mount Isa Rodeo.

The task of renewing of the city extends to the Central Business District and the Civic Centre. During 2016-17 the Council consulted, planned and secured budget funding for both these key projects. The works will commence during 2017-18.

The annual report outlines where we have come from and the positive future ahead of us. I look forward to leading our region as it continues its renewal journey.

  
Cr Joyce McCulloch

## Council Representative

- Mount Isa Townsville Economic Zone (MITEZ)
- North West Queensland Tourism Authority (NWOQTA)
- Living with Lead Alliance
- North West Queensland Organisation of Councils (NWQROG)
- Local Disaster Management Group (LDMG)

## Committee/Boards

- Mount Isa City Council Owned Enterprises Board (MICCOE) and cultural enhancement.







## OUR ACTING CEO'S REPORT



I am delighted to present to our community the Mount Isa City Council's 2016-2017 Annual Report.

This report is a comprehensive summary of our performance for the financial year ending June 30, 2017.

There is no doubt that the Council is experiencing a time of change. I take this opportunity to thank our hard-working team for their continued support, and I look forward to working together over the next twelve months to deliver more exciting initiatives.

Throughout the 2016–2017 year, Council dedicated its efforts to restoring growth in the region's economy and enhancing the efficiency and productivity of council operations.

Our emphasis on strong financial management is all about balancing our responsibility to deliver value for money services to our ratepayers while

enhancing the city's liveability and opportunities for new jobs and investment.

The development and launch of the 'Mount Isa Economic Development Strategy' is a first for Council.

I have strong family ties in Mount Isa and I am extremely excited to be helping lead the charge to diversify local industries, ensuring ongoing prosperity and sustainability for our region.

The Economic Development Strategy, to be implemented over the next three years, recognises the need for a sharp focus on strategic partnerships and alliances. It seeks to create a secure foundation for jobs growth and deliver core infrastructure to meet the region's future water, waste and transport needs.





Council received more than \$20 million in state and federal grants in 2016–17. Council has also invested millions of its own funds to complete one of the city's largest capital works programs on time and within budget.

At the same time, we worked hard to maintain and improve our everyday community services.

We have a strong commitment to ensuring our community is a vibrant, socially inclusive and innovative place that values its residents and visitors.

In 2016–2017, Council devoted more than \$500,000 in funding to local community organisations to support a range of initiatives through our Community and Grant Sponsorship programs.

Community events included:

- The inaugural 'Mayor's Christmas Wine Tree' fundraiser, which resulted in nearly \$10,000 being donated to the Children's Ward at the Mount Isa Base Hospital.
- Collaboration between the Council, Mount Isa Entertainment and Tourism Venues and the Laura Johnson Home to establish a quarterly morning melody program for our seniors.
- Business Boost workshops that focused on customer service and marketing
- Another successful Isa Street Festival
- Triple J's One Night Stand at the Tony White Oval, which became a great tourism opportunity.

Once again I thank all our staff for their contributions and look forward to another year of progress and servicing the needs of the Mount Isa community.

**Sharon Ibardolaza**  
**Acting Chief Executive Officer**







# ELECTED REPRESENTATIVES



**Deputy Mayor**  
**Phil Barwick**

**Portfolio**

Finance & Administration

**Council Representative**

- Regional Arts Development Fund (RADF)

**Committee/Boards**

- Mount Isa City Council Owned Enterprises (MICCOE)
- Mount Isa City Council Audit & Risk Management Committee (Chair)



**Councillor**  
**Jean Ferris**

**Portfolio**

Beautification, Parks, Gardens, Library

**Committee/Boards**

- Australia Day (Chair)
- Carol's by Candlelight (Chair)
- Seniors Morning Melodies (Chair)
- Seniors Christmas Lunch (Chair)



**Councillor**  
**George Fortune**

**Portfolio**

Development and Land Use

**Council Representative**

- Mount Isa Water Board

**Committee/Boards**

- Mount Isa City Council Owned Enterprises (MICCOE)



**Councillor**  
**Paul Stretton**

### **Portfolio**

Environmental Management

### **Council Representative**

- North Queensland Sports Foundation (Great Western Games)

### **Committee/Boards**

- Mount Isa City Council Owned Enterprises Board (MICCOE)



**Councillor**  
**Peta MacRae**

### **Portfolio**

Community Development,  
Sport & Recreation, Youth

### **Council Representative**

- North Queensland Sports Foundation (Great Western Games)

### **Committee/Boards**

- Mount Isa Youth Council (Chair)
- Isa Youth Has Talent (Chair)



**Councillor**  
**Mick Tully**

### **Portfolio**

Works and Camooweal

### **Committee/Boards**

- Mount Isa City Council Owned Enterprises Board (MICCOE)
- Mount Isa City Council Audit & Risk Management Committee



# COUNCILLOR INFORMATION

As per Sections 186 and 188 of the *Local Government Regulation 2012* the Annual Report for the financial year must contain particulars pertaining to Councillors as follows:

## EXPENSES REIMBURSEMENT AND PROVISION FOR FACILITIES OF COUNCILLORS

As per Section 250 of the *Local Government Regulation 2012* Council must adopt an expenses reimbursement policy.

Mount Isa City Council has adopted the 'Reimbursement of Expenses and Provision of Facilities for the Mayor and Councillor Policy', the objective of the policy is to provide provisions in which Councillors are reimbursed for reasonable expenses incurred whilst carrying out their official duties, and the administering of any councillor facilities. There were no amendments made to this policy in the 2016-2017 year.

The policy is available to view or download from Council's website.

## COUNCILLOR REMUNERATION AND EXPENSES

The table below shows the total remuneration, including superannuation contributions and total expenses paid to each Councillor during the 2016-2017 financial year as per Council's 'Reimbursement of Expenses and Provision of Facilities for the Mayor and Councillors Policy.'

Councillor	Total Remuneration	Total Expenses & Reimbursements
Mayor Cr Joyce McCulloch	\$128,761.92	\$32,454.23
Deputy Mayor Cr Phil Barwick	\$75,533.04	\$13,112.72
Councillor Jean Ferris	\$62,943.78	\$4,513.60
Councillor George Fortune	\$62,943.78	\$4,173.34
Councillor Paul Stretton	\$62,943.78	\$4,668.34
Councillor Peta MacRae	\$62,943.78	\$9,954.62
Councillor Mick Tully	\$62,943.78	\$8,122.10

## COUNCILLOR DISCRETIONARY FUNDS

Mount Isa City Council does not have discretionary funds for Councillors.

## COMPLAINTS

During the 2016-2017 period there were no incidents of Councillors being involved in or alleged to be involved in:

- Orders or recommendations made under the Local Government Act 2009 or Local Government Regulation 2012
- Complaints of misconduct or inappropriate conduct
- Complaints heard by a regional conduct review panel or the tribunal

## OVERSEAS TRAVEL

There was no overseas travel made by a councillor or local government employee in an official capacity in the 2016-2017 year.



## ATTENDANCE AT COUNCIL MEETINGS

The table below shows Councillors attendance at Council meeting held in 2016-2017.

Meetings Attended	Mayor Cr McCulloch	Deputy Mayor Cr Barwick	Cr Ferris	Cr Fortune	Cr Stretton	Cr MacRae	Cr Tully
Ordinary Meetings (Total 27)	27	24	25	24	25	24	22
Special Meetings (Total 3)	3	3	2	2	3	3	2





# PERFORMANCE SUMMARY

At the end of each financial year Council's overall performance in addressing the outcomes of the current Corporate Plan are reported to the community via the Annual Report.

In 2016-2017 Council maintained its focus on services such as infrastructure, water reclamation and waste management and reviewed Council operations in order to provide more cost effective services to ratepayers.

Through consultation and planning Council secured funding to revitalise the Central Business District and Civic Centre, these planned works will commence in the coming months. Council has also upgraded parks, public spaces and exercise areas making Mount Isa a more liveable city.

Council's top priorities as detailed in our Current Corporate plan are:

- People and Communities
- Prosperous and Supportive Economy
- Services and Infrastructure
- Healthy Environment
- Ethical and Inclusive Governance

Mount Isa City Council plays an important role in shaping the future of our city and has a strong focus on delivering a prosperous and sustainable future for Mount Isa.

The development of the 'Mount Isa Economic Development Strategy' contains numerous initiatives and will facilitate Council to deliver on our top priorities over the next three years.

## ECONOMY



Council will continue to promote the city as a regional hub for industry; support local existing businesses, develop and encourage new innovative and diverse business opportunities in the resources industry, non-resources sector and tourism in our region.

## COMMUNITIES



Mount Isa's regional identity is shaped by its geographical location, we have a strong cultural heritage, sound sporting and community groups and a diverse population. Mount Isa's people enjoy a wide range of cultural and entertainment activities.



## INFRASTRUCTURE



Ensure current infrastructure networks and assets, are supported and maintained and identify future needs for the development of infrastructure based on our local and regional service and growth projections.

## ENVIRONMENT



Best practice waste water management, the promotion of environmentally responsible and sustainable industry and the development of a recycling tunnel at Mount Isa's refuse facility will ensure our unique natural environment is supported and protected.

**Council received  
approximately  
27,950  
inbound calls  
in 2016-2017**



## GOVERNANCE



Council will practice inclusive, sustainable and ethical governance. Council will welcome feedback and keep our community and stakeholders actively informed to ensure transparent decision making and efficient and cost-effective service delivery.



# MOUNT ISA AT A GLANCE



**largest inland city  
in northern Australia  
contributing to  
\$95 million in royalties  
from the  
resources sector\*\*\***

**projected population  
by 2036**

**26,369 persons\***

**31  
median age\***

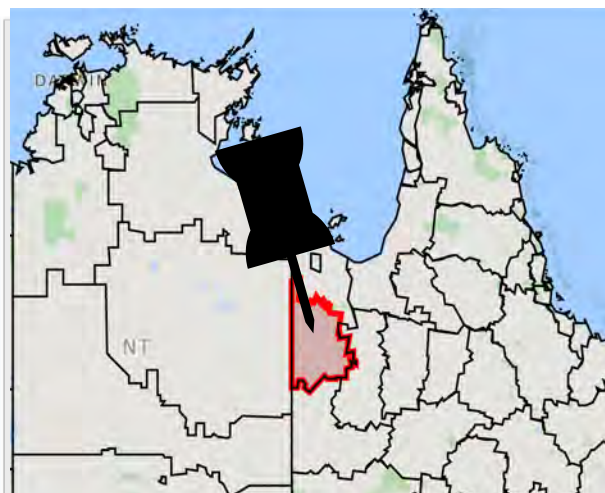
**4,371,302.2  
land area (ha)\*\***

\*Queensland Government Statistician's Office; Queensland regional profile, Mount Isa(C) Local Government Area(LGA)

\*\*Australian Bureau of Statistics, 2017, Mount Isa (C) (LGA) (35300), viewed 06 October 2017, [http://stat.abs.gov.au/itt/r.jsp?RegionSummary&region=35300&dataset=ABS\\_REGIONAL\\_LGA2016&geoconcept=LGA\\_2016&maplayerid=LGA2016&measure=MEASURE&datasetASGS=ABS\\_REGIONAL\\_ASGS2016&datasetLGA=ABS\\_REGIONAL\\_LGA2016&regionLGA=LGA\\_2016&regionASGS=ASGS\\_2016](http://stat.abs.gov.au/itt/r.jsp?RegionSummary&region=35300&dataset=ABS_REGIONAL_LGA2016&geoconcept=LGA_2016&maplayerid=LGA2016&measure=MEASURE&datasetASGS=ABS_REGIONAL_ASGS2016&datasetLGA=ABS_REGIONAL_LGA2016&regionLGA=LGA_2016&regionASGS=ASGS_2016)

**2 national  
parks totalling  
194,061 (ha)\*\***

**total protected areas  
254,313 (ha)\*\***



**Mining  
largest industry  
employer\*\***

**employing 2,796  
full time employees\*\*\***

**current population\*\***

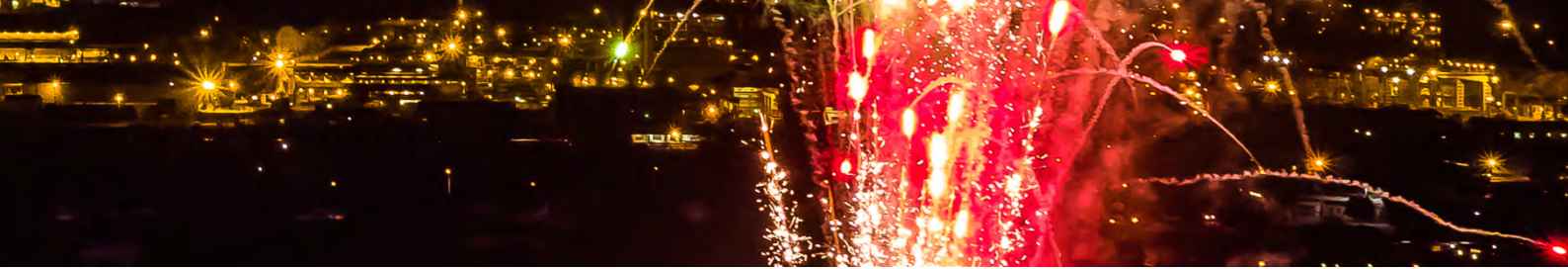
 **9335**  **9997**

\*\*\*Queensland Resources Council 2016; viewed 06 October 2017: [https://www.qrc.org.au/wp-content/uploads/2016/10/MountIsa\\_LGA\\_2016-1.pdf](https://www.qrc.org.au/wp-content/uploads/2016/10/MountIsa_LGA_2016-1.pdf)









# OUR PEOPLE AND COMMUNITY

## CITIZENSHIP CEREMONIES



A snapshot of the new citizens we welcomed during the 2016-2017 year.

## CITIZENS OF THE YEAR



Our Citizens of the Year 2016-2017



## COMMUNITY GRANTS RECIPIENTS

The Community Grants recipients for the 2016-2017 year were:

- North West Gymnastics Mount Isa
- Injilinj Community Kindergarten Association
- Christian Outreach Centre
- Copper City Tennis Club
- Mount Isa Quilters Group Incorporated
- North West Canoe Club



Community Grant Recipient	Project	Amount
North West Gymnastics Mount Isa Incorporated	Intermediate women's artistic gymnastics coaching course	\$2,475.00
Injilinj Community Kindergarten Association	Improvements to children's outdoor play area	\$5,000.00
Cristian Outreach Centre	Air-conditioning	\$5,000.00
Copper City Tennis Group	Online booking and gating hire system	\$2,850.96
Mount Isa Quilters Group Incorporated	Two day Peggy Phelps quilting tutorial/workshop	\$2,460.00
North West Canoe Club	Dragon boat paddles	\$3,480.00
<b>TOTALS</b>		<b>\$21,265.96</b>

## COUNCIL SPONSORSHIPS

In 2016-2017 Council sponsored the following organisations and projects:

Sponsorship Recipient	Event or Project
Zonta Club Mount Isa	International Women's Day Dinner
Isa Rats Running and Triathlon Club	IsaRATS Corporate Triathlon
Commerce North West	2016 EMO Trans Northern Business Awards
Apex Club Mount Isa	Rock Pop Mime
Commerce North West	MineX
Mount Isa Agricultural Show Society	The 2017 Mount Isa Show
Mount Isa Rotary Rodeo	Mount Isa Mines Rotary Rodeo
Young People Ahead	Short Film Festival
The Drover's Camp Association	The Drover's Camp Festival
Mount Isa Race Club	Mid-Tier Race Day
Mount Isa Fish Stocking Group	2017 Lake Moondarra Fishing Classic



MineX - Mining Expo



Mount Isa Rotary Rodeo



# COMMUNITY EVENTS

## JULY



## AUGUST



## SEPTEMBER



## OCTOBER



## NOVEMBER



## DECEMBER



## JANUARY



## FEBRUARY



## MARCH



## APRIL



## MAY



## JUNE





# OUR YEAR IN PICTURES



Australia Day



Welcoming Babies Day



Anzac Day Ceremony



Outback Youth Has Talent



Julie Cross Visit - Business Boost



Best Dressed Premises Competition



Super Sports Expo



Governor General's Visit





Isa's Best Kept Street



Mayor's Wine Tree Fundraiser



Veterans Day



Pet Information Day



Captain Active Visits Mount Isa



Queen's Baton Relay Announcement



NAIDOC Week



Council Mardi Gras Float Entry 2016





Library Lovers Day



Isa Street Festival



Queen's Ascension Day



Mayor's Seniors  
Christmas Luncheon



Jamie's Ministry of Food





Mayor's Morning Melodies



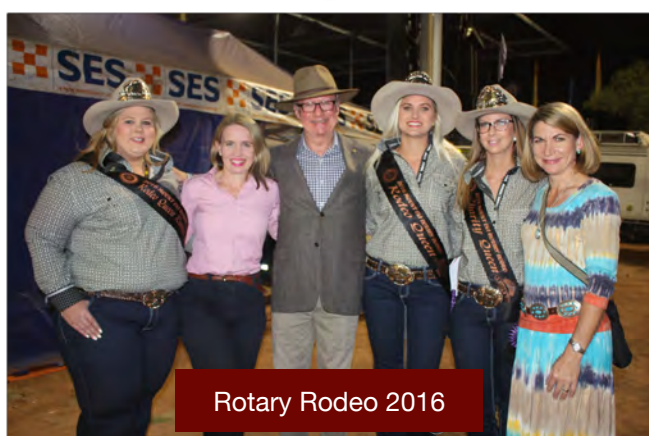
Youth Council



Hard Times Mine 10,000th Visitor



Road Safety Week



Rotary Rodeo 2016



Great Northern Clean Up





Conversational English Classes - Library



White Ribbon Day



Close the Gap



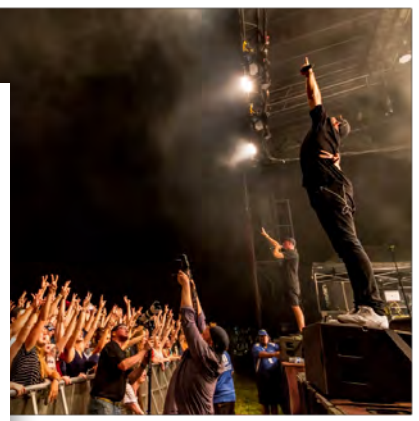
Carols by Candlelight







Triple J's One Night Stand - Entry Donations





# OUR ORGANISATION

## ORGANISATIONAL STRUCTURE



## EXECUTIVE REMUNERATION

The table below shows the remuneration packages payable for the 2016-2017 financial year pertaining to executive management of Mount Isa City Council, in increments of \$100,000, and the number of employees who are paid each band of remuneration.

<b>Total of all remuneration packages payable</b>	<b>\$792,280.00</b>
<b>Band \$100,000 - \$200,000</b>	<b>3</b>
<b>Band \$200,000 - \$300,000</b>	<b>1*</b>

\* During the 2016/2017 financial year Council had an Acting Chief Executive Officer and Chief Executive Officer. At no time was there concurrent tenure of Chief Executive Officers.



## EXECUTIVE MANAGEMENT TEAM

Forming the internal leadership core of Mount Isa City Council are our Directors.

Council is structured into three streams of operational imperative, with each of our senior executives responsible for one stream, allowing the organisation to better focus on key areas and remain responsive to local and macro trends.



**Director Engineering  
Services**

**Emilio Cianetti**



**Acting Director  
Corporate and Financial  
Services**

**Karen Pegler**



**Director Compliance and  
Utilities Services**

**Mike Salmon**

### Areas of Responsibility

- Parks and Gardens
- Technical Services
- Rural Construction and Maintenance
- Urban Construction and Maintenance
- Workshop
- Concrete and Material Supplies

### Areas of Responsibility

- Finance
- Information Technology
- Records Management
- Information Services
- Customer Service
- Library

### Areas of Responsibility

- Development and Land Use
- Environmental Health
- Local Laws
- Risk and Property
- Waste Management
- Water and Sewer
- Work, Health and Safety



# HIGHLIGHTS OF 2016-2017

## Our Apprentices and Trainees

Ashleigh Pengo and Susan Lafaele completed their Traineeships with Council in 2017 and both have gained employment with Council as Business Support Officers.

Cory Kirk completed his apprenticeship with Council in 2017 and gained employment with Council as a Diesel Fitter.



## Youth Council

The Mount Isa City Youth Council was established in 2012, and each year a number of our students from Good Shepherd Catholic College, Spinifex Senior Campus, and Mount Isa Flexi Learning Centre come together to form a new Mount Isa City Youth Council.

This team engages with the youth of Mount Isa and supports numerous events and causes.

## Drug and Alcohol Policy

In the 2016-2017 year Council rolled out a new Drug and Alcohol Policy, procedure and self-testing equipment across all of Council for Council employees.



## Library Services

The Mount Isa City Council Library highlights in 2016-2017 were:

- Digitisation of approximately 300 editions of MIMAG - the Mount Isa Mines in house publication for the National Library of Australia's online resource, 'Trove.'
- Successfully held the 'Mega Playgroup' in September - 490 parents and children attended participating various activities such as; bike riding, face painting, story telling and obstacle courses.
- Book launch for local author Jacqueline Harris
- Children's Book Week event - August 2016
- Coding and Robotics Beginner Classes for children - January 2017
- Summer Reading Club - 154 registrations with 2,110 books read



In the 2016-2017 year:

Over 4800 toys were lent by the toy library and approximately 2300 stories were told at Storytelling



### Regular Library Events Include

- Storytelling
- Toy Library
- 'Tech Savvy Seniors' computer lessons for seniors
- First 5 forever community workshops
- Children's crafting sessions
- Mums and Bubs Group
- Conversational English Classes





## SERVICES AND INFRASTRUCTURE

### On Target

- Road infrastructure maintained across the region, as per compliance with State Government agreements and traffic management.
- Recreational Parks and Public Spaces – Implementation of monthly calendars to track locations that are hired by the community to reduce double bookings and identify priority areas. Upgrades to recreational parks and public spaces for public safety and to increase the service delivered to the major facilities will continue in 2017-18.
- Council Fleet Management – Comprehensive review of plant and fleet register with identification of items that Council no longer owns or operates.
- Technical Services activities met service standards.
- Council joined the 'Dial Before You Dig' program to become more aware and proactive of service projects happening in the region.
- New databases have been implemented in the Water and Sewerage section to track customer requests, sewer manhole inspections and ensure that leaks are repaired as per the key performance indicators. Water and Sewerage service activities met service and compliance standards.

### Close to Target

- Private Works - minimal activity due to current economic environment.
- Development and adoption of an Asset Management Policy & Strategy and Improvement Plan. Full implementation of plans and a framework will continue in 2017-2018.
- The corporate mapping system is continuing to improve for the accuracy of underground service locations through the invaluable support of long-term employees and their solid knowledge base.

### Not on Target

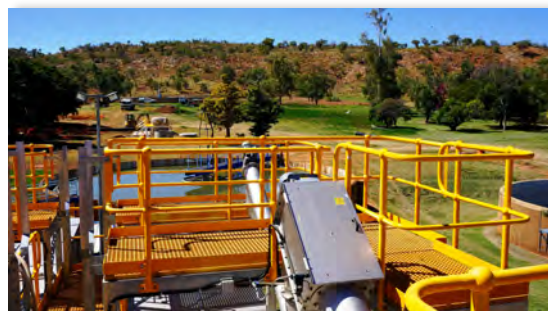
Nil.

### Sewerage Augmentation Stage 2 Project

Treatment Plant Upgrade: Through funding from the National Stronger Region Fund, Department of Infrastructure, Local Government & Planning and Regional Programs (Mount Isa City Council), the waste water reclamation plant underwent an upgrade worth over \$6 million.

This ensures that Mount Isa City complies with Department of Environment and Heritage Protection requirements and can maximise the use of re-cycled water for irrigation and beautification projects.

Effluent water pipelines are being planned and will be constructed from the upgraded treatment plant to Buchanan Park, sporting fields, and public parks to take the demand off the drinking water supply.



## Infrastructure Upgrades

Many infrastructure projects took place throughout the Mount Isa region during 2016-17:

### Doreen Street Car Parking Project

Over 30 new car parks and connecting footpath have been added adjacent to the Mount Isa Hospital.



### Abel Smith Parade Stormwater

Cleared out the stormwater channel through the middle of Abel Smith Parade.



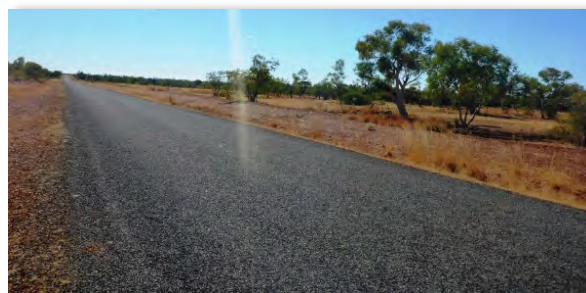
### Noakes Avenue Project

Pavement rehabilitation, sealing and reconstruction of major underground stormwater culverts along Glendenning Street.



### Rural Road Projects

Upgraded the major rural roads for stock, mining, tourists and residents in the Mount Isa Rural Region (Gunpowder, Old May Downs, Highland Plains, Duchess, Urandangi, Morestone and Shortcut Road). Causeway works will continue in 2017-18.



### Camooweal Project

Rehabilitated, widened and sealed road beside the primary school and the main Ellen Finlay Park in Camooweal Town.





## Xstrata Entertainment Centre Upgrade

The Mount Isa Civic Centre, Xstrata Entertainment Centre and Public Library received funding for the replacement existing heating, ventilation, and air conditioning (HVAC) unit and upgrades of office, storage space, stage stairs, fly system, curtains, floor works and other essential maintenance works.



## Moondarra Drive Project

Resealing works for Moondarra Drive will continue in 2017-18 in conjunction with a pedestrian and cycle path.

## Commercial Road Kerb & Channel Project

Constructed new kerb and channel along Commercial Road beside the Mount Isa Cemetery to protect against flooding.

## Secured Funding - Recycling Transfer Station

Funding was secured for the construction of a recycling transfer station at the Mount Isa Refuse Facility. This infrastructure will allow the following waste streams to be diverted from landfill:

- Glass
- Paper and cardboard
- Used engine oil
- Ferrous and Non-ferrous metals
- Lead acid batteries
- E-Waste



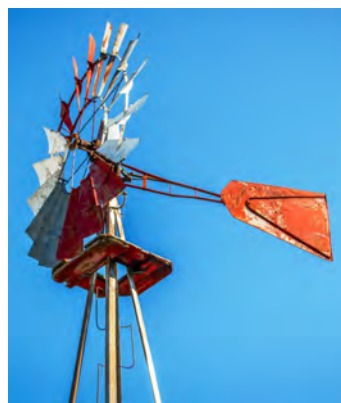
The construction of this project is due for completion by the end of November 2017.

In conjunction with this, a re-use and recycle sales shop will be opened for good condition furniture, building supplies, exercise equipment and other household items to be resold for future use.

## Stock Route - Decommissioned Windmills

The Rural Lands Officer secured capital works funding of \$35,000 from the Department of Natural Resources and Mines for the decommissioning of seven windmills along the stock route in the Mount Isa Region.

The infrastructure that was removed from the water facilities was not in service and unrepairable. All steel from the mills was sent for recycling.



## GOVERNANCE

### Draft City Planning Scheme

The past twelve months has seen Council moving closer to the adoption of a new, modern planning scheme.

Council's existing planning scheme is eleven years old, and Council has now completed a draft of a new scheme which will govern development in Mount Isa into the future.

Council has worked closely with the Queensland State Government throughout the drafting process to ensure Mount Isa's new planning scheme reflects the latest thinking in planning, land use and environmental management.

When completed, the scheme will complement a suite of new state planning legislation introduced in July 2017.

In November 2016 a copy of the new scheme was provided to the Planning Minister as part of the State Interest Check process.

State feedback has provided the basis for further refinement of the draft scheme throughout 2017 and this consultation process is set to continue in light of experience gained in the implementation of the new Planning Act 2016.

Upon the completion of this process, the draft Scheme will be released for public consultation to enable Mount Isa residents to have a say in the document that will shape their local community.



### Development Management Solution

Mount Isa City Council is about to commence implementation of their new 'Development Management Solution' and Records Management System, which came to fruition after successfully gaining funding through the Department of Infrastructure, Local Government and Planning 'Innovation and Improvement Fund'.

The proposed solution will see the implementation of a new, fully inclusive Development and Land Use Web Portal in conjunction with a new Records Management System.

The new solution will assist Council in achieving efficiency, long term cost savings and transparency in all Records Management and Development and Land Use services while providing a multitude of new information and tools to constituents and applicants.

The project will be rolled out over 12 months in conjunction with three consulting companies and will see the introduction of:

- Interactive mapping, enquiry and application tracking platform to streamline the enquiry and application process for both applicants and Development and Land Use staff;
- a new comprehensive range of revamped, easy to understand documentation to aid constituents in understanding, preparing and applying for Development and Land Use approvals and permits;
- historical information for property related approvals; and
- a structured records management system incorporating modules that will facilitate a shift to allow the availability of public information electronically.



## ENVIRONMENT

### Rural lands - Weed Eradication

The Rural Lands Officer has been successful in controlling several infestations of noxious and invasive plants within our region.

The main infestations brought under control were along the Leichhardt riverbed and banks within the central region of Mount Isa. Plants that were sprayed include Calotrope, Castor Oil Bush, Coral Cactus, Bellyache Bush, Milk Weed, Barleria, Leucaena and Chinee Apple. A large infestation of Parkinsonia at the old meatworks site on Commercial Road was brought under control through the application of Garlon and diesel.



Parkinsonia prior to spraying at old meatworks site



Parkinsonia after spraying at the old meatworks site

### Great Northern Clean Up 2016

Over 70 participants registered for the Great Northern Clean Up. A recycling workshop was held, showcasing ways that waste items can be reused.

The clean-up saw the following volumes of waste removed from the natural surrounds in the Mount Isa Region:

- 9 kgs of aluminium cans
- 1.2 tonnes of litter
- 2 tonnes of tyres
- 24 tonnes of illegally dumped waste from satellite dumps



Police Beat and volunteers at the Great Northern Clean Up

**Over 10 tonnes of lead acid batteries were sent for recycling during the 2016-2017 financial year.**



## Education Sessions - Sustainable Waste

Education sessions on sustainable waste management were presented to a number of kindergartens and primary schools in the region. Key topics covered included reducing waste to landfill through composting, reusing, sustainable shopping and upcycling.

## Recycled Metal

Over 900 tonnes of ferrous and non-ferrous metals were sent for recycling during the 2016-2017 financial year.



Waste Reduction Workshop at the St Joseph's Primary School



Steel being crushed, baled and transported off site for recycling

## Flying Fox Awareness

Mount Isa's Sunset Lawn Cemetery is home to a seasonal little red flying-fox roost.

To increase awareness to the general public of the importance of this protected species Council rolled out new 'Flying Foxes' fact sheets, new Council website content, and also installed informational signs at the entrances of the cemetery.

This information includes the lifestyle of the flying fox, tips for living near flying foxes, human and animal health, contact information should you find a sick or orphaned flying fox, and contact numbers for relevant external agencies.







## STATUTORY INFORMATION

Council must report and disclose particular information about its performance, key policies, and operations as per the guidelines set out in the *Local Government Act 2009* and *Local Government Regulation 2012*.

The majority of Council's reporting requirements are included within this section, please see the 'Statutory Information Index' on page 124 for statutory information contained in other sections.



### NON-REPORTABLE ITEMS

During the 2016-2017 financial year Mount Isa City Council did not have any reportable activity in the following areas:

- Significant Business Activities
- Beneficial Enterprises
- Commercial Business Units
- Expenditure, services or facilities that were supplied by another local government or via joint agreement

### CHANGES TO TENDERS

Council had only one invitation to change tenders during the 2016-2017 year under s228(7) of the *Local Government Regulation 2012*.

This involved the tender for the Mount Isa City Council Civic Centre and Library air conditioning (HVAC) system upgrade, which was tendered three times and all contractors were notified accordingly.



## REGISTERS

Mount Isa City Council keeps the following registers:

- Infrastructure Charges Register
- Remedial, Show Cause, Enforcement Notice Register
- Advertising Signs
- Dispensation Register
- Property Search Requests
- Certificate of Classification Register
- Registered Post Items Register
- Building Permits Register
- Corporate Risk Register
- Operational Risk Register
- Delegations Register
- Mount Isa and Camooweal Cemetery Records Registers
- Customer Service Hired Items Register
- Related Party Register
- Register of Interests
- Council Policy Register
- Register of Commercial Fees
- Register of Cost Recovery Fees
- Local Laws Register
- Staff Induction Register
- Disclosure Log
- Waste Management Customer Requests
- Waste management Mobile Garbage Bin Serial Numbers
- Waste Management Depot Key Register
- Road Map and Road Register
- Register of Unopened Private and Confidential Mail
- Contested Local Laws Infringements Register
- Instrument of Appointment Register
- Dog and Cat Pound Register
- Animal Breeding Register
- More Than Two Cat/Dog Register
- Horse Stables Register
- Regulated Dog Inspection Register
- Abandoned Vehicle Register
- Footpath Obstruction Register
- Overgrown and Unsightly Register
- Staff Training Matrix
- Staff Qualifications/Licence Register
- Staff Establishment Register

Some of the registers can be inspected at the Council Offices during business hours or on Council's website <http://www.mountisa.qld.gov.au/>





## ADMINISTRATIVE ACTION COMPLAINTS

Mount Isa City Council is required to have an administrative action complaints process and is committed to the effective and timely resolution of complaints, and fairness in our decision making.

Our Complaints Management Policy and Complaint Management Process provide a transparent method of responding to complaints regarding Council's services and administrative actions.

Council acknowledges the right of persons to provide feedback, both positive and negative, about our services and/or to lodge a complaint about a decision or other action we take. As a Council our intention is to provide a level of customer service that does not attract complaints, and we commit to providing adequate resources

and trained officers to deal with any complaints received, we treat each complaint with confidentiality and due respect.

To ensure that our decision making is fair and reasonable, we will apply the rules and principals of natural justice to all investigations, such as; the right to a fair hearing, there will be an absence of bias, all issues will be properly examined and our decisions will be based on evidence.



## CONCESSIONS FOR RATES AND CHARGES

Council provided pensioners with a concession on general rates and utility charges equivalent to that provided by the State Government, which is 20% of the amount levied to a maximum of \$200.00. No concession was provided on State Fire Services Levy as it is a State Government Charge. No concession was offered on any separate or special charges. Council provided an additional \$80.00 per annum concession to pensioners in 2016/17.

Council granted a concession to the Laura Johnson Home:

- 50% of the applicable water and sewerage costs on its commercial rates assessment for the financial years 2016/2017 to 2019/2020 with this being applicable to the properties existing at 30 June 2015 only and;
- garbage concession being the charges for a 1.53m<sup>3</sup> bin service is used in lieu of the 3.0m<sup>3</sup> garbage service rate plus 12 additional 240L bins are charged at the residential rate for the financial years 2016/2017 to 2019/2020.

## PARTICULAR RESOLUTIONS

Under Section 185 of the *Local Government Regulation 2012*, the Annual Report must include a list of any resolutions made under Section 206(2). Council includes information pertaining to non-current physical assets in our financial statements, which are adopted as part of our Annual Report.

Council's thresholds are as follows:

- 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.

Mount Isa City Council's 2015-2016 Annual Report was adopted under resolution OM39/11/16 in our Ordinary Meeting held on the 23rd of November 2016.





# INTERNAL AUDIT REPORT

## Summary of Internal Audit Progress for 2016-2017

Section 190 of the *Local Government Regulation 2012*, requires a report on internal audit to be included in the Annual Report.

The Internal Auditor carries out audits of areas of the Council's operations to assist management in ensuring the appropriate risk controls are in place and operating effectively. Primary responsibility for the operations of Council, including the assessment and treatment of risks to which Council might be exposed lies with management, that is, the elected members, the Chief Executive Officer, and other senior employees.

Management assesses risk in respect of operations, preparing a risk register that identifies risks and the treatment for those risks. Typical treatments (internal controls) will include:

- Effective supervision;
- Separation of duties so that no one transaction is the sole responsibility of one person;
- Ensuring that higher value or sensitive operations are checked and authorised at an appropriately senior level;
- Spot checks on balances and transactions;
- Ensuring the competence of staff given responsibility;
- Analysis of results against budgets and performance to identify anomalies; and
- Written procedures and processes.

In the course of the internal audit of a process, area or function, the internal auditor will endeavour to ensure that the internal controls specified by management are operating as designed and are effective in controlling the risk.

The Audit and Risk Committee met four times during the financial year on:

- 1 July 2016,
- 18 November 2016,
- 10 February 2017; and
- 30 June 2017.

A summary of items discussed at each meeting is provided below:

### 1 July 2016

An amended Audit Committee Charter and an amended Internal Audit Charter were recommended to be adopted by Council. A report on the progress of the Internal Audit Work Plan outlining recommendations around procurement and project management was ratified by the audit and risk committee. A draft Related Party Disclosure Policy was provided to the audit committee for its review and feedback. This is a new legislative requirement which require disclosures in Council's annual financial statements with regards to key management personnel. The Audit Committee considered the meeting requirements and agreed to continue to meet on a quarterly basis.

### 18 November 2016

The final copy of the Related Party Disclosure Policy, privacy collection notice and related party notification form were presented to the audit committee for its ratification before being adopted by Council.

A report on Council's external audit was also presented along with copies of the following documents:

- Final audit management letter;
- Interim audit management letter;
- Closing Report to the Audit Committee; and
- Council's Queensland Audit Office certified Financial Statements for the year ended 30 June 2016.

A verbal update of Internal Auditor Recommendations was presented with the following items discussed:

- Dataworks upgrade or replacement;
- Insurances succession planning;
- Risk Coordinator being informed of accidents reports;
- Costing of Mobile Plant in the budget;
- Depreciation Rates; and
- Having a qualified person included in Council interviews for technical positions.

A verbal report was provided on the preparation of the Business Continuity Plan.

### 10 February 2017

A discussion was held around the Workplace Health and Safety Audit Work Plan. The committee discussed Council's percentage of compliance. The Internal Auditor advised that the review process had highlighted areas requiring urgent attention which are now being actioned. A full report is forthcoming and the Chief Executive Officer is committed to bringing Council into compliance by December 2017.

The Chief Executive Officer was tasked to review the Audit Committee Charter to include Risk Management with an amended Charter to come back to the Committee before adoption by Council.

The Internal Auditor provided a further verbal update on the Business Continuity Plan and advised that a work-plan had been submitted in November and meetings with managers had commenced. The Committee discussed the need for the Business Continuity Plan to be integrated with the Risk Register. The Chief Executive Officer was tasked to review the Strategic and Annual Audit Plan and provide a report to the Audit Committee.

### 30 June 2018

The Internal Auditor discussed the 'Internal Audit Recommendations 2014-17' report. Items discussed were:

- Strategic and Administrative policy review;
- Policy Register;
- Business Continuity Plan;
- the 'whole of system upgrade' of Council's records management system;
- review of insurance requirements and insurance systems;
- a second party trained for insurance via the appointment of a new Executive Assistant to the Director of Compliance and Utilities Services;
- mobile plant – asset management planning, schedule for plant replacement, plant hire rates and charges, review of plant;
- Human Resources and Payroll - key performance indicators assessed through position descriptions, competent selection panel member as part of recruitment, technically competent person for reference checking where appropriate and the current review of



appropriate and the current review of policy;

- HR training officer developing 'organisation wide training needs analysis matrix' to identify core and supplementary training, and WHS training for compliance;
- refining debtor application process with reference checks;
- IT backup – review of IT backup policy, spot checks of backup process, IT review of operating environment, future forecast and requirements, enterprise wide network diagram, and technical alternatives to meet Council's needs; and
- data protection and backup, review of firewalls.

A draft Corporate Risk Register was presented to the audit and risk committee to accompany discussions around Council's risk appetite, Enterprise Risk Management (ERM) Framework Policy and Plan, residual risk and improvements. The committee was advised that draft Operational Risk Registers had been distributed throughout the organisation and will be progressed over the next few months.

Internal Auditor, Harry Gauvin discussed the draft 'Strategic Internal Audit Plan FY2018-FY2020' report.

The Internal Auditor discussed the 'Workplace Health and Safety Internal Audit Review' report including:

- policy and procedures, testing of procedures

- identification of workplace hazards - Safeplan system and training for inspections
- safe driving operation – rollout of training, safe vehicle operation, 'Take 5' training
- snake bite training;
- healthy lifestyle – Healthy Lifestyle Committee
- injury and illness treatment – training of Return to Work and Rehabilitation Coordinators;
- WHS reporting, requirements - Safety Committee, change management process;
- records maintenance (qualifications), authorised officers identity cards;
- WHS training;
- drug and alcohol testing – training of testers, contractor testing;
- MIETV requirements; and
- key performance indicators.

An Action Taken List was to be developed to include timeframes and key milestones for all audit and risk committee recommendations. This list is to be tabled at each meeting moving forward.

A new Internal Audit and Risk Charter Policy was adopted by the committee.

The engagement of a new Internal Auditor was also discussed along with the audit risk and controls environment, scope of works and handover from the current internal auditor.

## COMMUNITY FINANCIAL REPORT

The Community Financial Report provides simple explanation of Council's financial statements for the period ended 30 June 2017. This enables our community to understand Council's financial position and how Council's funds were used during the year to deliver services for the residents of Mount Isa.

During the financial year Mount Isa City Council delivered a large program of operational and capital works while exceeding two of the three key financial sustainability indicators.

Council continued to meet all financial commitments and made regular repayments on its borrowings so as to keep debt at a manageable level.

Council's financial statements must be certified by both the Mayor and the Chief Executive Officer as 'presenting fairly' the Council's financial results for the year. They are also required to be adopted by Council, ensuring responsibility for and ownership of the financial statements by management and elected representatives.

### This Community Financial Report Focuses on:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Measures of Financial Sustainability

## STATEMENT OF COMPREHENSIVE INCOME

This statement which is often referred to as the Profit and Loss Statement measures what Council has earned (revenue) and what costs Council has incurred (expenses) throughout the financial year. Operating revenue is referred to as recurrent revenue in Council's financial statements.





## REVENUE - Where did Council's funds come from?

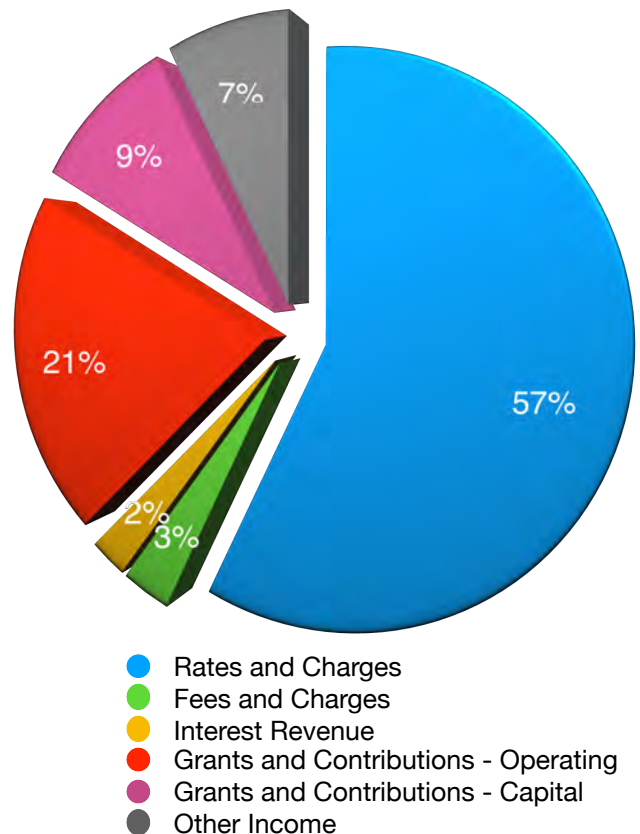
Council reported Total Income of \$67.7 million during the 2016/2017 financial year. This is broken up into two areas:

- Operating Income of \$61.4 million
- Capital Income of \$6.3 million

The more significant contributors to Council's revenue stream include:

- Rates and utilities charges. \$38.6 million
- Operational grants and subsidies \$14.1 million
- Fees and charges \$2 million

Council aims to maximise its revenue from sources other than rates and fees to reduce the burden on residents. We actively pursued grants and subsidies from State and Federal Governments and were successful in obtaining \$20 million worth of funds to be invested in our community.



## EXPENDITURE - Where was the money spent?

Council incurs both operating and capital expenditure. Operating expenses are referred to as recurrent expenses in Council's financial statements. Operating expenses represent the costs of maintaining community assets such as council roads and parks as well as providing services such as refuse collection.

A significant amount of Council's day to day activities are focussed on the maintenance, upgrade and construction of infrastructure assets to ensure there are adequate services for the community.

Expenses are monitored constantly throughout the year. Detailed estimates are prepared at the beginning of each financial year and performance against these estimates is measured through budget reviews to ensure community funds are used efficiently.

## Operating expenditure is made up of:

Total operating expenditure amounted to \$53.4 million which is broken up into:

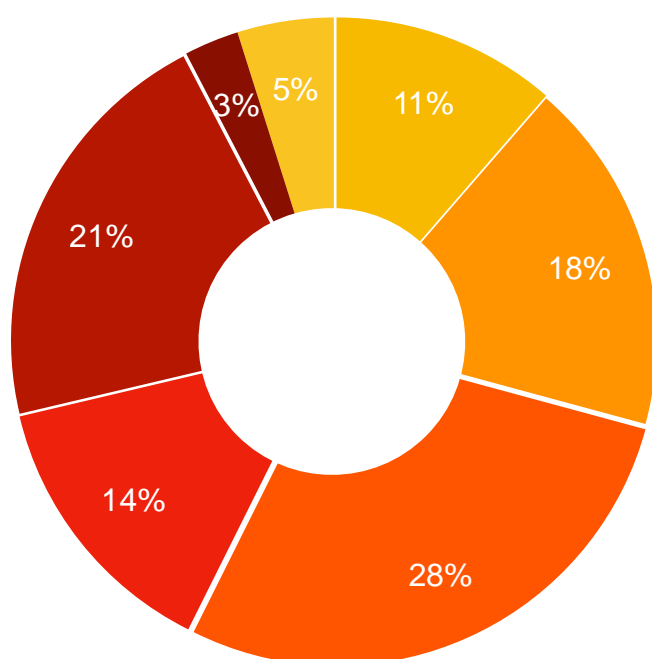
- Employee benefits \$14.6 million
- Materials and services \$25.2 million
- Finance costs \$1.9 million
- Depreciation \$11.7 million

Employee benefits consist of wages and other entitlements such as superannuation which are paid to our staff members.

As Council's workforce predominantly resides in Mount Isa City, the community directly benefits from having this money available for spending locally.

Materials and Services consist of goods Council purchases to use in day to day operations. Council uses local businesses wherever possible so the money flows back into our community.

Finance costs consist predominantly of interest on loans used to construct community assets such as the Fun Park and for upgrades to Council's road network.



- Administration
- Community Services
- Other Expenses
- Roads
- Water
- Sewerage
- Waste Services

## Capital expenditure

In addition to operating expenses, Council also incurred \$12.4 million in capital expenditure to renew community infrastructure assets. Capital expenditure included upgrades to parks \$450,000, \$3.1 million upgrading the sewer system and \$4.3 million renewing roads.

Capital expenditure is not shown on the Statement of Comprehensive Income but is set out in Note 16 of the financial statements.



## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is commonly referred to as the Balance Sheet and provides a snapshot at 30 June 2017 of Council's net wealth. The statement measures what Council owns (Assets) and what Council owes (Liabilities). The difference between these two components is the net wealth of Council (Community Equity).

- Total Assets \$451.5 million
- Total Liabilities \$35.6 million
- Total Community Equity \$415.9 million

### Assets what the community owns

The total value of all assets controlled by Council was \$451.5 million at 30 June 2017, of which \$395.9 million (87%) relates to property, plant and equipment. These community assets include buildings, roads, stormwater drainage, water, sewerage, waste management and parks infrastructure.

Careful management is required to ensure the level of service provided by these assets is adequate.

Other major components of our assets include:

- Cash and investments \$45.4 million
- Trade and other receivables \$6.7 million

The major components of our liabilities are:

- Borrowings (loans) \$26.5 million
- Amounts payable to suppliers \$7.3 million

Council reviews its need to borrow funds as part of the annual budget process. In 2017 as in 2016, Council made the decision to use existing cash balances rather than increase debt by borrowing.



## STATEMENT OF CASH FLOWS

The statement of Cash Flows shows cash received and spent during the year. It shows our ability to pay our bills and put aside some funds for the future. This statement is summarised into three activities:

- Operating activities - our normal day-to-day functions. These include receipts of rates, fees and charges and operating grants offset by payments for employee costs, materials and services and borrowing costs (interest) principal on our loans.
- Investing activities - includes payments for the purchase and construction of property, plant and equipment and proceeds from the sale of surplus assets.
- Financing activities - repayments of principal on our loans.

Our final cash balance as at 30 June 2017 was \$45.4 million.

### Key Sustainability Ratios

It is important that Council remains financially sustainable. Council is considered to be sustainable if its infrastructure and financial capital is able to be maintained over the long term. The Department of Infrastructure, Local Government and Planning has developed a range of indicators to assist in assessing the sustainability of Council.

The table below summarises the indicators and compares Council's actual results for the 2016/2017 financial year against the targets set by the Department.

Measures of Financial Sustainability	Description	Target	Actual Performance 2017	Target Met
Operating surplus ratio	Net Result (excluding capital items) Total Operating Revenue  An indicator of which the extent to which revenues raised cover operational costs or are available for the capital projects.	0% to 10%	12.8%	✓
Asset sustainability ratio ^ ^ Council didn't meet this target as it invested a significant sum on building new assets for the community	Capital Expenditure on the Renewal of existing Council Assets Depreciation of Expense  The extent to which existing infrastructure assets are being replaced	> 90%	34.3%	✗
Net financial liabilities ratio ^^ ^^ The negative number indicates that Council's current assets exceed its total liabilities. Council has outperformed this target and is in a strong position to meet all financial commitments.	Total Liabilities less Current Assets Total Operating Revenue  The extent to which net financial liabilities can be serviced by Council's operating revenue.	< 60%	-32.5%	✓

## Summary

Mount Isa City Council has achieved two of the three key targets for the 2017 financial year. Council remains in a strong financial position to be able to deliver on its commitments to the community.

For further information please refer to Council's website [www.mountisa.qld.gov.au](http://www.mountisa.qld.gov.au)





# FINANCIAL STATEMENTS

Mount Isa City Council's financial reports are provided in this section as a measure of assurance and accountability of how ratepayer funds have been spent and includes Council's financial statements, including the budget reports.

## Mount Isa City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2017

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*To secure an attractive, sustainable,  
vibrant future through leadership*



## Mount Isa City Council

### General Purpose Financial Statements for the year ended 30 June 2017

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## Mount Isa City Council

### Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	Consolidated		Council	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent Revenue</b>					
Rates, Levies and Charges	3a	38,698,080	37,152,381	38,771,221	37,281,536
Fees and Charges	3b	2,053,868	1,799,648	1,660,984	1,383,777
Rental Income	3c	77,058	76,460	-	-
Interest and Investment Revenue	3d	1,591,672	1,406,437	1,591,672	1,406,427
Sales Revenue	3e	1,652,852	1,332,172	526,520	439,069
Other Income	3f	3,169,094	2,313,327	3,094,248	2,211,539
Grants, Subsidies, Contributions & Donations	4a	14,126,853	8,791,553	14,126,853	8,791,553
<b>Total Recurrent Revenue</b>		<b>61,369,478</b>	<b>52,871,977</b>	<b>59,771,498</b>	<b>51,513,900</b>
<b>Capital Revenue</b>					
Grants, Subsidies, Contributions & Donations	4b	6,292,814	4,348,425	6,292,814	4,348,425
<b>Total Revenue</b>		<b>67,662,292</b>	<b>57,220,402</b>	<b>66,064,312</b>	<b>55,862,325</b>
Capital Income	5	58,559	-	58,559	-
<b>Total Income</b>		<b>67,720,850</b>	<b>57,220,402</b>	<b>66,122,871</b>	<b>55,862,325</b>
<b>Expenses</b>					
<b>Recurrent Expenses</b>					
Employee Benefits	6	14,636,286	13,546,869	12,611,018	12,124,732
Materials and Services	7	25,215,261	25,149,993	25,657,149	25,188,514
Finance Costs	8	1,931,510	1,817,811	1,919,409	1,807,808
Depreciation and Amortisation	9	11,742,007	10,631,539	11,716,911	10,618,489
<b>Total Recurrent Expenses</b>		<b>53,525,064</b>	<b>51,146,212</b>	<b>51,904,486</b>	<b>49,739,542</b>
Capital Expenses	10	107,810	525,315	107,810	525,315
<b>Total Expenses</b>		<b>53,632,875</b>	<b>51,671,527</b>	<b>52,012,297</b>	<b>50,264,857</b>
<b>Operating Result</b>		<b>14,087,976</b>	<b>5,548,875</b>	<b>14,110,574</b>	<b>5,597,469</b>
<b>Net Result</b>		<b>14,087,976</b>	<b>5,548,875</b>	<b>14,110,574</b>	<b>5,597,469</b>
<b>Other Comprehensive Income</b>					
<b>Amounts which will not be reclassified subsequently to the Net Result</b>					
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	21	2,143,402	(16,623,988)	2,143,402	(16,623,988)
<b>Total Other Comprehensive Income</b>		<b>2,143,402</b>	<b>(16,623,988)</b>	<b>2,143,402</b>	<b>(16,623,988)</b>
<b>Total Comprehensive Income</b>		<b>16,231,378</b>	<b>(11,075,113)</b>	<b>16,253,976</b>	<b>(11,026,519)</b>

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

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## Mount Isa City Council

### Statement of Financial Position as at 30 June 2017

		Consolidated		Council	
		2017	2016	2017	2016
	Notes	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	11	45,462,952	31,982,810	45,228,154	31,358,551
Investments	11	-	272,318	-	272,318
Trade and Other Receivables	12	6,725,846	5,495,369	6,785,078	5,848,698
Inventories	13	2,981,812	2,980,930	2,921,276	2,910,847
Non-Current Assets classified as Held for Sale	15	479,216	520,538	479,216	520,538
<b>Total Current Assets</b>		<b>55,649,826</b>	<b>41,251,966</b>	<b>55,413,725</b>	<b>40,910,952</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	16	395,900,963	393,465,656	395,676,094	393,309,357
Other Financial Assets	14	-	-	1	1
<b>Total Non-Current Assets</b>		<b>395,900,963</b>	<b>393,465,656</b>	<b>395,676,095</b>	<b>393,309,358</b>
<b>TOTAL ASSETS</b>		<b>451,550,789</b>	<b>434,717,622</b>	<b>451,089,820</b>	<b>434,220,310</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and Other Payables	18	7,365,378	5,191,146	7,144,530	4,956,553
Borrowings	19	1,508,151	1,478,812	1,508,151	1,478,812
Provisions	20	195,000	150,000	195,000	150,000
<b>Total Current Liabilities</b>		<b>9,068,529</b>	<b>6,819,959</b>	<b>8,847,681</b>	<b>6,585,365</b>
<b>Non-Current Liabilities</b>					
Trade and Other Payables	18	304,921	292,907	304,921	292,907
Borrowings	19	25,002,393	26,525,935	25,002,393	26,525,935
Provisions	20	1,307,368	1,442,621	1,307,368	1,442,621
<b>Total Non-Current Liabilities</b>		<b>26,614,683</b>	<b>28,261,463</b>	<b>26,614,683</b>	<b>28,261,463</b>
<b>TOTAL LIABILITIES</b>		<b>35,683,212</b>	<b>35,081,422</b>	<b>35,462,363</b>	<b>34,846,828</b>
<b>Net Community Assets</b>		<b>415,867,577</b>	<b>399,636,200</b>	<b>415,627,457</b>	<b>399,373,482</b>
<b>COMMUNITY EQUITY</b>					
Asset Revaluation Surplus	21	214,192,581	212,049,179	214,192,581	212,049,179
Retained Surplus/(Deficiency)	22	192,774,865	185,657,361	192,534,746	185,394,643
Reserves	23	8,900,131	1,929,660	8,900,131	1,929,660
<b>Total Community Equity</b>		<b>415,867,577</b>	<b>399,636,200</b>	<b>415,627,457</b>	<b>399,373,482</b>

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

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## Mount Isa City Council

### Statement of Changes in Equity for the year ended 30 June 2017

Consolidated		Asset Revaluation Surplus \$	Retained Surplus \$	Other Reserves \$	Total Equity \$
	Notes				
<b>2017</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		212,049,179	185,657,361	1,929,660	<b>399,636,201</b>
<b>a. Net Operating Surplus for the Year</b>		-	14,087,976	-	<b>14,087,976</b>
<b>b. Other Comprehensive Income</b>					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	2,143,402	-	-	<b>2,143,402</b>
<b>Other Comprehensive Income</b>		<b>2,143,402</b>	-	-	<b>2,143,402</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>2,143,402</b>	<b>14,087,976</b>	-	<b>16,231,378</b>
<b>c. Transfers to Reserves</b>		-	(17,519,871)	17,519,871	-
<b>d. Transfers from Reserves</b>		-	10,549,400	(10,549,400)	-
<b>Equity Balance as at 30 June, 2017</b>		<b>214,192,581</b>	<b>192,774,866</b>	<b>8,900,131</b>	<b>415,867,577</b>
<b>2016</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		228,673,167	177,248,851	1,597,936	<b>407,519,956</b>
<b>a. Minor correction to Opening Balance - Unrecognised Assets</b>	22	-	3,197,587	-	<b>3,197,587</b>
<b>b. Minor correction of Prior Period Error - Consolidated Entities</b>	22	-	18,872	-	<b>18,872</b>
<b>Revised Opening Balance (as at 1/7/15)</b>		<b>228,673,167</b>	<b>180,465,310</b>	<b>1,597,936</b>	<b>410,736,414</b>
<b>c. Net Operating Surplus for the Year</b>		-	5,548,875	-	<b>5,548,875</b>
<b>d. Other Comprehensive Income</b>					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	(16,623,988)	-	-	<b>(16,623,988)</b>
<b>Other Comprehensive Income</b>		<b>(16,623,988)</b>	-	-	<b>(16,623,988)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(16,623,988)</b>	<b>5,548,875</b>	-	<b>(11,075,113)</b>
<b>e. Wind up Outback at Isa Pty Ltd</b>		-	(100)	-	<b>(100)</b>
<b>f. Transfer from Equity</b>		-	(24,999)	-	<b>(24,999)</b>
<b>g. Transfers to Reserves</b>		-	(10,769,392)	10,769,392	-
<b>h. Transfers from Reserves</b>		-	10,437,668	(10,437,668)	-
<b>Equity Balance as at 30 June, 2016</b>		<b>212,049,179</b>	<b>185,657,361</b>	<b>1,929,660</b>	<b>399,636,200</b>

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

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## Mount Isa City Council

### Statement of Changes in Equity for the year ended 30 June 2017

Council		Asset Revaluation Surplus	Retained Surplus	Other Reserves	Total Equity
	Notes	\$	\$	\$	\$
<b>2017</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		212,049,179	185,394,643	1,929,660	<b>399,373,482</b>
<b>a. Net Operating Surplus for the Year</b>		-	14,110,574	-	<b>14,110,574</b>
<b>b. Other Comprehensive Income</b>					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	2,143,402	-	-	<b>2,143,402</b>
<b>Other Comprehensive Income</b>		<b>2,143,402</b>	-	-	<b>2,143,402</b>
<b>Total Comprehensive Income (b&amp;c)</b>		<b>2,143,402</b>	<b>14,110,574</b>	<b>-</b>	<b>16,253,976</b>
<b>c. Transfers to Reserves</b>		-	(17,519,871)	17,519,871	-
<b>d. Transfers from Reserves</b>		-	10,549,400	(10,549,400)	-
<b>Equity Balance as at 30 June, 2017</b>		<b>214,192,581</b>	<b>192,534,746</b>	<b>8,900,131</b>	<b>415,627,457</b>
<b>2016</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		228,673,167	176,956,411	1,597,936	<b>407,227,514</b>
<b>a. Minor correction to Opening Balance - Unrecognised Assets</b>	22	-	3,197,587	-	<b>3,197,587</b>
<b>Revised Opening Balance (as at 1/7/15)</b>		<b>228,673,167</b>	<b>180,153,998</b>	<b>1,597,936</b>	<b>410,425,101</b>
<b>b. Net Operating Surplus for the Year</b>		-	5,597,469	-	<b>5,597,469</b>
<b>c. Other Comprehensive Income</b>					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	(16,623,988)	-	-	<b>(16,623,988)</b>
<b>Other Comprehensive Income</b>		<b>(16,623,988)</b>	-	-	<b>(16,623,988)</b>
<b>Total Comprehensive Income (b&amp;c)</b>		<b>(16,623,988)</b>	<b>5,597,469</b>	<b>-</b>	<b>(11,026,519)</b>
<b>d. Wind up Outback at Isa Pty Ltd</b>		-	(100)	-	<b>(100)</b>
<b>e. Transfer from Equity</b>		-	(24,999)	-	<b>(24,999)</b>
<b>f. Transfers to Reserves</b>		-	(10,769,392)	10,769,392	-
<b>g. Transfers from Reserves</b>		-	10,437,668	(10,437,668)	-
<b>Equity Balance as at 30 June, 2016</b>		<b>212,049,179</b>	<b>185,394,643</b>	<b>1,929,660</b>	<b>399,373,482</b>

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

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## Mount Isa City Council

### Statement of Cash Flows for the year ended 30 June 2017

	Notes	Consolidated		Council	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers		44,358,474	41,254,951	43,241,022	39,492,342
Payments to Suppliers and Employees		(37,679,481)	(37,806,470)	(36,201,276)	(36,405,900)
		6,678,994	3,448,481	7,039,747	3,086,442
<b>Receipts:</b>					
Investment and Interest Revenue Received		1,499,659	1,406,471	1,499,660	1,406,462
Rental Income		77,058	76,460	-	-
Non Capital Grants and Contributions		14,126,853	8,791,553	14,126,853	8,791,553
<b>Payments:</b>					
Borrowing Costs		(1,931,510)	(1,817,811)	(1,919,409)	(1,807,808)
<b>Net Cash - Operating Activities</b>	28	<u>20,451,055</u>	<u>11,905,154</u>	<u>20,746,851</u>	<u>11,476,649</u>
<b>Cash Flows from Investing Activities</b>					
<b>Receipts:</b>					
Sale of Property, Plant and Equipment		522,004	14,455	522,004	14,455
Sale of Investment Securities		272,318	-	272,318	-
Grants, Subsidies, Contributions and Donations		6,292,814	4,348,425	6,292,814	4,348,425
<b>Payments:</b>					
Purchase of Investment Securities		-	(7,337)	-	(7,337)
Purchase of Property, Plant and Equipment		(12,563,846)	(10,100,856)	(12,470,180)	(10,016,667)
<b>Net Cash - Investing Activities</b>		<u>(5,476,710)</u>	<u>(5,745,313)</u>	<u>(5,383,044)</u>	<u>(5,661,124)</u>
<b>Cash Flows from Financing Activities</b>					
<b>Receipts:</b>					
Nil					
<b>Payments:</b>					
Repayment of Borrowings and Advances		(1,494,203)	(1,382,394)	(1,494,203)	(1,382,394)
<b>Net Cash Flow - Financing Activities</b>		<u>(1,494,203)</u>	<u>(1,382,394)</u>	<u>(1,494,203)</u>	<u>(1,382,394)</u>
<b>Net Increase/(Decrease) for the year</b>		<u>13,480,142</u>	<u>4,777,447</u>	<u>13,869,604</u>	<u>4,433,130</u>
plus: <b>Cash and Cash Equivalents - beginning</b>		31,982,810	27,205,364	31,358,551	26,925,421
<b>Cash and Cash Equivalents - closing</b>	11	<u><u>45,462,952</u></u>	<u><u>31,982,810</u></u>	<u><u>45,228,154</u></u>	<u><u>31,358,551</u></u>

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

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## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies

##### (1.a) 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 and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

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

- Disposal of non-current assets
- Revaluations of investment property and property, plant and equipment

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

##### (1.b) Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting

period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

##### (1.c) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Mount Isa City Council as at 30 June 2017 and the results of all controlled entities for the year then ended, where material. The Council and its controlled entities together form the economic entity which is referred to in these financial statements as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with entities controlled by the Council have been eliminated. In addition, the accounting policies of all controlled entities have been adjusted, where necessary, on consolidation to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council.

##### (1.d) Constitution

Mount Isa City Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

##### (1.e) Date of Authorisation

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

##### (1.f) Currency

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



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

##### (1.g) 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.

Mount Isa City Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Council applies standards and interpretations in accordance with their respective commencement dates.

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 31.

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

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

##### (1.h) Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation and depreciation of Property, Plant & Equipment - Note 1.P and Note 16
- Provisions - Note 1.T and Note 20

##### (1.i) Revenue

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

###### Rates and levies

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

###### Grants and subsidies

All 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.

###### Non-cash contributions

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

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

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

##### Cash contributions

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

##### Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are received.

##### Sales revenue

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

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

##### Fees and Charges

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

#### **(1.j) Financial assets and financial liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Mount Isa City Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

##### Financial assets

- Cash, cash equivalents & Investments (Note 1.K)
- Receivables - measured at amortised cost (Note 1.L)
- Other financial assets (Note 1N)

##### Financial liabilities

- Payables - measured at amortised cost (Note 1.S)
- Borrowings - measured at amortised cost (Note 1.U)

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

#### **(1.k) Cash, Cash Equivalents & Investments**

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.

#### **(1.l) Receivables**

Trade receivables are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

All known bad debts were written-off at 30 June.

Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover most outstanding rate debts, Council only impairs rate receivables when they become known.

##### (1.m) Inventories

Raw materials and products held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads.

Inventories held for distribution are goods to be used for the provision of services.

These goods are valued at cost.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

##### (1.n) Other Financial Assets

Other financial assets are recognised at cost.

##### (1.o) Non-Current Assets held for Sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. An impairment

loss is recognised when the assets carrying amount is greater than its fair value less costs to sell. On the eventual sale of these assets a gain or loss is recognised.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non-Current Assets under the classification of Plant and Equipment.

##### (1.p) Property, Plant & Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

Category	Years
Capital Works in Progress	N/A
Land	Indefinite
Buildings	15-80
Plant & Equipment	4-35
Other Structures	9-100
Roads Infrastructure	7-1000
Water	15-100
Sewerage	20-300

##### 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.

##### Capital and operating expenditure

Direct labour and materials and an appropriate proportion of 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

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

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.

##### Valuation

Land, buildings 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 property, plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 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, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the Roads and Bridges Construction Index published by the Australian Bureau of Statistics. If there is a material movement in the relevant indices, management engage independent, professionally qualified valuers to

determine suitable indices which are applied to each of these asset classes.

With respect to the valuation of the land and buildings classes in the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all assets, the results of which are considered in combination with the Non Residential Building Construction Index, published by the Australian Bureau of Statistics. If there is a material movement in the relevant indices, management engage independent, professionally qualified valuers to determine suitable indices which are applied to each of these asset classes.

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

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

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

Details of valuers and methods of valuations are disclosed in Note 17.

##### Capital work in progress

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

##### Depreciation

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



## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

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. As per Council's Asset Financial Management Policy, only buildings with a replacement cost of over \$500,000 are componentised. 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.

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 written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 16.

##### Land under roads

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

##### **(1.q) Biological Assets**

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation

are included in Council's general operations as they are incurred.

##### **(1.r) Impairment of Non-Current Assets**

Each non-current physical asset and group of assets is assessed for indicators of impairment annually.

##### **(1.s) Payables**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

##### **(1.t) Liabilities - Employee Benefits**

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

##### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 18 as a payable.

##### Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 18 as a payable.

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

##### Sick leave

Council has no obligation to pay sick leave on termination and therefore a liability has not been recognised.

##### Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 26.

##### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 20 as a provision.

Council assesses the amount of long service leave taken on a yearly basis over a number of years. Based on this evaluation an amount of long service leave expected to be taken plus all approved long service leave for the next 12 months is classified as current. Council employees tend not to take long service leave when it is due.

##### **(1.u) Borrowings and Borrowing Costs**

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

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for

the next nine years. Council's current policy is to only borrow for capital projects. The term of the debt is related to the life of the asset created but will not exceed 20 years for any individual asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

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

##### **(1.v) Asset Revaluation Surplus**

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

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

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

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

##### **(1.w) Retained Surplus**

In reference to the comparative figures for the year ended 30 June 2017, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

##### **(1.x) Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. Council accounts for these restrictions using a system of reserves.



## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Significant Accounting Policies (continued)

##### **Future Capital Infrastructure Replacement Reserve**

This reserve represents amounts set aside for the future replacement of capital works.

##### **Capital Grants Reserve**

This reserve represents the unspent portion of non-reciprocal grants received for capital purposes.

##### **Constrained Works Reserve**

This reserve represents contributions received for capital works where the required works have not yet been carried out.

##### **Environmental Levy Reserve**

This reserve represents separate rates received but not yet spent for a range of strategic environmental management initiatives.

##### **Operating Grants Reserve**

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

##### **(1.y) Subsidiaries**

Subsidiaries are entities controlled by Mount Isa City Council. Control exists when the Mount Isa City Council has the power, directly or indirectly, to solely govern the financial and operating policies of an entity to obtain benefits from its activities. The balances and effects of transactions between entities are eliminated in preparing the consolidated financial statements. Where control of an entity commences or ceases during a financial year, the profits or losses are included in the consolidated income statements from the date control commenced to the date control ceased. Investments in controlled entities are recognised at cost as their fair value is unable to be reliably determined.

##### **(1.z) National Competition Policy**

The Council has reviewed its activities and does not have any significant business activities to report as at 30 June 2017.

##### **(1.aa) Rounding and Comparatives**

Amounts included in 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.ab) Trust funds held for outside parties**

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

The monies are disclosed in the notes to the financial statements for information purposes only in Note 27.

##### **(1.ac) Taxation**

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

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

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 2(a). Council Functions - Component Descriptions

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Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

**GENERAL REVENUE AND FINANCING**

Secure revenue from Government and ratepayers to finance the general activities of Council.

**CITY GOVERNANCE AND PROMOTION**

Provide good government for residents and effective planning of infrastructure and services.

**CORPORATE SERVICES**

Provide sound corporate management of the organisation including financial, administrative and personnel services to the Council and its departments.

**MOBILE FLEET SERVICES**

Procure and service Council's mobile fleet.

**COMMUNITY SERVICES & CEMETERIES**

Enhance community development and equity through targeted assistance and development activities.

Provide appropriate burial places for the deceased.

**LIBRARY SERVICES**

Provide accessible and quality library materials to residents.

**CIVIC CENTRE**

Provision of the prime conference and entertainment centre for community use.

**SPORTS AND RECREATION SERVICES**

Provision of clean and appropriate recreational areas and other public spaces for community and tourist use.

Assist sports and community recreational activities.

**TOWN PLANNING AND BUILDING SERVICES**

Encourage and monitor the planning and construction of the building environment.

**TOURISM SERVICES**

Provide the central tourist information service and prime attraction.

**ECONOMIC DEVELOPMENT**

Provide leadership and key industry contacts for the diversification and growth of local industry. Assist the promotion and development of the local tourist industry.

**ENGINEERING SERVICES**

Plan and design Council's infrastructure. Provide general engineering and operational support.

**ROADS, BRIDGES AND DRAINAGE**

Maintain Council's road and stormwater drainage infrastructure.

**CONTRACT WORKS**

Undertake construction and maintenance works for third parties.

**WATER INFRASTRUCTURE**

Supply urban residents and businesses with a clean and reliable water supply. Improve the conservation of water use by the community.

**SEWERAGE INFRASTRUCTURE**

Provides sewerage services for the city council.

**ENVIRONMENTAL HEALTH SERVICES AND NATURAL RESOURCE MANAGEMENT**

Ensure a high level of environmental health is maintained for all residents and visitors. Protect the natural environment and undertake projects to enhance economic and environmental return from use of reserves.

**CLEANSING SERVICES**

Provide residents and businesses with an efficient refuse collection and waste disposal service.



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 2(b). Analysis of Results by Function

Functions	Gross Program Income		Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring	Capital		Recurring	Capital				
2017	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Revenue and Financing	23,484,309	-	23,484,309	(314,247)	-	(314,247)	23,170,062	23,170,062	50,817,254
City Governance and Promotion	-	-	-	(673,436)	-	(673,436)	(673,436)	(673,436)	-
Corporate Services	210,739	-	210,739	(5,454,884)	(43,250)	(5,498,134)	(5,244,145)	(5,287,395)	57,067,269
Mobile Fleet Services	84,623	58,559	143,182	(2,964,595)	(64,560)	(3,029,155)	(2,879,972)	(2,886,973)	9,241,414
Community Services & Cemeteries	160,747	-	160,747	(913,363)	-	(913,363)	(752,616)	(752,616)	-
Library Services	202,453	-	202,453	(960,462)	-	(960,462)	(758,009)	(758,009)	-
Civic Centre	-	-	-	(140,811)	-	(140,811)	(140,811)	(140,811)	-
Sports & Recreation Services	43,616	-	43,616	(3,786,217)	-	(3,786,217)	(3,742,601)	(3,742,601)	388,445
Town Planning & Building Services	350,080	-	350,080	(918,901)	-	(918,901)	(568,821)	(568,821)	-
Tourism Services	-	-	-	(3,407,144)	-	(3,407,144)	(3,407,144)	(3,407,144)	76,381
Economic Development	37,956	-	37,956	(320,522)	-	(320,522)	(282,566)	(282,566)	2,686,327
Engineering Services	2,931	-	2,931	(930,583)	-	(930,583)	(927,652)	(927,652)	-
Roads, Bridges and Drainage	7,683,349	2,043,336	9,726,685	(9,232,733)	-	(9,232,733)	(1,549,384)	493,952	217,631,986
Contract Works	146,740	-	146,740	(131,163)	-	(131,163)	15,577	15,577	-
Water Infrastructure	15,952,302	-	15,952,302	(13,235,906)	-	(13,235,906)	2,716,396	2,716,396	51,267,197
Sewerage Infrastructure	6,819,171	4,249,478	11,068,649	(3,798,792)	-	(3,798,792)	3,020,379	7,269,857	61,898,319
Environmental Health Services and Natural Resource Management	591,565	-	591,565	(1,634,721)	-	(1,634,721)	(1,043,156)	(1,043,156)	-
Cleansing Services	4,000,917	-	4,000,917	(3,086,006)	-	(3,086,006)	914,911	914,911	15,228
<b>Total Council</b>	<b>59,771,498</b>	<b>6,351,373</b>	<b>66,122,871</b>	<b>(51,904,486)</b>	<b>(107,810)</b>	<b>(52,012,297)</b>	<b>7,867,012</b>	<b>14,110,574</b>	<b>451,089,820</b>
Controlled entity net of Eliminations	<b>1,597,980</b>	<b>-</b>	<b>1,597,980</b>	<b>(1,620,578)</b>	<b>-</b>	<b>(1,620,578)</b>	<b>(22,598)</b>	<b>(22,598)</b>	<b>460,969</b>
<b>Total Consolidated</b>	<b>61,369,478</b>	<b>6,351,373</b>	<b>67,720,850</b>	<b>(53,525,064)</b>	<b>(107,810)</b>	<b>(53,632,875)</b>	<b>7,844,414</b>	<b>14,087,976</b>	<b>451,550,789</b>

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 2(b). Analysis of Results by Function (continued)

Functions	Gross Program Income		Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring	Capital		Recurring	Capital				
2016	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Revenue and Financing	19,619,837	-	19,619,837	(170,223)	-	(170,223)	19,449,614	19,449,614	36,000,105
City Governance and Promotion	-	-	-	(659,926)	-	(659,926)	(659,926)	(659,926)	-
Corporate Services	212,441	-	212,441	(4,817,863)	(270,000)	(5,087,863)	(4,605,422)	(4,875,422)	57,652,845
Mobile Fleet Services	109,973	-	109,973	(2,940,045)	(6,548)	(2,946,593)	(2,830,072)	(2,836,620)	8,531,609
Community Services & Cemeteries	150,206	-	150,206	(687,890)	(36,433)	(724,323)	(537,684)	(574,117)	-
Library Services	201,516	-	201,516	(955,530)	-	(955,530)	(754,014)	(754,014)	-
Civic Centre	-	-	-	(213,558)	-	(213,558)	(213,558)	(213,558)	-
Sports & Recreation Services	85	-	85	(3,513,426)	-	(3,513,426)	(3,513,341)	(3,513,341)	3,350
Town Planning & Building Services	281,453	-	281,453	(822,674)	-	(822,674)	(541,221)	(541,221)	-
Tourism Services	-	-	-	(3,419,828)	-	(3,419,828)	(3,419,828)	(3,419,828)	1
Economic Development	32,855	-	32,855	(1,004,092)	-	(1,004,092)	(971,237)	(971,237)	2,769,187
Engineering Services	3,839	-	3,839	(850,762)	-	(850,762)	(846,923)	(846,923)	-
Roads, Bridges and Drainage	4,542,666	2,506,902	7,049,568	(9,506,151)	-	(9,506,151)	(4,963,485)	(2,456,583)	215,978,686
Contract Works	57,864	-	57,864	(113,217)	-	(113,217)	(55,353)	(55,353)	-
Water Infrastructure	15,691,463	-	15,691,463	(12,406,357)	-	(12,406,357)	3,285,106	3,285,106	52,179,559
Sewerage Infrastructure	6,322,661	1,841,523	8,164,184	(3,038,701)	-	(3,038,701)	3,283,960	5,125,483	60,962,390
Environmental Health Services and Natural Resource Management	476,903	-	476,903	(1,290,488)	-	(1,290,488)	(813,585)	(813,585)	-
Cleansing Services	3,810,138	-	3,810,138	(3,328,811)	(212,334)	(3,541,145)	481,327	268,993	142,578
<b>Total Council</b>	<b>51,513,900</b>	<b>4,348,425</b>	<b>55,862,325</b>	<b>(49,739,542)</b>	<b>(525,315)</b>	<b>(50,264,857)</b>	<b>1,774,358</b>	<b>5,597,469</b>	<b>434,220,310</b>
Controlled entity net of Eliminations	1,358,077	-	1,358,077	(1,406,670)	-	(1,406,670)	(48,593)	(48,593)	497,312
<b>Total Consolidated</b>	<b>52,871,977</b>	<b>4,348,425</b>	<b>57,220,402</b>	<b>(51,146,212)</b>	<b>(525,315)</b>	<b>(51,671,527)</b>	<b>1,725,765</b>	<b>5,548,875</b>	<b>434,717,622</b>



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 3. Revenue Analysis

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
<b>(a). Rates, Levies and Charges</b>				
General Rates	12,865,038	13,119,799	12,938,179	13,248,954
Separate Rates	378,906	249,983	378,906	249,983
Water	14,626,259	14,033,574	14,626,259	14,033,574
Excess Water Charges	1,024,738	1,412,493	1,024,738	1,412,493
Sewerage	6,467,814	6,153,255	6,467,814	6,153,255
Garbage Charges	3,454,824	3,336,610	3,454,824	3,336,610
<b>Total rates and utility charge revenue</b>	<b>38,817,578</b>	<b>38,305,715</b>	<b>38,890,720</b>	<b>38,434,870</b>
Less: Discounts	-	(944,276)	-	(944,276)
Less: Pensioner concessions	(119,498)	(209,058)	(119,498)	(209,058)
<b>TOTAL RATES, LEVIES AND CHARGES</b>	<b>38,698,080</b>	<b>37,152,381</b>	<b>38,771,221</b>	<b>37,281,536</b>
<b>(b). Fees and Charges</b>				
Animal Control	497,704	363,436	497,704	363,436
Buchanan Park Fees	66,236	62,248	16,254	15,498
Building and Development Fees	348,226	281,453	348,226	281,453
Cemetery Fees	85,236	72,519	85,236	72,519
Civic Centre Operations	344,708	369,810	-	-
Finance	35,459	33,277	35,459	33,277
Refuse Tip and Recycling	497,558	436,558	497,558	436,558
Water and Sewerage	36,702	38,565	36,702	38,565
Other	142,039	141,782	143,844	142,472
<b>TOTAL FEES AND CHARGES</b>	<b>2,053,868</b>	<b>1,799,648</b>	<b>1,660,984</b>	<b>1,383,777</b>
<b>(c). Rental Income</b>				
Property Rental - Other Council Properties	77,058	76,460	-	-
<b>TOTAL RENTAL INCOME</b>	<b>77,058</b>	<b>76,460</b>	<b>-</b>	<b>-</b>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 3. Revenue Analysis (continued)

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
<b>(d). Interest and Investment Revenue</b>				
Interest Received from Cash and Investments	1,028,063	977,745	1,028,063	977,735
Interest Received from Other Sources	8,534	3,061	8,534	3,061
Interest from Overdue Rates and Utility Charges	555,075	425,631	555,075	425,631
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>	<b><u>1,591,672</u></b>	<b><u>1,406,437</u></b>	<b><u>1,591,672</u></b>	<b><u>1,406,427</u></b>

#### (e). Sales Revenue

##### Sale of services

Contract and Recoverable Works	146,740	57,864	146,740	57,864
Concrete Sales	378,125	381,164	379,780	381,205
<b>Total Sale of Services</b>	<b>524,865</b>	<b>439,028</b>	<b>526,520</b>	<b>439,069</b>

##### Sale of goods

Other Sale of Goods	1,127,987	893,144	-	-
<b>Total Sale of Goods</b>	<b>1,127,987</b>	<b>893,144</b>	<b>-</b>	<b>-</b>

##### **TOTAL SALES REVENUE**

<b><u>1,652,852</u></b>	<b><u>1,332,172</u></b>	<b><u>526,520</u></b>	<b><u>439,069</u></b>
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The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

#### (f). Other Income

Other Income	984,280	810,470	909,433	737,357
MIWB Dividend	2,184,815	1,474,182	2,184,815	1,474,182
Other	-	28,675	-	-
<b><u>TOTAL OTHER INCOME</u></b>	<b><u>3,169,094</u></b>	<b><u>2,313,327</u></b>	<b><u>3,094,248</u></b>	<b><u>2,211,539</u></b>

## Mount Isa City Council

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

## Note 4. Grants, Subsidies, Contributions and Donations

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$

## (a) Recurrent

General Purpose Grants	8,520,668	5,494,330	8,520,668	5,494,330
State Government Subsidies and Grants	5,586,185	3,296,609	5,586,185	3,296,609
Donations	-	614	-	614
Contributions	20,000	-	20,000	-
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<b><u>14,126,853</u></b>	<b><u>8,791,553</u></b>	<b><u>14,126,853</u></b>	<b><u>8,791,553</u></b>

## (b) Capital

State Government Subsidies and Grants	715,750	1,276,057	715,750	1,276,057
Commonwealth Government Subsidies and Grants	5,567,064	3,072,368	5,567,064	3,072,368
Contributions	10,000	-	10,000	-
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<b><u>6,292,814</u></b>	<b><u>4,348,425</u></b>	<b><u>6,292,814</u></b>	<b><u>4,348,425</u></b>

## Note 5. Capital Income

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$

## Gain on disposal of non-current assets

Proceeds from the Disposal of Property, Plant & Equipment	522,004	-	522,004	-
Less: Book Value of Property, Plant & Equipment Disposed	(463,445)	-	(463,445)	-
	58,559	-	58,559	-
<b>Gain on disposal of non-current assets</b>	<b>58,559</b>	<b>-</b>	<b>58,559</b>	<b>-</b>
<b><u>TOTAL CAPITAL INCOME</u></b>	<b><u>58,559</u></b>	<b><u>-</u></b>	<b><u>58,559</u></b>	<b><u>-</u></b>



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 6. Employee Benefits

	Notes	Consolidated		Council	
		2017	2016	2017	2016
		\$	\$	\$	\$
Wages and Salaries		12,579,834	11,513,996	10,851,827	10,385,639
Annual, Sick and Long Service Leave Entitlements		2,031,033	1,713,002	1,990,987	1,616,649
Superannuation	26	1,551,904	1,471,355	1,389,128	1,358,821
Workers Compensation Insurance		112,175	143,691	108,000	140,050
Fringe Benefits Tax (FBT)		39,547	78,782	39,547	78,782
Councillors Remuneration		464,452	499,717	464,452	499,717
		<u>16,778,945</u>	<u>15,420,544</u>	<u>14,843,941</u>	<u>14,079,658</u>
Other Employee Related Expenses		118,302	106,042	28,038	24,790
		<u>16,897,247</u>	<u>15,526,586</u>	<u>14,871,979</u>	<u>14,104,449</u>
Less: Capitalised Employee Expenses		(2,260,961)	(1,979,717)	(2,260,961)	(1,979,717)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>		<u><u>14,636,286</u></u>	<u><u>13,546,869</u></u>	<u><u>12,611,018</u></u>	<u><u>12,124,732</u></u>

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

#### Additional information:

Total Employees at year end:

Administration Staff	108	73	84	70
Depot and Outdoors Staff	127	139	104	96
<b>Total full time equivalent employees</b>	<u>235</u>	<u>212</u>	<u>188</u>	<u>166</u>
<b>Total Elected members</b>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 7. Materials and Services

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
Advertising and Marketing	109,695	127,347	-	-
Administration Supplies and Consumables	57,211	79,274	-	-
Bulk Water Purchases	9,708,378	8,703,163	9,708,378	8,703,163
Communications and IT	21,566	22,276	-	-
Council Enterprises Support	208,402	119,523	2,308,402	2,219,523
Land Use Planning and Regulation	391,271	342,208	391,271	342,208
Parks and Gardens	1,384,013	1,441,255	1,384,013	1,441,255
Plant Running Costs	1,748,422	1,891,791	1,748,422	1,891,791
Power	284,001	299,077	-	-
Recruitment and Training	331,880	281,408	331,880	281,408
Road Maintenance	1,147,586	1,190,169	1,147,586	1,190,169
Flood works	3,267,269	4,246,470	3,267,269	4,246,470
Waste Management	1,872,213	477,824	1,872,213	477,824
Water and Sewerage Maintenance	1,890,956	1,800,433	1,890,956	1,800,433
(Gain) Loss on Write down of land held for development & sale	92,000	851,906	92,000	851,906
Audit Services - QAO	97,800	174,516	86,000	145,686
Audit Services - Other	918	45	918	45
Other	2,572,056	3,101,309	1,427,840	1,596,634
<b><u>TOTAL MATERIALS AND SERVICES</u></b>	<b><u>25,215,261</u></b>	<b><u>25,149,993</u></b>	<b><u>25,657,149</u></b>	<b><u>25,188,514</u></b>

#### Note 8. Finance Costs

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
Finance costs - Queensland Treasury Corporation	1,605,162	1,637,584	1,605,162	1,637,584
Bank Charges	147,229	117,020	137,474	107,532
Impairment of Debts	179,119	62,692	176,773	62,692
Other	-	515	-	-
<b><u>TOTAL FINANCE COSTS</u></b>	<b><u>1,931,510</u></b>	<b><u>1,817,811</u></b>	<b><u>1,919,409</u></b>	<b><u>1,807,808</u></b>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 9. Depreciation and Amortisation

	Notes	Consolidated		Council	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Depreciation/Amortisation of Non Current Assets</b>					
Buildings		1,253,106	1,490,956	1,253,106	1,490,956
Plant and Equipment		1,104,287	902,751	1,079,190	889,701
Road Infrastructure		5,133,684	4,527,382	5,133,684	4,527,382
Water		1,994,265	2,043,601	1,994,265	2,043,601
Sewerage		1,625,219	1,044,164	1,625,219	1,044,164
Other Structures		631,446	622,684	631,446	622,684
Total Depreciation of Non Current Assets	16	<u>11,742,007</u>	<u>10,631,539</u>	<u>11,716,911</u>	<u>10,618,489</u>
<b>TOTAL DEPRECIATION AND AMORTISATION</b>		<u>11,742,007</u>	<u>10,631,539</u>	<u>11,716,911</u>	<u>10,618,489</u>

#### Note 10. Capital Expenses

	Notes	Consolidated		Council	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>(a) Loss on disposal of non-current assets</b>					
Proceeds from the Disposal of Property, Plant and Equip.		-	14,455	-	14,455
Less: Book Value of Property, Plant and Equipment Disposed	16	-	(21,002)	-	(21,002)
		<u>-</u>	<u>6,548</u>	<u>-</u>	<u>6,548</u>
<b>Loss on disposal of non-current assets</b>		<u>-</u>	<u>6,548</u>	<u>-</u>	<u>6,548</u>
<b>(b) Loss on impairment</b>					
Non-current assets classified as held for sale		<u>43,250</u>	<u>270,000</u>	<u>43,250</u>	<u>270,000</u>
<b>(c) Other capital expenses</b>					
Loss on Write-Off of Assets		<u>64,560</u>	<u>248,767</u>	<u>64,560</u>	<u>248,767</u>
		<u>64,560</u>	<u>248,767</u>	<u>64,560</u>	<u>248,767</u>
<b>TOTAL CAPITAL EXPENSES</b>		<u>107,810</u>	<u>525,315</u>	<u>107,810</u>	<u>525,315</u>



## Mount Isa City Council

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

## Note 11. Cash, Cash Equivalents and Investments

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$

## Cash and Cash Equivalents

Cash at Bank and on Hand	1,099,822	1,783,707	865,025	1,159,449
Cash Equivalent Assets				
- Deposits at Call	44,363,130	30,199,103	44,363,130	30,199,103
<b>Total Cash and Cash Equivalents</b>	<b>45,462,952</b>	<b>31,982,810</b>	<b>45,228,154</b>	<b>31,358,551</b>

## Investment Securities - Current

Long Term Deposits	-	272,318	-	272,318
<b>Total Current Investment Securities</b>	<b>-</b>	<b>272,318</b>	<b>-</b>	<b>272,318</b>

**TOTAL CASH ASSETS, CASH  
EQUIVALENTS AND**

	<b>45,462,952</b>	<b>32,255,128</b>	<b>45,228,154</b>	<b>31,630,870</b>
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Cash is held in the Westpac Bank in a normal business cheque account.  
Currently the bank's short term credit rating is A-1+ and its long term credit rating is AA- as per  
Standard & Poors. Deposits at call are held with Queensland Treasury Corporation.

**Cash, Cash Equivalents and Investments were classified  
at year end in accordance with AASB 139 as follows:**

## Cash and Cash Equivalents

a. "At Fair Value through the Profit and Loss"	45,462,952	31,982,810	45,228,154	31,358,551
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## Investments

a. "Held to Maturity"	-	272,318	-	272,318
<b>Investments</b>	<b>-</b>	<b>272,318</b>	<b>-</b>	<b>272,318</b>

## Reconciliation of "Held to Maturity" Investments

Balance at the Beginning of the Year	272,318	264,981	272,318	264,981
Additions	-	7,337	-	7,337
Redemptions	(272,318)	-	(272,318)	-
<b>Balance at End of Year</b>	<b>-</b>	<b>272,318</b>	<b>-</b>	<b>272,318</b>

## Comprising:

- Long Term Deposits	-	272,318	-	272,318
<b>Total</b>	<b>-</b>	<b>272,318</b>	<b>-</b>	<b>272,318</b>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 12. Trade and Other Receivables

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
<b>Current</b>				
Rateable Revenue and Utility Charges	5,495,870	4,368,018	5,495,870	4,368,018
Water Charges not yet Levied	230,411	248,602	230,411	248,602
Other Debtors	825,990	486,077	882,648	848,414
GST Recoverable	172,490	222,719	172,490	222,719
Accrued Revenues				
- Interest on Investments	93,230	1,218	93,230	1,218
- Other Income Accruals	-	9,008	-	-
Prepayments	184,041	260,996	184,041	260,996
<b>Total</b>	<b>7,002,031</b>	<b>5,596,639</b>	<b>7,058,689</b>	<b>5,949,967</b>
<b>less: Impairment</b>				
Other Debtors	(2,573)	-	-	-
Rates and General Debtors	(273,612)	(101,270)	(273,612)	(101,270)
<b>Total Impairment - Receivables</b>	<b>(276,185)</b>	<b>(101,270)</b>	<b>(273,612)</b>	<b>(101,270)</b>
<b><u>TOTAL CURRENT TRADE &amp; OTHER RECEIVABLES</u></b>	<b><u>6,725,846</u></b>	<b><u>5,495,369</u></b>	<b><u>6,785,078</u></b>	<b><u>5,848,698</u></b>

#### Movement in Impairment of Receivables

Opening balance at 1 July	(101,270)	(46,270)	(101,270)	(46,270)
Add				
Additional impairments recognised	(181,530)	(62,498)	(176,611)	(62,498)
Less				
Impairment debts written off during the year	6,615	7,498	4,269	7,498
<b>Balance at the end of the year</b>	<b>(276,185)</b>	<b>(101,270)</b>	<b>(273,612)</b>	<b>(101,270)</b>

Mount Isa City Council charges interest on outstanding rates and other debtors at a rate of 11% per annum as per adopted Policy. There is no concentration of credit risk for rates and utility charges and other debtors receivable.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 13. Inventories

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
<b>Current Inventories</b>				
<b>(a) Inventories held for sale</b>				
Other Trading Stocks	38,579	61,622	-	-
Civic Centre Stock	21,957	8,461	-	-
	<u>60,535</u>	<u>70,083</u>	<u>-</u>	<u>-</u>
<b>(b) Inventories held for distribution</b>				
Quarry and Road Materials	140,880	69,897	140,880	69,897
Other - Fuel	31,446	-	31,446	-
	<u>172,326</u>	<u>69,897</u>	<u>172,326</u>	<u>69,897</u>
<b>(c) Land purchased for development and sale</b>				
	<u>2,748,950</u>	<u>2,840,950</u>	<u>2,748,950</u>	<u>2,840,950</u>
<b><u>TOTAL CURRENT INVENTORIES</u></b>	<b><u>2,981,812</u></b>	<b><u>2,980,930</u></b>	<b><u>2,921,276</u></b>	<b><u>2,910,847</u></b>

#### Note 14. Other Financial Assets

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$
<b>Non-Current</b>				
MICCOE Pty Ltd	-	-	1	1
<b><u>TOTAL NON-CURRENT OTHER FINANCIAL ASSETS</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1</u></b>	<b><u>1</u></b>

Council holds shares in Mount Isa City Council Owned Enterprises Pty Ltd to the value of \$1.  
As shares in this company are not traded on an active market, their fair value cannot be ascertained reliably.



## Mount Isa City Council

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

## Note 15. Non-current assets classified as "Held for Sale"

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$

## (i) Non Current Assets

## Current

## Non Current Assets "Held for Sale"

Land & Buildings	479,216	520,538	479,216	520,538
<b><u>TOTAL NON-CURRENT ASSETS</u></b>				
<b><u>CLASSIFIED AS "HELD FOR SALE"</u></b>	<u>479,216</u>	<u>520,538</u>	<u>479,216</u>	<u>520,538</u>

Note 17 describes the valuation techniques that were used to determine the fair value of the land, which is categorised as a level 2 valuation. Disposal costs were estimated based on marketing & advertising costs charged by the real estate agents that have been engaged and legal costs incurred to date.

## (ii) Details of Assets

On 13/05/2015 Council adopted Resolution Number OM17/05/15 to dispose of the former works yard by way of public tender. The assets are expected to be disposed of prior to 30 June 2018.

	Consolidated		Council	
	2017	2016	2017	2016
Notes	\$	\$	\$	\$

## (iii) Reconciliation of Non Current Assets "Held for Sale".

## Assets "Held for Sale"

Opening Balance	520,538	776,580	520,538	776,580
less Impairment Losses:				
Assets "Held for Sale" - Losses on Reclassification	(43,250)	270,000	(43,250)	(270,000)
Sales costs incurred during the year	1,928	(526,042)	1,928	13,958
<b><u>Closing Balance of "Held for Sale" Non-Current Assets</u></b>	<u>479,216</u>	<u>520,538</u>	<u>479,216</u>	<u>520,538</u>

# Mount Isa City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 16. Property, Plant and Equipment

Consolidated - 30 June 2017		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Total
Measurement Basis	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Gross Balance - at Cost		6,701,416	-	-	16,443,396	-	-	-	17,940,191	41,085,003
Opening Gross Balance - at Fair Value		-	5,717,000	56,257,300	-	331,674,753	127,048,854	107,270,028	-	627,967,935
Opening Gross Balance		6,701,416	5,717,000	56,257,300	16,443,396	331,674,753	127,048,854	107,270,028	17,940,191	669,052,938
Additions*		12,468,253	-	-	93,665	-	-	-	17,940,191	12,561,918
Disposals	5 & 10	-	-	-	(1,897,936)	-	-	-	-	(1,897,936)
Write-offs	10	-	-	-	(382,379)	-	-	-	-	(382,379)
Revaluation Decrements to Equity (ARR)	21	-	(494,513)	707,229	-	3,281,605	1,247,123	(1,423,633)	-	(1,918,146)
Revaluation Increments to Equity (ARR)	21	-	-	319,697	2,887,069	1,625,778	232,359	7,125,011	-	5,235,957
Work in Progress Transfers		(12,467,485)	-	56,800	(1)	(1)	-	-	277,571	-
Adjustments and Other Transfers		(1)	-	-	(1)	-	-	-	-	56,797
Total Consolidated Gross Value of Property, Plant and Equipment - at Cost		6,702,183	5,222,487	57,341,026	17,143,814	-	-	-	18,217,762	42,063,760
Total Consolidated Gross Value of Property, Plant and Equipment - at Fair Value		-	-	-	-	336,582,135	128,528,336	112,971,406	-	640,645,390
Total Consolidated Gross Value of Property, Plant and Equipment		6,702,183	5,222,487	57,341,026	17,143,814	336,582,135	128,528,336	112,971,406	18,217,762	682,709,150
Opening Accumulated Depreciation		-	-	19,800,676	8,395,487	116,616,638	75,184,527	50,468,387	5,121,566	275,587,282
Depreciation Expense	9	-	-	1,253,106	1,104,287	5,133,684	1,994,265	1,625,219	631,446	11,742,007
Disposals	5 & 10	-	-	-	(1,434,491)	-	-	-	-	(1,434,491)
Write-offs	10	-	-	-	(317,819)	-	-	-	-	(317,819)
Revaluation Decrements to Equity (ARR)	20	-	-	270,279	-	958,429	823,078	(877,377)	-	(877,377)
Revaluation Increments to Equity (ARR)	21	-	-	56,799	1	(1)	-	-	-	2,051,786
Adjustments and Other Transfers		-	-	21,380,861	7,747,464	122,708,750	78,001,871	51,216,229	5,753,012	286,808,187
Total Consolidated Accumulated Depreciation of Property, Plant and Equipment		-	-	35,960,165	9,396,350	213,873,385	50,526,465	61,755,177	12,464,750	395,900,963
Total Consolidated Net Book Value of Property, Plant and Equipment		6,702,183	5,222,487	35,960,165	9,396,350	213,873,385	50,526,465	61,755,177	12,464,750	395,900,963
Other Information										
Residual Value		-	-	-	2,478,971	-	-	-	-	2,478,971
Range of Estimated Useful Life (years)		-	-	15-80	4-35	7-1000	15-100	20-300	9-100	-
*Asset Additions Comprise										
Asset Renewals		-	-	319,697	2,755,132	1,358,835	232,359	1,507,963	230,501	6,404,487
Other Additions		-	-	-	225,602	266,943	-	5,617,048	47,070	6,156,663
Total Asset Additions		-	-	319,697	2,980,734	1,625,778	232,359	7,125,011	277,571	12,561,150

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 16. Property, Plant and Equipment (continued)

Consolidated - 30 June 2016	Capital Work in Progress	Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Measurement Basis	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	\$
Opening Gross Balance - at Cost	3,060,061	-	-	15,361,185	-	-	-	15,894,488	34,315,734
Opening Gross Balance - at Fair Value	-	7,564,636	72,647,448	-	321,748,151	137,415,409	108,031,549	-	647,407,193
Opening Gross Balance	3,060,061	7,564,636	72,647,448	15,361,185	321,748,151	137,415,409	108,031,549	15,894,488	681,722,927
Correction to Opening Balances	-	-	123,550	-	3,086,428	1,288,736	-	-	4,498,714
Additions*	9,977,609	-	-	103,059	-	-	-	-	10,080,668
Disposals	-	-	-	(51,749)	-	-	-	-	(51,749)
Write-offs	-	-	(82,046)	-	-	-	-	(272,403)	(354,449)
Revaluation Decrements to Equity (ARR)	-	(1,847,636)	(14,803,633)	-	2,760,422	(12,178,115)	(774,211)	-	(29,603,595)
Revaluation Increments to Equity (ARR)	-	-	-	-	510,679	-	-	-	2,760,422
Work in Progress Transfers	(6,336,254)	-	134,169	1,030,901	4,079,752	510,679	12,690	568,063	-
Adjustments and Other Transfers	-	-	(1,762,188)	-	-	12,145	-	1,750,043	-
Total Consolidated Gross Value of Property, Plant and Equipment - at Cost	6,701,416	-	56,257,300	16,443,396	-	127,048,854	107,270,028	17,940,191	41,085,003
Total Consolidated Gross Value of Property, Plant and Equipment - at Fair Value	-	5,717,000	56,257,300	-	331,674,753	127,048,854	107,270,028	-	627,967,935
Total Consolidated Gross Value of Property, Plant and Equipment	6,701,416	5,717,000	56,257,300	16,443,396	331,674,753	127,048,854	107,270,028	17,940,191	669,052,938
Opening Accumulated Depreciation	-	-	22,471,417	7,523,484	116,004,759	88,967,351	34,926,609	4,116,609	274,010,229
Correction to Opening Balances	-	-	91,283	-	1,009,013	200,821	-	-	1,301,127
Depreciation Expense	-	-	1,490,956	902,751	4,527,382	2,043,601	1,044,164	622,684	10,631,539
Disposals	-	-	-	(30,749)	-	-	-	-	(30,749)
Write-offs	-	-	(45,613)	-	-	-	-	(60,068)	(105,681)
Revaluation Decrements to Equity (ARR)	-	-	(3,763,882)	-	(4,924,516)	(16,028,401)	-	-	(24,716,799)
Revaluation Increments to Equity (ARR)	-	-	-	-	-	1,155	14,497,614	-	14,497,614
Adjustments and Other Transfers	-	-	(443,495)	-	-	-	-	442,340	-
Total Consolidated Accumulated Depreciation of Property, Plant and Equipment	-	-	19,800,676	8,395,487	116,616,638	75,184,527	50,468,387	5,121,566	275,587,282
Total Consolidated Net Book Value of Property, Plant and Equipment	6,701,416	5,717,000	36,456,624	8,047,909	215,058,115	51,864,327	56,801,641	12,818,625	393,465,656
Other Information									
Residual Value	-	-	-	2,310,062	-	-	-	-	2,310,062
Range of Estimated Useful Life (years)	-	-	15-80	4-37	7-1000	15-100	20-300	9-100	



# Mount Isa City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 16. Property, Plant and Equipment (continued)

Council - 30 June 2017		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Total
Measurement Basis	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Gross Balance - at Cost		6,701,416	-	-	16,220,584	-	-	-	17,940,191	40,862,191
Opening Gross Balance - at Fair Value		-	5,717,000	56,257,300	-	331,674,753	127,048,854	107,270,028	-	627,967,935
Opening Gross Balance		6,701,416	5,717,000	56,257,300	16,220,584	331,674,753	127,048,854	107,270,028	17,940,191	668,830,126
Additions*	5 & 10	12,468,253	-	-	-	-	-	-	-	12,468,253
Disposals	5 & 10	-	-	-	(1,897,936)	-	-	-	-	(1,897,936)
Write-offs	10	-	-	-	(382,379)	-	-	-	-	(382,379)
Revaluation Decrements to Equity (ARR)	21	-	(494,513)	-	-	3,281,605	-	(1,423,633)	-	(1,918,146)
Revaluation Increments to Equity (ARR)	21	-	-	707,229	-	1,625,778	1,247,123	-	-	5,235,957
Work in Progress Transfers	21	(12,467,485)	-	319,697	2,887,069	232,359	-	7,125,011	277,571	-
Adjustments and Other Transfers		(1)	-	56,800	(1)	(1)	-	-	-	56,797
Total Council Gross Value of Property, Plant and Equipment - at Cost		6,702,183	-	-	16,827,337	-	-	-	18,217,762	41,747,283
Total Council Gross Value of Property, Plant and Equipment - at Fair Value		-	5,222,487	57,341,026	-	336,582,135	128,528,336	112,971,406	-	640,545,390
Total Council Gross Value of Property, Plant and Equipment		6,702,183	5,222,487	57,341,026	16,827,337	336,582,135	128,528,336	112,971,406	18,217,762	682,392,673
Opening Accumulated Depreciation		-	-	19,800,676	8,328,975	116,616,638	75,184,527	50,468,387	5,121,566	275,520,769
Depreciation Expense	9	-	-	1,253,106	1,079,190	5,133,684	1,994,265	1,625,219	631,446	11,716,911
Disposals	5 & 10	-	-	-	(1,434,491)	-	-	-	-	(1,434,491)
Write-offs	10	-	-	-	(317,819)	-	-	-	-	(317,819)
Revaluation Decrements to Equity (ARR)	21	-	-	-	-	958,429	-	(877,377)	-	(877,377)
Revaluation Increments to Equity (ARR)	21	-	-	270,279	-	-	823,078	-	-	2,051,786
Adjustments and Other Transfers		-	-	56,800	-	(1)	-	-	-	56,799
Total Council Accumulated Depreciation of Property, Plant and Equipment		-	-	21,380,861	7,655,855	122,708,750	78,001,871	51,216,229	5,753,012	286,716,579
Total Council Net Book Value of Property, Plant and Equipment		6,702,183	5,222,487	35,960,165	9,171,482	213,873,385	50,526,465	61,755,177	12,464,750	395,676,094
Other Information										
Residual Value		-	-	-	2,478,971	-	-	-	-	2,478,971
Range of Estimated Useful Life (years)		-	-	15-80	4-35	7-1000	15-100	20-300	9-100	-
* Asset Additions Comprise										
Asset Renewals			-	319,697	2,755,132	1,356,835	232,359	1,507,963	230,501	6,404,487
Other Additions			-	-	131,937	265,943	-	5,617,048	47,070	6,062,996
Total Asset Additions		-	-	319,697	2,887,069	1,625,778	232,359	7,125,011	277,571	12,467,485

# Mount Isa City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 16. Property, Plant and Equipment (continued)

Council - 30 June 2016	Capital Work in Progress	Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Total
	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
Measurement Basis									
Opening Gross Balance - at Cost	3,060,061	-	-	15,241,432	-	-	-	15,894,488	34,195,981
Opening Gross Balance - at Fair Value	-	7,564,636	72,647,448	-	321,748,151	137,415,409	108,031,549	-	647,407,193
Opening Gross Balance	3,060,061	7,564,636	72,647,448	-	321,748,151	137,415,409	108,031,549	15,894,488	647,407,193
Correction to Opening Balances	-	-	123,550	15,241,432	3,086,428	1,288,736	-	-	4,938,714
Additions*	9,977,609	-	-	-	-	-	-	-	9,977,609
Disposals	-	-	(82,046)	(51,749)	-	-	-	(272,403)	(51,749)
Write-offs	-	-	(14,803,633)	-	-	(12,178,115)	(774,211)	-	(354,449)
Revaluation Decrements to Equity (ARR)	-	(1,847,636)	-	-	2,760,422	510,679	12,690	-	(29,603,595)
Revaluation Increments to Equity (ARR)	-	-	134,169	1,030,901	4,079,752	12,145	-	568,063	2,760,422
Work in Progress Transfers	(6,336,254)	-	(1,762,188)	-	-	-	-	1,750,043	-
Adjustments and Other Transfers	-	-	-	16,220,584	-	-	-	17,940,191	40,862,191
Total Council Gross Value of Property, Plant and Equipment - at Cost	6,701,416	-	56,257,300	16,220,584	331,674,753	127,048,854	107,270,028	17,940,191	627,967,935
Total Council Gross Value of Property, Plant and Equipment - at Fair Value	-	5,717,000	56,257,300	-	331,674,753	127,048,854	107,270,028	-	627,967,935
Total Council Gross Value of Property, Plant and Equipment	6,701,416	5,717,000	56,257,300	16,220,584	331,674,753	127,048,854	107,270,028	17,940,191	627,967,935
Opening Accumulated Depreciation	-	-	22,471,417	7,470,021	116,004,759	88,967,351	34,926,609	4,116,609,47	273,966,766
Correction to Opening Balances	-	-	91,293	-	1,009,013	200,821	-	-	1,301,127
Depreciation Expense	-	-	1,490,956	889,701	4,527,382	2,043,601	1,044,164	622,684	10,618,489
Disposals	-	-	-	(30,747)	-	-	-	-	(30,747)
Write-offs	-	-	(45,613)	-	-	-	-	(60,069)	(105,681)
Revaluation Decrements to Equity (ARR)	-	-	(3,763,882)	-	(4,924,516)	(16,028,401)	14,497,614	-	(24,716,799)
Revaluation Increments to Equity (ARR)	-	-	-	-	-	1,155	-	442,340	14,497,614
Adjustments and Other Transfers	-	-	(443,495)	-	-	-	-	5,121,566	275,520,769
Total Council Accumulated Depreciation of Property, Plant and Equipment	-	-	19,800,676	8,328,975	116,616,638	75,184,527	50,468,387	5,121,566	275,520,769
Total Council Net Book Value of Property, Plant and Equipment	6,701,416	5,717,000	36,456,624	7,891,610	215,058,115	51,864,327	56,801,641	12,818,625	393,309,357
Other Information									
Residual Value	-	-	-	2,310,062	-	-	-	-	2,310,062
Range of Estimated Useful Life (years)	-	-	15-80	4-37	7-1000	15-100	20-300	9-100	-

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 16. Property, Plant and Equipment (continued)

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##### Valuations

The last comprehensive revaluation of Land, Buildings & Infrastructure assets comprising of roads, water & sewer was undertaken as at 30/6/2016. As at 30/6/2017 a desktop review & indexation process was applied to all the above mentioned asset classes. This was undertaken by registered valuers Australis Asset Advisory Group.

##### Land

Basis of valuation: Fair Value

Date of valuation: 30 June 2017.

Valuer: Elise Wallace AAPI, Certified Practising Valuer, Registration No. 3002, Australis Asset Advisory Group

##### Buildings

Basis of valuation: Written down current replacement cost or fair value based on a market approach when an active market exists for Council's building assets.

Date of valuation: 30 June 2017.

Valuer: Elise Wallace AAPI, Certified Practising Valuer, Registration No. 3002, Australis Asset Advisory Group

##### Road Infrastructure

Basis of valuation: Written down current replacement cost

Date of valuation: 30 June 2017.

Valuer: Andrew Suddards Beng, Plant Equipment & Infrastructure Valuer, MIPWEA, Australis Asset Advisory Group

##### Water

Basis of valuation: Written down current replacement cost

Date of valuation: 30 June 2017.

Valuer: Andrew Suddards Beng, Plant Equipment & Infrastructure Valuer, MIPWEA, Australis Asset Advisory Group

##### Sewerage

Basis of valuation: Written down current replacement cost

Date of valuation: 30 June 2017.

Valuer: Andrew Suddards Beng, Plant Equipment & Infrastructure Valuer, MIPWEA, Australis Asset Advisory Group



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Fair Value Measurements

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

- Land
- Buildings
- Roads Infrastructure
- Water
- Sewerage
- Assets Held For Sale

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 market value of borrowings disclosed in Note 19 is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date. The fair value is disclosed in Note 30.

The carrying amounts of trade receivables (less any allowance for impairment) and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value is disclosed in Note 30.

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkt's	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
		\$	\$	\$	\$
<b>2017 - Consolidated &amp; Council</b>					
<b>Property, Plant and Equipment</b>					
Land	30/06/17	-	4,409,468	813,019	5,222,487
Buildings	30/06/17	-	152,527	35,807,638	35,960,165
Road Infrastructure	30/06/17	-	-	213,873,385	213,873,385
Water	30/06/17	-	-	50,526,465	50,526,465
Sewerage	30/06/17	-	-	61,755,177	61,755,177
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>4,561,995</b>	<b>362,775,684</b>	<b>367,337,679</b>
<b>Non Current Assets classified as "Held for Sale"</b>					
Land & Buildings	30/06/17	-	456,750	-	456,750
<b>Total NCA's classified as "Held for Sale"</b>		<b>-</b>	<b>456,750</b>	<b>-</b>	<b>456,750</b>
<b>2016 - Consolidated &amp; Council</b>					
<b>Property, Plant and Equipment</b>					
Land	30/06/16	-	4,827,000	890,000	5,717,000
Buildings	30/06/16	-	166,970	36,289,654	36,456,624
Road Infrastructure	30/06/16	-	-	215,058,115	215,058,115
Water	30/06/16	-	-	51,864,327	51,864,327
Sewerage	30/06/16	-	-	56,801,641	56,801,641
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>4,993,970</b>	<b>360,903,737</b>	<b>365,897,707</b>
<b>Non Current Assets classified as "Held for Sale"</b>					
Land & Buildings	30/06/16	-	500,000	-	500,000
<b>Total NCA's classified as "Held for Sale"</b>		<b>-</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>

#### (2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

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##### Land (Levels 2 and 3)

Land fair values were determined by independent valuers at Australis Advisory Group, effective 30 June 2017. Valuation inputs used to value land include freehold title as well as land used for special purposes which is restricted in use under zoning rules.

Sale prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Where a paucity of directly comparable sales evidence or observable inputs was evident, or a significant level of unobservable adjustments were required, the assets were identified as a Level 3. In other cases, where there was active and liquid sales evidence and thus observable inputs available, the assets were identified as a Level 2. The Valuer undertook land assessments under a Market Approach (Direct Comparison). This methodology also meets the standards required by AASB116, AASB5 and AASB102. Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. Land classified as Inventory was measured at the lower of its cost and net relisable value. No change in methodology has occurred from the prior year assessment.

##### Buildings (Levels 2 and 3)

The fair value of buildings was independently determined by Australis Advisory Group effective 30 June 2017. Where an observable market for Council building assets could be identified, fair value was measured by way of a Market Approach (Level 2) derived from the sale prices of comparable properties after adjusting for differences in key attributes, such as size.

Buildings that were considered of a specialist nature and did not meet the criteria for a market approach, Fair Value was measured on the basis of a Cost Approach (Level 3).

Under this methodology the gross replacement cost was assessed on the basis that it reflected a modern equivalent asset with similar service potential.

The gross current values have been derived from reference to market data for recent projects and costing guides issued by reputable institutions.

Under the Cost approach, the asset's Fair Value is the result of the gross current value less accumulated depreciation, to reflect the consumed or expired service potential of the asset.

The most significant inputs into the valuation were the rate per square metre or unit (to arrive at the Gross Replacement Cost), the useful life of the asset and a condition rating reflecting the remaining useful life of the asset. Some 100 assets were assessed under this approach, and represent 99% of the Building register.

In determining the level of accumulated depreciation, as the first step an Economic Useful Life (EUL) was provided to each asset on either a single line or componentised asset basis (for assets of \$500,000 or more).



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### **Buildings (Levels 2 and 3) (continued)**

As a second step, the condition rating, which has direct influence on the Remaining Useful life (RUL) of the asset was assessed and applied to each asset. The RUL takes into consideration the assets physical characteristics, age, recent repairs or capital works, as well as factors such as functionality, capability, utilisation and obsolescence. Refer to Council's Condition Rating Matrix which outlines the correlation between an asset's condition score & remaining useful life.

Given the variation of asset types and construction materials, it is not meaningful to provide the average cost of construction used to calculate the gross value.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis and all buildings with a replacement cost of \$500,000 or more were disaggregated into significant components which exhibit different useful lives.

While some of the inputs to the Gross Replacement Cost, such as the rate per square metre or per unit, can be supported by observable data (Level 2), the estimates of economic useful life, pattern of consumption, and condition rating, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3).

Due to the fact the inputs are significant to the valuation, the overall Cost Approach Methodology is considered a Level 3.

###### **Infrastructure Assets - Roads, water and sewer**

All Council infrastructure assets were valued using written down replacement cost. 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 to take account of the expired service potential of the asset. There are no residual values on Council infrastructure assets.

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 overdesigned, 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 Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or 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 Depreciated Replacement cost (DRC) was determined using methods relevant to the asset class as described under individual asset categories.

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### Roads Infrastructure Level 3

The fair value of roads infrastructure was independently determined by Australis Asset Advisory Group effective 30 June 2017.

This class of asset includes roads, stormwater drainage, bridges and footpaths.

Council categorises its road infrastructure into formed, unformed, sealed and gravelled roads.

Urban roads are managed in smaller segments while rural roads are managed in larger segments. All roads are then componentised into formation, pavement, base seal and top seal (where applicable).

Drainage assets are managed in segments; pipes, pits and channels being the major components.

Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current maintenance records are used to determine the fair value at the reporting date.

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

CRC was calculated by reference to asset linear and area specifications, labour and material inputs, service costs, and overhead allocations.

The costs of raw materials, as well as plant and labour hire rates, are established through quoted supplier prices, through reviewing prices for recent projects and using industry standards such as the Rawlinsons Construction Handbook. Intangible costs such as overheads are estimated using industry standards which are then tailored to local conditions by Council's engineers using recent project cost breakdowns.

In determining the level of accumulated depreciation, roads assets were disaggregated into significant components which exhibited similar useful lives.

Condition was assessed by experienced Valuers taking into account factors such as the age of the asset, overall condition, economic and/or functional obsolescence. Refer to Council's Condition Rating Matrix which outlines the correlation between an asset's condition rating & remaining useful life.

Remaining useful lives were assessed taking into account considerations including visual condition, construction date evidence of recent repairs or capital works and the surrounding environmental factors.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis.

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.



## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### Water and Sewerage (Level 3)

Water and sewerage infrastructure fair values were independently determined by Australis Asset Advisory Group, Registered Valuers effective 30 June 2017.

Where water and sewer assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current maintenance records are used to determine the fair value at the reporting date.

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

CRC was calculated by reference to asset linear and area specifications, labour and material inputs, service costs, and overhead allocations.

The costs of raw materials, as well as plant and labour hire rates, are established through quoted supplier prices, through reviewing prices for recent projects and using industry standards such as the Rawlinsons Construction Handbook. Intangible costs such as overheads are estimated using industry standards which are then tailored to local conditions by Council's engineers.

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

For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life. If a pipe is relined generally the brownfield relining cost is similar to the greenfield pipe installation cost for shallow/moderate depth pipes, in this case the relined pipe is re-lived with the liner life, due to there being no recycled value on a greenfield basis.

Where pipes have been relined, the total pipe useful life was determined as the pipe liner useful life.

The relining of pipes was valued at reline rates and depreciated over the reline life. Fair value of relined pipes was based on age.

In determining the level of accumulated depreciation, water and sewer assets were disaggregated into significant components which exhibited similar useful lives.

Condition was assessed by experienced Valuers taking into account factors such as the age of the asset, overall condition, economic and/or functional obsolescence.

Remaining useful lives were assessed taking into account considerations including visual condition, construction date evidence of recent repairs or capital works and the surrounding environmental factors.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis.



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Fair Value Measurements (continued)

##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Council's Condition Rating Matrix		
Condition Rating	Description	Remaining Life
1	Brand new or rehabilitated to new, no visible deterioration.	95%-100%
2	Excellent overall condition, early stages of deterioration.	55%-95%
3	Fair overall condition, obvious deterioration, some serviceability loss.	15%-55%
4	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	5%-15%
5	Extremely poor condition, severe serviceability problems. Renewal required immediately.	0%-5%

Where site inspections cannot be undertaken the remaining useful life is calculated on an age basis taking into consideration current and planned maintenance records.

##### (4). Valuation Process

Council's valuation policies and procedures are set by a senior and executive management team comprising of the Chief Executive Officer, Director Corporate and Financial Services, Director Engineering Services and the Manager Corporate & Financial Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in Note 1. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer. The Audit & Risk Committee does not review the valuations but endorses them as part of their adoption of the financial statements.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 18. Trade and Other Payables

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Current</b>				
Creditors and Accruals	6,127,355	4,007,226	6,043,350	3,875,777
ATO - Net GST Payable	(18,424)	(17,290)	-	-
Security Bonds, Deposits and Retentions	-	300	-	-
Annual Leave	1,001,933	990,524	927,587	948,437
Other Entitlements	254,514	210,386	173,593	132,339
<b><u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u></b>	<b><u>7,365,378</u></b>	<b><u>5,191,146</u></b>	<b><u>7,144,530</u></b>	<b><u>4,956,553</u></b>
<b>Non-current</b>				
Annual Leave	304,921	292,907	304,921	292,907
<b><u>TOTAL NON-CURRENT TRADE AND OTHER PAYABLES</u></b>	<b><u>304,921</u></b>	<b><u>292,907</u></b>	<b><u>304,921</u></b>	<b><u>292,907</u></b>

#### Note 19. Borrowings

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Current</b>				
Loans - Queensland Treasury Corporation	1,508,151	1,478,812	1,508,151	1,478,812
<b><u>TOTAL CURRENT BORROWINGS</u></b>	<b><u>1,508,151</u></b>	<b><u>1,478,812</u></b>	<b><u>1,508,151</u></b>	<b><u>1,478,812</u></b>
<b>Non-current</b>				
Loans - Queensland Treasury Corporation	25,002,393	26,525,935	25,002,393	26,525,935
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>	<b><u>25,002,393</u></b>	<b><u>26,525,935</u></b>	<b><u>25,002,393</u></b>	<b><u>26,525,935</u></b>
<b>Reconciliation of Loan Movements for the year</b>				
<b>Loans - Queensland Treasury Corporation</b>				
Opening Balance at Beginning of Financial Year	28,004,747	29,387,142	28,004,747	29,387,142
Principal Repayments	(1,494,203)	(1,382,395)	(1,494,203)	(1,382,395)
<b>Book value at end of financial year</b>	<b><u>26,510,544</u></b>	<b><u>28,004,747</u></b>	<b><u>26,510,544</u></b>	<b><u>28,004,747</u></b>

The QTC loan market value at the reporting date was \$30,914,524. 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.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 19. Borrowings (continued)

##### Loan Disclosures

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government.

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 15 March 2018 to 15 March 2034.

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

Principal and interest repayments are made quarterly in arrears.

#### Note 20. Provisions

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Current</b>				
Long Service Leave	195,000	150,000	195,000	150,000
<b><u>TOTAL CURRENT PROVISIONS</u></b>	<b><u>195,000</u></b>	<b><u>150,000</u></b>	<b><u>195,000</u></b>	<b><u>150,000</u></b>
<b>Non-current</b>				
Long Service Leave	1,307,368	1,442,621	1,307,368	1,442,621
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>	<b><u>1,307,368</u></b>	<b><u>1,442,621</u></b>	<b><u>1,307,368</u></b>	<b><u>1,442,621</u></b>

##### Details of movements in Provisions:

<b>Long Service Leave</b>				
Balance at Beginning of Financial Year	1,592,621	1,375,028	1,592,621	1,375,028
Additional Provision	218,905	327,876	218,905	327,876
Decrease due to Payments	(309,158)	(110,283)	(309,158)	(110,283)
Balance at End of Financial Year	<u>1,502,368</u>	<u>1,592,621</u>	<u>1,502,368</u>	<u>1,592,621</u>



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 21. Asset Revaluation Surplus

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

#### Movements in the asset revaluation surplus:

Balance at beginning of financial year	212,049,179	228,673,167	212,049,179	228,673,167
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>				
Land	(494,513)	(1,847,636)	(494,513)	(1,847,636)
Buildings	436,950	(11,039,751)	436,950	(11,039,751)
Road Infrastructure	2,323,176	7,684,938	2,323,176	7,684,938
Water	424,045	3,850,286	424,045	3,850,286
Sewerage	(546,256)	(15,271,825)	(546,256)	(15,271,825)
	2,143,402	(16,623,988)	2,143,402	(16,623,988)
<b>Other movements:</b>				
Reclassification from land to building class	-	(7,252,180)	-	(7,252,180)
Reclassification from building to land class	-	7,252,180	-	7,252,180
	-	-	-	-
Balance at end of financial year	214,192,581	212,049,179	214,192,581	212,049,179

#### Asset revaluation surplus analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land	1,318,397	1,812,909	1,318,397	1,812,909
Buildings	1,571,394	1,134,444	1,571,394	1,134,444
Road Infrastructure	119,745,224	117,422,047	119,745,224	117,422,047
Water	52,844,103	52,420,058	52,844,103	52,420,058
Sewerage	38,713,463	39,259,721	38,713,463	39,259,721
Balance at end of financial year	214,192,581	212,049,179	214,192,581	212,049,179

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 22. Retained Surplus/(Deficiency)

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Movements in the retained surplus:</b>				
<b>Retained Surplus/(Deficit) at Beginning of Financial Year</b>	185,657,361	177,248,851	185,394,643	176,956,411
Net Result Attributable to Council	14,087,976	5,548,875	14,110,574	5,597,469
<b>Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:</b>				
Capital Grants Reserve	(1,862,642)	(14,047)	(1,862,642)	(14,047)
Constrained Works Reserve	(10,001)	-	(10,001)	-
Environmental Levy Reserve	(348,097)	(107,407)	(348,097)	(107,407)
<b>Transfers (to)/from Recurrent Reserves for Future Project Funding, or from Reserves funds that have been Expended or Closed:</b>				
Operating Grants Reserve	(4,749,731)	(210,270)	(4,749,731)	(210,270)
<b>Other Movements:</b>				
Minor correction of Prior Period Error - Consolidated Entities	-	18,872	-	-
Other Transfers from Equity	-	(25,000)	-	(25,000)
Capital Proceeds - Outback at Isa	-	(100)	-	(100)
Minor correction to Opening Balance - Unrecognised Assets	-	3,197,587	-	3,197,587
<b>Retained surplus at end of financial year</b>	<u>192,774,865</u>	<u>185,657,361</u>	<u>192,534,746</u>	<u>185,394,643</u>

#### Minor correction to opening balance-unrecognised assets 2016

The amount of unrecognised assets is not significant nor material therefore a prior period error correction is not required.

The unrecognised assets comprise of roads infrastructure & water infrastructure with a total

book value of \$3,165,330 and 3 buildings with a total book value of \$32,257.

These were identified during the 2015/2016 external revaluation process.

#### Minor correction of Prior Period Error (Consolidated entities) 2016

The correction of minor prior period error for 2016 relates to timing differences with the completion of the 2014/2015 MICCOE statements after the consolidated financial statements were signed off.

The MICCOE financial statements had small additional adjustments to the value of \$18,872.

These minor adjustments brings both balances back into accord.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 23. Reserves

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

Council's Cash, Cash Equivalents and Investments are subject to a number of External and Internal Restrictions that limit the amount that is available for discretionary or future use.

#### Reserves held for funding future capital exp:

Future Infrastructure Replacement Reserve	411,034	411,034	411,034	411,034
Capital Grants Reserve	1,890,532	27,890	1,890,532	27,890
Constrained Works Reserve	132,086	122,085	132,086	122,085
Environmental Levy Reserve	1,034,443	686,346	1,034,443	686,346
	<u>3,468,095</u>	<u>1,247,355</u>	<u>3,468,095</u>	<u>1,247,355</u>

#### Reserves held for funding future recurrent exp:

Operating Grants Reserve	5,432,036	682,305	5,432,036	682,305
	<u>5,432,036</u>	<u>682,305</u>	<u>5,432,036</u>	<u>682,305</u>

#### TOTAL RESERVES

	<u>8,900,131</u>	<u>1,929,660</u>	<u>8,900,131</u>	<u>1,929,660</u>
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#### Movements in reserves (Consolidated):

	Opening Balance as at 01/07/2016	Tfr from Retained Surplus	Tfr to Retained Surplus	Closing Balance as at 30/06/2017
	\$	\$	\$	\$
<b>Capital Reserves</b>				
Future Capital Works Reserve	411,034	-	-	411,034
Capital Grants Reserve	27,890	6,282,814	(4,420,172)	1,890,532
Constrained Works Reserve	122,085	10,001	-	132,086
Environmental Levy Reserve	686,346	378,980	(30,883)	1,034,443
<b>Total Capital Reserves</b>	<u>1,247,355</u>	<u>6,671,795</u>	<u>(4,451,055)</u>	<u>3,468,095</u>
<b>Recurrent Reserves</b>				
Operating Grants Reserve	682,305	10,848,076	(6,098,345)	5,432,036
<b>Total Recurrent Reserves</b>	<u>682,305</u>	<u>10,848,076</u>	<u>(6,098,345)</u>	<u>5,432,036</u>
<b>TOTAL RESERVES</b>	<u>1,929,660</u>	<u>17,519,871</u>	<u>(10,549,400)</u>	<u>8,900,131</u>



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 23. Reserves (continued)

##### Movements in reserves (Council):

	Opening Balance as at 01/07/2016	Tfr from Retained Surplus	Tfr to Retained Surplus	Closing Balance as at 30/06/2017
	\$	\$	\$	\$
<b>Capital Reserves</b>				
Future Infrastructure Replacement Reserve	411,034	-	-	411,034
Capital Grants Reserve	27,890	6,282,814	(4,420,172)	1,890,532
Constrained Works Reserve	122,085	10,001	-	132,086
Environmental Levy Reserve	686,346	378,980	(30,883)	1,034,443
<b>Total Capital Reserves</b>	<b>1,247,355</b>	<b>6,671,795</b>	<b>(4,451,055)</b>	<b>3,468,095</b>
<b>Recurrent Reserves</b>				
Operating Grants Reserve	682,305	10,848,076	(6,098,345)	5,432,036
<b>Total Recurrent Reserves</b>	<b>682,305</b>	<b>10,848,076</b>	<b>(6,098,345)</b>	<b>5,432,036</b>
<b>TOTAL RESERVES</b>	<b>1,929,660</b>	<b>17,519,871</b>	<b>(10,549,400)</b>	<b>8,900,131</b>

#### Note 24. Commitments for Expenditure

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

##### Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

Plant & Equipment purchases	480,619	-	480,619	-
	<u>480,619</u>	<u>-</u>	<u>480,619</u>	<u>-</u>

#### Note 25. Contingent Liabilities

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

##### Local Government Mutual

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

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

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 25. Contingent Liabilities (continued)

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##### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$235,911.

#### Note 26. Superannuation

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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 elements referred to as:

- 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*.

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 either 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.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 26. 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 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Mount Isa City Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

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

	2017	2016	2017	2016
	\$	\$	\$	\$

The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:

1,551,904	1,471,355	1,389,128	1,358,821
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## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Trust Funds

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

#### Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	17,468	17,165	17,468	17,165
Security Deposits	33,206	24,709	33,206	24,709
	<u>50,674</u>	<u>41,874</u>	<u>50,674</u>	<u>41,874</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

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

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net operating result from Income Statement	14,087,976	5,548,875	14,110,574	5,597,469
Non-cash items				
Depreciation and Amortisation	11,742,007	10,631,539	11,716,911	10,618,489
Impairment Losses Recognition - Property, Plant and Equipment	43,250	270,000	43,250	270,000
	<u>11,785,257</u>	<u>10,901,539</u>	<u>11,760,161</u>	<u>10,888,489</u>
Losses/(Gains) recognised on fair value re-measurements through the P&L				
Loss/(Gain) on Reval. of Land for Development & Resale	92,000	851,906	92,000	851,906
	<u>92,000</u>	<u>851,906</u>	<u>92,000</u>	<u>851,906</u>
Investing and development activities				
Net Losses/(Gains) on Disposal of Assets	(58,559)	6,548	(58,559)	6,548
Loss/(Gain) on Write-Off of Assets	64,560	248,767	64,560	248,767
Capital Grants and Contributions	(6,292,814)	(4,348,425)	(6,292,814)	(4,348,425)
	<u>(6,286,812)</u>	<u>(4,093,111)</u>	<u>(6,286,812)</u>	<u>(4,093,111)</u>
Changes in operating assets and liabilities:				
(Increase)/Decrease in Receivables	(1,405,392)	(1,419,157)	(1,108,722)	(1,947,023)
Increase/(Decrease) in Provision for Doubtful Debts	174,915	55,000	172,342	55,000
(Increase)/Decrease in Inventories	(92,882)	(28,212)	(102,430)	(21,250)
(Increase)/Decrease in Other Assets	-	-	-	100
Increase/(Decrease) in Payables and Accruals	2,120,129	(248,770)	2,167,573	(140,904)
Increase/(Decrease) in Other Liabilities	66,117	119,491	32,418	68,379
Increase/(Decrease) in Employee Leave Entitlements	(90,253)	217,593	(90,253)	217,593
	<u>772,634</u>	<u>(1,304,056)</u>	<u>1,070,929</u>	<u>(1,768,104)</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>20,451,055</u>	<u>11,905,154</u>	<u>20,746,851</u>	<u>11,476,649</u>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 29. Events Occurring After Balance Sheet Date

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Council is unaware of any material or significant "non adjusting events" that should be disclosed

#### Note 30. Financial Instruments

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Council has exposure to the following risks arising from financial instruments; **(i)** market rate risk, **(ii)** credit risk, and **(iii)** liquidity risk.

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

##### Financial Risk Management

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

Council's executive 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.

Council does not enter into derivatives.

##### Credit Risk Exposure

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 the Council.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 30. Financial Instruments (continued)

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

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:

#### Financial Assets

Cash and Cash Equivalents	45,462,952	31,982,810	45,228,154	31,358,551
Investment Securities	-	272,318	-	272,318
Receivables - Rates	5,495,870	4,616,620	5,495,870	4,616,620
Receivables - Other	1,045,936	878,749	1,105,167	1,232,077
	<u>52,004,757</u>	<u>37,750,498</u>	<u>51,829,191</u>	<u>37,479,567</u>

#### Other Credit Exposures

Guarantee	235,911	294,988	235,911	294,988
	<u>235,911</u>	<u>294,988</u>	<u>235,911</u>	<u>294,988</u>
<b>Total</b>	<u>52,240,668</u>	<u>38,045,486</u>	<u>52,065,102</u>	<u>37,774,555</u>

#### Cash and Cash Equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and Westpac Bank. 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.

#### Trade and Other Receivables

In the case of rate receivables, the Council has the power to sell the property to recover most but not all amounts. In effect this power protects the Council against credit risk in the majority of cases relating to 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 agricultural & mining, there is also a concentration in the agricultural & mining sectors.

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

	Consolidated		Council	
	2017	2016	2017	2016
	\$	\$	\$	\$

#### Receivables

Fully Performing	1,227,222	5,060,485	1,283,880	5,415,155
- 31 to 60 days overdue	17,568	239,858	17,568	239,858
- 61 to 90 days overdue	65,207	31	65,207	31
- Greater than 90 days overdue	5,507,993	35,269	5,507,993	33,927
- Impaired	(276,185)	(101,270)	(273,612)	(101,270)
<b>Total</b>	<u>6,541,805</u>	<u>5,234,373</u>	<u>6,601,036</u>	<u>5,587,701</u>



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 30. Financial Instruments (continued)

##### Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 11.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$

##### Consolidated

###### 2017

Trade and Other Payables	6,127,355	-	-	6,127,355	6,127,355
Loans - QTC	3,025,476	11,215,251	24,242,688	38,483,415	26,510,544
	<u>9,152,831</u>	<u>11,215,251</u>	<u>24,242,688</u>	<u>44,610,770</u>	<u>32,637,900</u>

###### 2016

Trade and Other Payables	4,007,226	-	-	4,007,226	4,007,226
Loans - QTC	3,099,365	11,436,915	27,046,500	41,582,780	28,004,747
	<u>7,106,591</u>	<u>11,436,915</u>	<u>27,046,500</u>	<u>45,590,006</u>	<u>32,011,974</u>

##### Council

###### 2017

Trade and Other Payables	6,043,350	-	-	6,043,350	6,043,350
Loans - QTC	3,025,476	11,215,251	24,242,688	38,483,415	26,510,544
	<u>9,068,826</u>	<u>11,215,251</u>	<u>24,242,688</u>	<u>44,526,765</u>	<u>32,553,894</u>

###### 2016

Trade and Other Payables	3,875,777	-	-	3,875,777	3,875,777
Loans - QTC	3,099,365	11,436,915	27,046,500	41,582,780	28,004,747
	<u>6,975,142</u>	<u>11,436,915</u>	<u>27,046,500</u>	<u>45,458,557</u>	<u>31,880,524</u>

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

## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 30. Financial Instruments (continued)

##### 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

The Council is exposed to interest rate risk through investments with financial institutions.

The Council has fixed rate borrowings through QTC, as such, these financial instruments are not subject to sensitivity.

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

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net Carrying Amount \$	Profit/Loss		Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$

##### Consolidated and Council

###### 2017

QTC Cash Fund	44,363,130	443,631	(443,631)	443,631	(443,631)
Loans - QTC	(26,510,544)	-	-	-	-
<b>Net</b>	<b>17,852,586</b>	<b>443,631</b>	<b>(443,631)</b>	<b>443,631</b>	<b>(443,631)</b>

###### 2016

QTC Cash Fund	30,199,103	301,991	(301,991)	301,991	(301,991)
Other Investments	272,318	2,723	(2,723)	2,723	(2,723)
Loans - QTC	(28,004,747)	-	-	-	-
<b>Net</b>	<b>2,466,674</b>	<b>304,714</b>	<b>(304,714)</b>	<b>304,714</b>	<b>(304,714)</b>

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 30. Financial Instruments (continued)

##### Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below. It is also disclosed in Note 19.

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.

	Notes	Carrying Value		Fair Value	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Consolidated</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	11	1,099,822	1,783,708	1,099,822	1,159,449
QTC Cash Fund	11	44,363,130	30,199,102	44,363,130	30,199,102
Investments	11				
- "Held to Maturity"		-	272,318	-	272,318
Receivables	12	6,541,805	5,495,369	6,541,805	5,848,698
Other Financial Assets	14	-	-	-	1
<b>Total Financial Assets</b>		<b>52,004,757</b>	<b>37,750,498</b>	<b>52,004,757</b>	<b>37,479,568</b>
<b>Financial Liabilities</b>					
Payables	18	7,670,299	5,484,054	7,670,299	5,878,983
Loans - QTC	19	26,510,544	28,004,747	30,914,524	34,213,801
<b>Total Financial Liabilities</b>		<b>34,180,843</b>	<b>33,488,801</b>	<b>38,584,823</b>	<b>40,092,784</b>
<b>Council</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	11	865,024	1,159,449	865,024	1,159,449
QTC Cash Fund	11	44,363,130	30,199,102	44,363,130	30,199,102
Investments	11				
- "Held to Maturity"		-	272,318	-	272,318
Receivables	12	6,601,036	5,848,698	6,601,036	5,848,698
Other Financial Assets	14	1	1	1	1
<b>Total Financial Assets</b>		<b>51,829,192</b>	<b>37,479,568</b>	<b>51,829,191</b>	<b>37,479,568</b>
<b>Financial Liabilities</b>					
Payables	18	7,449,451	5,249,460	7,449,451	5,249,460
Loans - QTC	19	26,510,544	28,004,747	30,914,524	34,213,801
<b>Total Financial Liabilities</b>		<b>33,959,995</b>	<b>33,254,207</b>	<b>38,363,975</b>	<b>39,463,261</b>

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## Mount Isa City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 31. Transactions with Related Parties

##### (a) Subsidiaries (ie. Entities and Operations controlled by Council)

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with AASB 10 and the accounting policy described in Note 1.

Name of Operation/Entity	Principal Activity and Place of Business
<b>Mount Isa City Council Owned Enterprises P/L</b>	The principal activity of the Company is the management of various entertainment facilities in Mount Isa. 19 Marian Street, Mount Isa, Q 4825

Interests in Subsidiary	Ownership		Voting Rights	
	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%

##### Relationship

The group consists of Mount Isa City Council and its wholly owned entity Mount Isa City Council Owned Enterprises (MICCOE) Pty Ltd. MICCOE's results are consolidated with council's accounts.

##### Transactions with Subsidiaries

	Amount of transactions during year	Outstanding Balance (incl. Commitments)	Terms and Conditions	Provisions for Doubtful Debts on Outstanding	Doubtful Debts Expense Recognised
2017	\$'000	\$'000		\$'000	\$'000
			See notes below ***		
<b>Subsidiaries Total</b>	<u>187,195</u>	<u>84,228</u>		<u>-</u>	<u>-</u>
	187,195	84,228		-	-

During the year, Mount Isa City Council provided a cash subsidy to MICCOE Pty Ltd of \$2,100,000.

MICCOE Pty Ltd is substantially dependent on funding provided by Council. Funding support has been agreed to by the Council for the 2017-2018 financial year.

\*\*\*Rates & charges are charged on normal terms & conditions as per Council's Revenue Statement.

\*\*\*Sales transactions are on-charged to MICCOE at cost.

## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 31. Transactions with Related Parties (continued)

##### (b) Other Related Parties

###### Transactions with Other Related Parties

		Amount of transactions during year	Outstanding Balance (incl. Commitments)	Terms and Conditions	Provisions for Doubtful Debts on Outstanding	Doubtful Debts Expense Recognised
	Details	\$'000	\$'000		\$'000	\$'000
2017						
<b>Other Related Parties Total</b>	#	420,652	-		-	-
		420,652	-		-	-

# All related party transactions were on normal terms & conditions.

##### (c) Key Management Personnel

###### Transactions with Key Management Personnel

Person(s) having authority and responsibility for planning, directing and controlling the activities of Council or its controlled entities.

The key management personnel of Council are the Mayor; Councillors; the Chief Executive Officer & the Directors.

The key management personnel of Council's Controlled entities (currently Mount Isa City Council Owned Enterprises & Outback at Isa) are the Board members

The compensation paid to Key Management Personnel for comprises:

	2017 \$000
Short-Term Employee Benefits	1,248,774
Post-Employment Benefits	122,795
Long-Term Benefits	54,951
Termination Benefits	-
<b>Total</b>	<b>1,426,520</b>

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's certified agreement & award for the job they perform. The consolidated council entity employs 235 staff of whom 4 are close family members of key management personnel.



## Mount Isa City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 31. Transactions with Related Parties (continued)

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##### (d) Outstanding Balances

There were no outstanding balances at 30/6/2017 other than the amount disclosed in the subsidiary section.

##### (e) Loans and Guarantees to/from Related Parties

No loans or guarantees are provided to or received from related parties.

##### (f) Commitments to/from Other Related Parties

No commitments to/from other related parties exist at 30/6/2017.

##### (g) Transactions with Related Parties that have not been disclosed

As per Council's adopted Related Party Disclosure Policy, ordinary citizen transactions (OCT) such as council rates & animal registrations are not disclosed unless they are material in size or nature.

Council will disclose all related party transactions, other than OCTs, above a threshold of \$10,000.  
This threshold will apply to the aggregate of all transactions for the financial year.



## Mount Isa City Council

### General Purpose 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 Regulations) 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 2 to 56, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the Consolidated Entity's transactions for the financial year and financial position at the end of the year.



Cr Joyce McCulloch

**MAYOR**  
24/10/2017



Sharon Ibarrolaza

**ACTING CHIEF EXECUTIVE OFFICER**  
24/10/2017

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mount Isa City Council

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of Mount Isa Council (the council) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and group'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 and the group 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 Mount Isa City 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 and group'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 of the group.

### **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 or group'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 and group'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 or group'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 or group 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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.


Charles Strickland  
as Delegate of the Auditor-General

Queensland Audit Office  
Brisbane



Mount Isa City Council

General Purpose Financial Statements  
for the year ended 30 June 2017

Audit Report  
for the year ended 30 June 2017

Insert Audit Report here.

## Mount Isa City Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2017

	Actual Consolidated 2017	Actual Council 2017	Target 2017
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#### Measures of Financial Sustainability

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

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items) <sup>(1)</sup>	12.78%	13.16%	0 - 10%
Total Operating Revenue (excluding capital items) <sup>(2)</sup>			

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) <sup>(3)</sup>	34.31%	34.31%	more than 90%
Depreciation Expense			

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-32.54%	-33.38%	less than 60%
Total Operating Revenue (excluding capital items) <sup>(2)</sup>			

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Refer next page for notes



## Mount Isa City Council

### Current Year Financial Sustainability Statement (continued) for the year ended 30 June 2017

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#### Measures of Financial Sustainability (continued)

##### 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.

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##### Notes

- <sup>(1)</sup> Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.
- <sup>(2)</sup> Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).
- <sup>(3)</sup> Asset Renewals are defined as the renewing of assets back to their original condition using current engineering standards and practices.

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These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Community Recovery and Resilience.

## Mount Isa City Council

### Current Year Financial Sustainability Statement 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.



Cr Joyce McCulloch

MAYOR  
24/10/2017



Sharon Ibarrolaza

ACTING CHIEF EXECUTIVE OFFICER  
24/10/2017

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mount Isa City Council

### Report on the Current Year Financial Sustainability Statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Mount Isa City Council (the council) and its controlled entities (group) 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 Mount Isa City 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 and group 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 Mount Isa City 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 Report 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 or group'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.



Charles Strickland  
as Delegate of the Auditor-General



Queensland Audit Office  
Brisbane

Mount Isa City Council

## Long-Term Financial Sustainability Statement

prepared as at 30 June 2017

	Target	Actual	Forecast									
	2017	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

## Measures of Financial Sustainability

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

## Performance Indicators - Consolidated

## 1. Operating Surplus Ratio

	(1)	(2)
Net Result (excluding capital items)	-0 - 10%	12.78%
Total Operating Revenue (excluding capital items)	-3.46%	3.24%
	2.39%	0.95%
	2.26%	3.00%
	2.07%	0.87%
	2.63%	2.85%

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

## 2. Asset Sustainability Ratio

[illegible]

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

### 3. Net Financial Liabilities Ratio

[illegible]

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

## Mount Isa City Council

### Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2017

	Target 2017	Actual 2017	2018	2019	2020	2021	Forecast 2022	2023	2024	2025	2026	2027
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#### Measures of Financial Sustainability

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

#### Performance Indicators - Council

##### 1. Operating Surplus Ratio

Net Result (excluding capital items) <sup>(1)</sup>

Total Operating Revenue (excluding capital items) <sup>(2)</sup>

0 - 10%	13.16%	-3.46%	3.24%	2.39%	0.95%	2.26%	3.00%	2.07%	0.87%	2.63%	2.85%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) <sup>(3)</sup>

Depreciation Expense

> 90%	34.31%	165.71%	77.47%	77.10%	66.31%	66.03%	65.76%	65.49%	56.36%	56.16%	55.96%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items) <sup>(2)</sup>

< 60%	-33.38%	-37.77%	-42.33%	-46.43%	-51.21%	-57.09%	-63.63%	-69.79%	-76.07%	-83.65%	-92.10%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.



## Mount Isa City Council

### Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2017

#### Mount Isa City Council 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.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy we have adopted the above three sustainability indicators that have been set by the Department of Infrastructure, Local Government & Planning to guide our financial health.

The table above summarises how we performed against set targets for the three key sustainability indicators established in our financial strategy. In summary, we achieved our financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

#### Notes

(1) Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income Items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

(2) Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).

(3) Asset Renewals are defined as the renewing of assets back to their original condition using current engineering standards and practices.

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Infrastructure, Local Government & Planning.

Mount Isa City Council

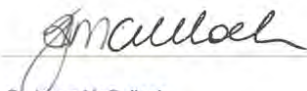
Long-Term Financial Sustainability Statement

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.



Cr Joyce McCulloch

**MAYOR**  
24/10/2017



Sharon Ibarrolaza

**ACTING CHIEF EXECUTIVE OFFICER**  
24/10/2017

# INDEX OF STATUTORY INFORMATION

It is a legislative requirement for Local Government's to include specific information in their annual report each year. The table below shows where that information is located in this report.

<b>LOCAL GOVERNMENT ACT 2009</b>		<b>SECTION</b>	<b>PAGE</b>
Section 41	Identifying Beneficial Enterprises	Non Reportable Items	<b>41</b>
Section 45 (a) - (d)	Identifying Significant Business Activities	Non Reportable Items	<b>41</b>
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<b>LOCAL GOVERNMENT REGULATION 2012</b>		<b>SECTION</b>	<b>PAGE</b>
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