



2017-18

Annual Report





2017-18 ANNUAL
REPORT

Contents

Welcome	02
Mount Isa Region	03
Mayor's Message	04-05
Elected Representatives	06-07
Councillor Information	08-10
Chief Executive Officer Report	11-12
Our Organisation	13
Executive Management Team	14
Customer Service Charter	15
Complaints	16-17
Statutory Information	18
Concession for Rates and Charges	19-20
Particular Resolutions	20
Internal Audit Report	21-23
Performance Summary	24-31
Community Grants	32
RADF Grant	33
Community Financial Report	34-38
A Year in Pictures	39-46

Financial Statements 2017-18



2017-18 ANNUAL REPORT

Welcome

Our Annual Report summarises Council's 2017-2018 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 2017-2018 year.

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 2017-2018 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 Values

Honesty

Accountability

Quality Services

Equity and Justice

Working in Partnership
with our Community





2017-18 ANNUAL REPORT

Mount Isa 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 cities in the world.

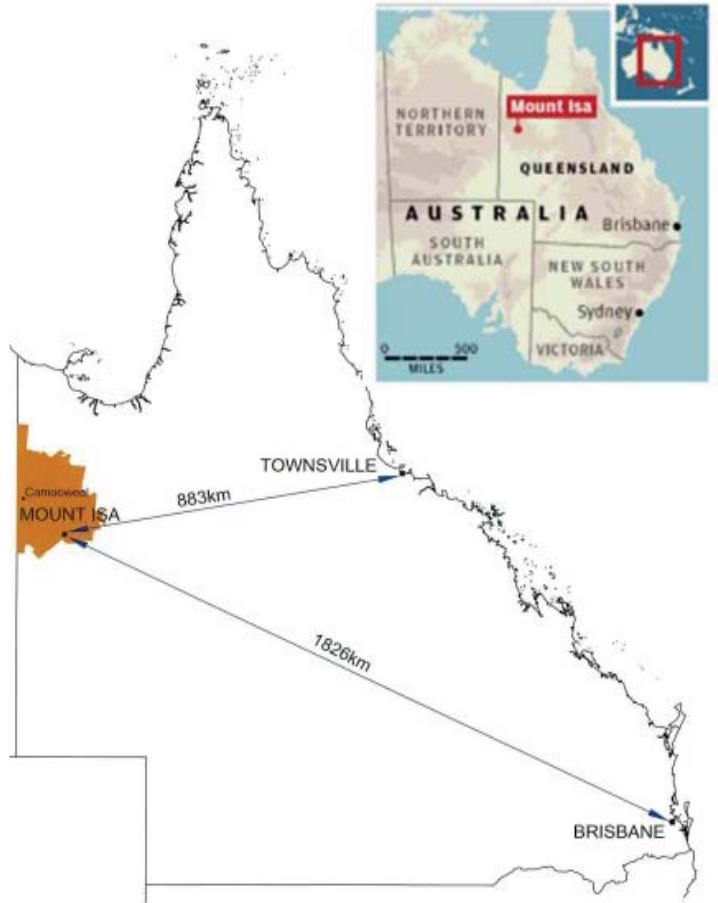
Shaped by our remote, rural location and rich mineral bounty, Mount Isa has a long standing mining heritage.

Celebrating its 95th year in 2018, 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.



- ★ Mount Isa 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 custodians of the land are the Kalkadoon and Indjilandji Tribes.





2017-18 ANNUAL REPORT



Mayor's Message

This past year has given us plenty of challenges and rewards, but most of all it has given us a clear path to forge ahead and keep making this city better and more liveable than ever before.

While in recent years we have seen a downturn in the resources sector and some associated job losses, we are now beginning to see resurgence in mining operations; and the potential for growth in Mount Isa and the North West is becoming more apparent.

A number of new mines have opened and exploration at a number of sites is ongoing, and we are extremely optimistic that the future of the region is very positive indeed.

The Mount Isa Economic 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.

A number of these initiatives continue to grow and develop and continual progress is being made, both internally as we work together as a team at Mount Isa City Council to progress the city and its infrastructure; and collaboratively with our neighbouring Councils, to build a stronger future for the North West.

Council has been working closely with the State Government to support the North West Minerals Province Strategic Blueprint to advance the North West, and much work has been done to support the initiatives of the Tennant Creek to Mount Isa Cross Border Commission, to promote the development of the Tennant Creek to Townsville Economic Development Corridor.

We have been actively supporting the Mount Isa to Northern Territory Gas Pipeline, a \$1.3B project which has the potential to play a pivotal role in creating opportunity for future growth and creating and sustaining jobs in northern Australia.

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

We are continually seeking state and federal funding to improve services and infrastructure in our city, and we have been successful in great number of funding applications, which creates a better environment without coming at a great cost to our ratepayers.

We have provided major upgrades to many parks and public spaces, including the beloved Family Fun Park and Skate Park. The Library and Civic Centre has also received much needed attention.

We have also invested in a range of community, cultural and sporting events including our signature event, the annual Mount Isa Rodeo.





2017-18 ANNUAL REPORT

Mayor's Message

There is still much work to be done, and we will continue to advocate for Mount Isa and the North West, as we see the future potential of this city in many areas, from energy production to education, agriculture, tourism, transport and services.

I look forward to the year ahead and I encourage you all to join us on the journey to shape the future of our great city.



Sewage Treatment Plant Refurbishment Stage 2

Council Representative

- Australian Mining Cities Alliance
- Mount Isa Townsville Economic Zone (MITEZ)
- North West Queensland Tourism Authority (NWOQTA)
- Living with Lead Alliance
- North West Organisation of Councils (NWQROC)
- Local Disaster Management Group (LDMG)
- Mount Isa City Council Owned Enterprises Board (MICCOE) and cultural enhancement.
- Tennant Creek - Mount Isa Cross Border Commission
- State Library of Queensland



Australian Mining Cities Alliance



North West Queensland Regional Organisation of Councils



Tennant Creek to Mount Isa Cross Border Commission





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

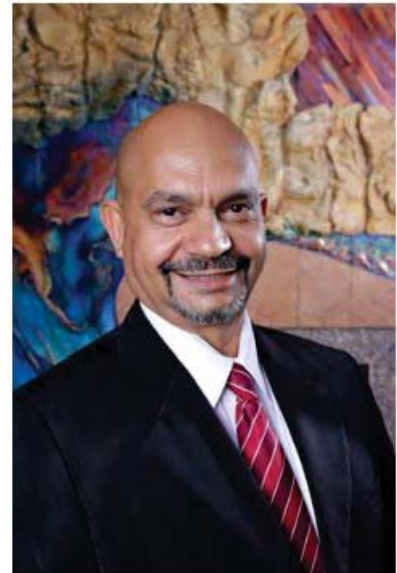
Beautification, Parks,
Gardens, Library

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)



2017-18 ANNUAL REPORT

Elected Representatives



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

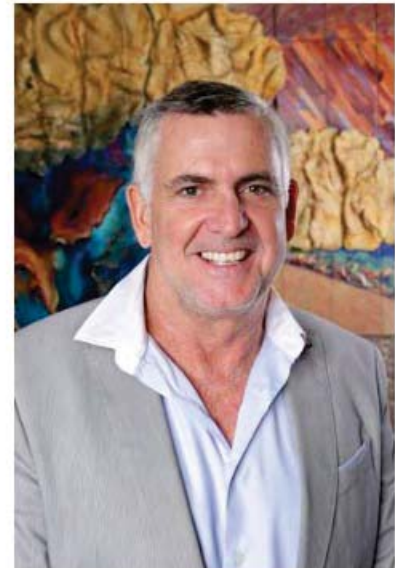
Council Representative

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 Camoowal

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 2017-2018 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 2017-2018 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	\$118,264.93	\$31,512.62
Deputy Mayor Cr Phil Barwick	\$70,360.16	\$8,730.97
Councillor Jean Ferris	\$58,632.87	\$ 140.87
Councillor George Fortune	\$58,632.87	\$1,797.13
Councillor Paul Stretton	\$58,632.87	\$ 0.00
Councillor Peta MacRae	\$58,632.87	\$3,056.29
Councillor Mick Tully	\$58,632.87	\$1,480.14



2017-18 ANNUAL REPORT

COUNCILLOR DISCRETIONARY FUNDS

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

COMPLAINTS

As at 30 June 2018, Council was aware of a complaint that had been referred to the Regional Conduct Review Panel. Orders were issued in September 2018.

LGR Section 186(d) the total number of the following during the financial year;	2017/2018
i) Orders and recommendations made under s180(2) or (4);	nil
ii) Orders made under s181;	nil
LGR Section 186(e) each of the following during the financial year;	2017/2018
i) The name of each councillor for whom an order or recommendation was made under s180 of the Act or an order was made under s181 of the Act;	nil
ii) A description of the misconduct or inappropriate conduct engaged in by each of the councillors;	nil
iii) A summary of the order or recommendation made for each councillor;	nil
LGR Section 186(f) the number of each of the following during the financial year;	2017/2018
i) Complaints about the conduct or performance of councillors for which no further action was taken under s176C(2) of the Act;	nil
ii) Complaints referred to the department's chief executive under s176C(3)(a)(i) of the Act;	nil
iii) Complaints referred to the mayor under s176C(3)(a)(ii) or (b)(i) of the Act;	nil
iv) Complaints referred to the department's chief executive under s176C(4)(a) of the Act;	nil
v) Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act;	nil
vi) Complaints heard by a regional review panel;	2
vii) Complaints heard by the tribunal;	nil
viii) Complaints to which s176C(6) of the Act applied	nil



2017-18 ANNUAL REPORT

OVERSEAS TRAVEL

There was no overseas travel made by a councillor or local government employee in an official capacity in the 2017-2018 year.

ATTENDANCE AT COUNCIL MEETINGS

The table below shows Councillors attendance at Council meeting held in 2017-2018.

Meetings Attended	Mayor Cr McCulloch	Deputy Mayor Cr Barwick	Cr Ferris	Cr Fortune	Cr Stretton	Cr MacRae	Cr Tully
Ordinary Meetings (Total 22)	16	16	19	20	21	18	18
Special Meetings (Total 1)	1	0	1	1	1	0	1



2017-18 ANNUAL REPORT



Chief Executive Officer
Sharon Ibardolaza

CEO's Report

I am delighted to present to our community the Mount Isa City Council's 2017-2018 Annual Report.

This report is a comprehensive summary of our performance for the financial year ending June 30, 2018.

The past 12 months has seen considerable change within the structure of Council, which has resulted in Council has establishing a number of integral key relationships within all levels of government and the private sector, particularly within the wider tourism and economic development arms.

The development of the Council's first Economic Development Strategy has been a vital component in taking strides towards positive change, and the implementation of the Strategy will give a focused direction moving forward to 2020 and beyond.

The Strategy identifies 30 initiatives the Council is committed to actioning over the next three years and we are pleased to have made progress on a number of these initiatives. Each step resulting in greater progress and security for the community, while enhancing the city's livability and opportunities for new jobs and investment.

Council continues to lobby on behalf of our community which is evident in the parliamentary submissions that were submitted to the senate inquiry to the cost of airfares in regional Australia and the proposed Waste Management Bill. We are still awaiting finalisation of the airfare inquiry and were disappointed, despite our efforts, that our region will be included in the waste levy zone in 2019. We are now developing our strategy to mitigate the impacts of this waste levy to community.

We have a strong commitment to ensuring our community is a vibrant, socially inclusive and innovative place that values its residents and visitors. This year, we formalised a complaints management framework which allows us to assess and review council operations and provides us with another tool to ensuring that we are working towards continual improvement. Further, we are about to embark on the creation of a Strategic Tourism and Marketing Plan for our region, along with developing our Communication Plan which will actively encourage greater consultation with community.





2017-18 ANNUAL REPORT

In 2017–2018, Council devoted more than \$672,000 in funding to local community organisations to support a range of initiatives through our Community and Grant Sponsorship programs, along with a number of Council run events and various sponsorships. Events included a number of regular events and entertainment program for the community’s senior citizens, Carols by Candlelight, Mount Isa Pet Day and of course our major event – the Isa Street Festival.

This Council is one that is extremely hardworking and united in our efforts towards the community, and I thank all our staff for their contributions and look forward to another year of progress and servicing the needs of the Mount Isa and Camooweal communities.

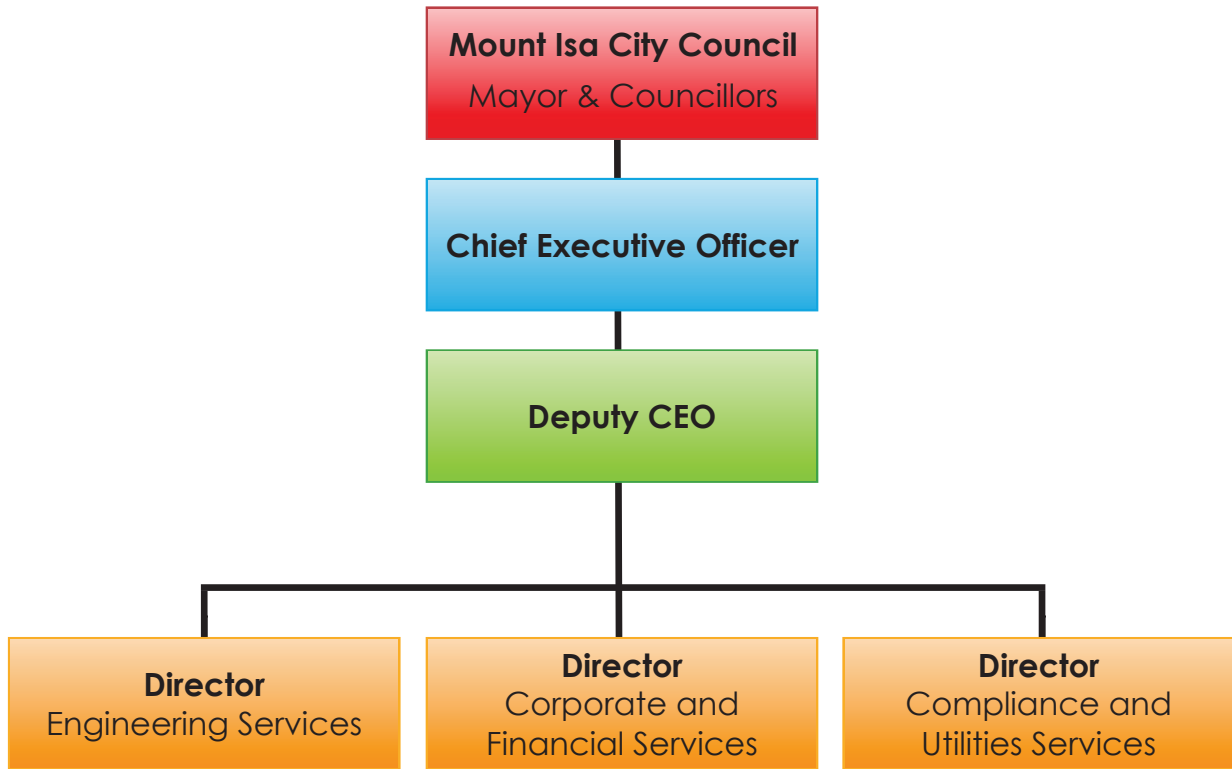


10 Years Service Award





Our Organisation



EXECUTIVE REMUNERATION

The table below shows the remuneration packages payable for the 2017-2018 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.

Total of all remuneration packages payable	634,366
Band \$100,000 - \$200,000	2
Band \$200,000 - \$300,000	1

* During the 2017/2018 financial year Council had an Acting Chief Executive Officer and Chief Executive Officer. At no time was there concurrent tenure of Chief Executive Officers.



2017-18 ANNUAL REPORT

EXECUTIVE MANAGEMENT TEAM

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

Council is structured into three streams of operational imperative, which 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

Vacant 23.05.2018

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





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.

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

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
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 feedback from the public in the development of products and services
- Taking ownership of Council errors





Complaints

Administrative Action Complaints

A statement about the local government's commitment to dealing fairly with administrative action complaints

Mount Isa City Council recognises that effective complaints management is integral to good customer service. We are committed to providing fair and consistent handling of all complaints and recognise the need for an open and responsible administrative action complaints process.

We welcome complaints and recognise them as an essential part of quality service and see complaints as an opportunity to improve our services to the community.

A statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process.

Council has recently adopted an Administrative Action Complaints Policy and Procedure to support our continuing commitment to effectively and transparently processing complaints. Council has provided detailed training to employees involved in complaints management and will continue to do so on an annual basis. Council has a dedicated Complaints Management page on our website where this policy and procedure can be accessed along with a frequently asked questions fact sheet.

We will conduct an annual review of our complaints management process to assess our performance and implement any changes that are required for continual improvement.

Administrative Action Complaints 2017/2018

Administrative action complaints made to Council in the financial year	2
Administrative action complaints resolved by Council	2
Administrative action complaints not resolved by Council	0
Administrative action complaints not resolved that were made in a previous financial year	0

A summary of investigation notices given in the financial year under S49 for competitive neutrality complaints.

Council received no competitive neutrality complaints in the financial year.

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.





2017-18 ANNUAL REPORT

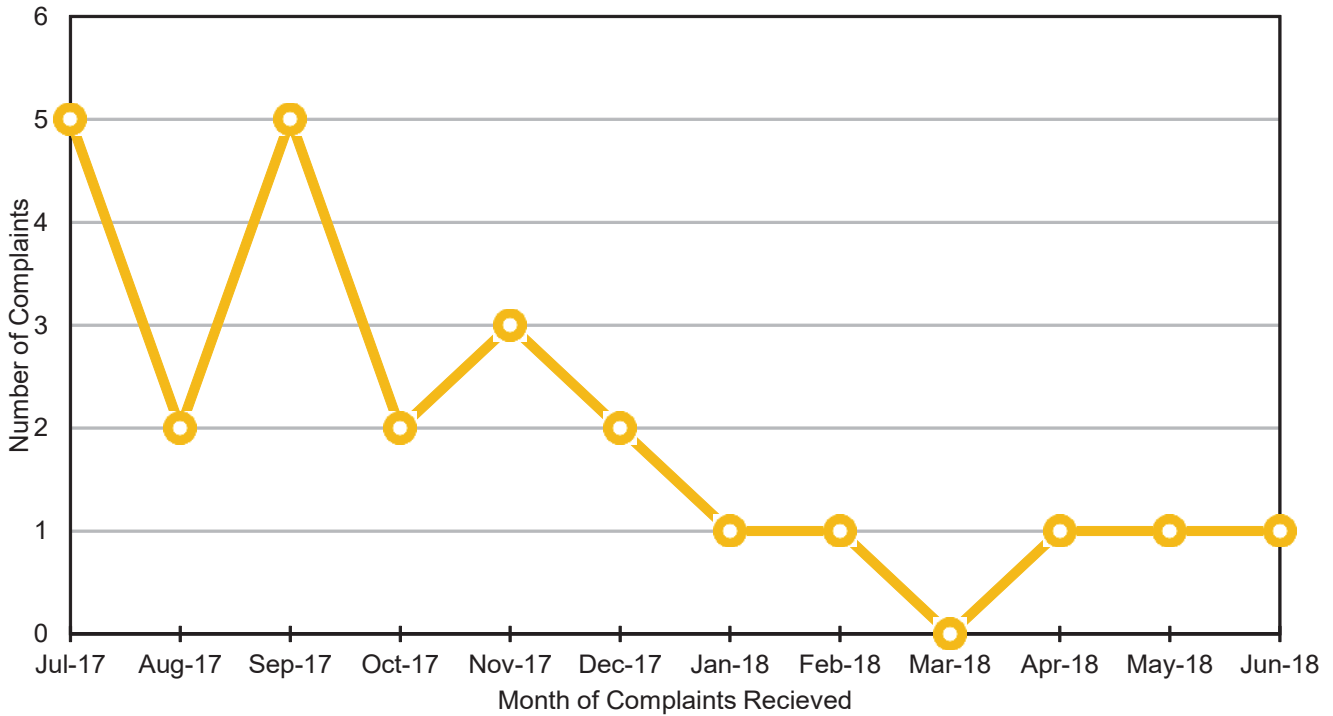
Our Complaints Management Policy and Complaint Management Process provide a transparent method of responding to complaints regarding Council's services and administrative actions.

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.

Customer Service Complaints Activity Report 2017-2018





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 2017-2018 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:

Etheridge Shire Council provided Workplace Health & Safety Officer K Steele for staff workshop and training - cost \$6,326.66

CHANGES TO TENDERS

Council had no changes to tenders during the 2017-2018 year under s228(7) of the *Local Government Regulation 2012*.

Statutory Registers and Records:

- Local Laws Register
- Roads Map and Register
- Cost Recovery Fees Register
- Asset Register
- Delegations Register
- Register of Interests
- Declaration of Office Records
- Declaration of Material Personal Interests Record
- Declaration of Conflict of Interest Record
- Written Complaints about Councillor Conduct Record
- Land Record
- Financial Management Risks and Control Measures Record
- Administrative Action Complaints Record



2017-18 ANNUAL REPORT

CONCESSIONS FOR RATES AND CHARGES

Council granted a concession to:

Laura Johnson Home:

- 50% of the applicable water and sewerage costs on its commercial rates assessment for the financial years 2017/2018 to 2019/2020 with this being applicable to the properties existing at 30 June 2015 only and;
- garbage concession being the charges for a 1.53 m³ bin service is used in lieu of the 3.0 m³ garbage service rate plus 12 additional 240L bins are charged at the residential rate for the financial years 2017/2018 to 2019/2020. Resolution OM45/06/16.

Christian Outreach Centre:

- Cleansing charges for 1 x 240 Litres residential bin for the period commencing 1 July 2017 for so long as the Christian Outreach Centre continue to provide community programs that allow the community to congregate and the utilise the services that the Centre offer. This is subject to an annual review with Christian Outreach Centre being required to provide evidence of continual delivery of these services to the community. Resolution OM12/04/17.

Good Shepherd Parish:

- On cleansing charges for 5 x 240 Litres residential bins, for the period commencing 1 January 2017 for so long as "Good Shepherd Parish" continues to provide free meals for the homeless. This is subject to an annual review with Good Shepherd Parish being required to provide evidence of continual services delivery. Resolution OM16/02/17.

The Cootharinga Society of North Queensland:

On general rates only for the period commencing 1 January 2017 for so long as "The Cootharinga Society of North Queensland" remains a registered charity. Resolution OM44/11/16.

Pensioners:

Council provides pensioners with a concession on General Rates & 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 is provided on State Fire Services Levy as it is a State Government Charge. No concession is offered on any separate or special charges.

Council will be continuing to provide an additional \$80.00 per annum concession to pensioners in 2017/18.

Council has determined that pensioners as defined by the *Local Government Regulation 2012* are entitled to receive concessions on rates and charges levied by Council. Council may grant a concession for land that is owned by a pensioner under Section 120(1)(a) of the *Local Government Regulation 2012*.

In exercising these concession powers Council will be guided by the principles of:

- transparency by making clear the requirements necessary to receive concessions; and
- equity by ensuring that all applicants of the same type receive the same concession.





2017-18 ANNUAL REPORT

General Eligibility

Upon written application to Council, a pensioner may be eligible for a pension concession.

To be eligible under the Council Pension Subsidy Scheme for a remission of rates, the applicant must be an approved pensioner who meets **all** of the criteria below:

- is the sole owner, joint owner, part owner or life tenant of a property;
- the property must be the principal place of residence of the pensioner or life tenant;
- has, either solely or jointly with a co-owner, the legal responsibility for the payment of rates and charges as defined herein, which are levied in respect of the said property by the Mount Isa City Council; and
- must be a current holder of one of the following cards:
 - o Queensland 'Pensioner Concession Card' issued by Centrelink,
 - o a Veterans' Affairs Gold Card
 - o a Veterans' Affairs Pensioner Concession card
 - o Repatriation Health Card for all conditions.

These cards do not qualify for a remission: Seniors Cards, Health Care Card and Health Benefit cards.

In the case of life tenancy, the applicant must meet the above criteria and provide:

- a certified copy of the will, stating the applicant is a life tenant and responsible for paying the rates **OR**
- a court order and a duly signed copy of death certificate.

Remissions can only be granted on one property per pensioner per half year.

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 2016-2017 Annual Report was adopted under resolution OM32/11/17 in our Ordinary Meeting held on the 22nd of November 2017.



2017-18 ANNUAL REPORT

Internal Audit Report Summary of Internal Audit Progress for 2017-2018

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 the senior employees.

Management assesses risk in respect of operations, preparing a risk register that identifies risks and the treatment of 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 appropriate 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 defined and are effective in controlling the risk.

The Audit and Risk Committee met twice during the financial year on: -

- 14 September 2017; and
- 25 June 2018.



Internal Audit Report Summary of Internal Audit Progress for 2017-2018

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

14 September 2017

The committee considered the Interim Audit Management Report presented for consideration. The Queensland Audit Office Performance Audit was provided and considered and noted by the Committee. Specification and a Scope of Works for the Internal Audit Services was presented for discussion and consideration - some of the items discussed in relation to this included the audit risk and controls environment, the scope of works and a handover. The committee was presented with an update of the Operational Risk Register under Councils Enterprise Risk Management Framework. The internal auditor presented and discussed the Workplace Health and Safety Internal Audit Report and included the following items: -

- Policy and procedures, testing and procedures
- Identification of workplace hazards - Safeplan system and training for inspections
- Safe driving operations - roll out of training, safe vehicle operations, "Take 5" training
- Snake bite training
- Healthy lifestyle - Healthy Lifestyle Committee
- Injury and illness treatment - training of Return to Work & Rehabilitation Coordinators
- WHS Reporting, requirements - Safety Committee, change management process
- WHS Training
- Drug and alcohol testing - training of testers, contractors testing
- MIETV requirements
- Key performance indicators



2017-18 ANNUAL REPORT

Internal Audit Report Summary of Internal Audit Progress for 2017-2018

25 June 2018

A confirmation of the Council's commitment to the Audit and Risk Committee from the minutes of the General Meeting of Council held 13 June 2018. Formally receive the Mount Isa City Council Owned Enterprises 2016-2017 Audited Financial Statements and the Mount Isa City Council Audited Financial Statements for the 2016-2017 year. Note the draft Mount Isa City Council 2017-2018 Financial Statements. Consider the commencement of the process to engage the services of an internal auditor and review the revised Audit and Risk Committee Charter. Consider the Audit Committee Briefing Paper and Management Report of the Mount Isa City Council and the Mount Isa City Council Owned Enterprises provided by the External Auditors, Crowe Horwarth. The committee also considered the Status Update on the Internal Audit Recommendations and reviewed the Committee Structure for the 2018-2019 financial year.

Information on progress in relation to the Internal Auditor appointment and the Committee Structure will be provided in next year's Annual Report as they relate to the new financial year not the reporting period.



Performance Summary

In 2017-18 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.

A number of projects have been completed this year to enhance the Central Business District, the city's parks and public spaces, which have helped to continually provide a safe and healthy community with a strong sense of identity which supports the people and groups who work, live, play and visit here.

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.

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.





2017-18 ANNUAL REPORT

INFRASTRUCTURE

On Target

- Road infrastructure maintained across a Shire area of 43,350 km² in compliance with best practice traffic management standards and codes.
- Recreational Parks and Public Spaces – Implementation of real time interactive booking and activity program to improve management of facilities. Upgrades to recreational parks and public spaces for public safety and to increase the service delivered to the major facilities continued in 2017-18.
- Council Fleet Management – Review of fleet utilisation completed with Navman satellite tracking systems being fitted to fleet for improved safety and security.
- Technical Services activities and projects met service standards.
A number of new large scale projects have been identified and funding applications successfully sourced. Asset Management has progressed significantly with data base for stormwater infrastructure well advanced.
- Water and Sewerage service activities met service and regulatory Standards with leaks and blockages being addressed within (SWIM) performance benchmarks.

Close to Target

- Private Works – activity remained minimal due to economic environment.

Not on Target

Nil.

Infrastructure Upgrades

1. Art Gallery Enclosure (Outback@Isa Complex)

- Full enclosure of a mezzanine floor
- Upgraded airconditioning and climate control
- New art display lighting/flooring
- Upgraded security monitoring
- Backup power supply

2. Hard Times Mine - Underground Work

- Safety audit of tourist mine exhibition
- Renewal of rock bolting of sections

3. Pavement Rehabilitation Projects

Pavement rehabilitation and resealing works of:

- Seventeenth Ave
- Brigalow Street
- Stanley Street
- Landy Street
- Little West Street

4. Asphalt/Resealing Works

- 90K sqm of City Street Resealing with PMB
- Asphalt overlay of Doreen Street
- Asphalt overlay of Dorothy Street
- Moondarra Drive



2017-18 ANNUAL REPORT

5. Family Funpark Upgrade

- New hard shade structures installed.
- New play equipment including interactive games installed.
- Sofffall upgraded and replaced.
- Existing play equipment repaired or replaced.

6. Skatepark Upgrade

- New features constructed include a skate bowl.
- Existing features resurfaced
- New shade structures installed.
- Lighting and CCTV security Cameras upgraded
- New seating installed.

7. Bike/Walking Path (Moondarra Drive)

- 13.5km of new 3m wide track.
- Track includes cuttings, embankments and 150mm road base.
- Two coat seal, line marked and appropriately signed

8. Waste Recycling Structure (Landfill Site)

The first stage of the project including the construction of the transfer building was completed, allowing waste streams to be diverted from landfill including:

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

9. Civic Centre and Library HVAC Upgrade

- Upgrade and replacement of Library HVAC airconditioning system completed.
- Upgrade and replacement of Civic Centre HVAC airconditioning system nearing completion and on schedule.
- Systems will operate independently with improved efficiencies.
- Lower operating costs with improved reliability and distribution.
- A number of venting and ceilings were replaced during refurbishment.

10. Rural Road Projects

- Upgraded/maintained approx. 1800km of major rural roads for stock, mining, tourists and residents in the Mount Isa Rural Region (Gunpowder, Old May Downs, Highland Plains, Duchess, Urandangi, Julius, Morestone and Shortcut Road).

11. Camooweal Project

- Morrison Street upgrade included pavement rehabilitation and extension of two coat seal from kerb to kerb.



2017-18 ANNUAL REPORT



Pavement Rehabilitation Project



Asphalt/Resealing Works



Bike/Walking Path (Moondarra Drive)



Rural Roads Project





2017-18 ANNUAL REPORT

ENVIRONMENT

Recycling

Approximately 880 tonnes of ferrous and non-ferrous metal was diverted from landfill in the 17/18 financial year. This product was baled and trucked off site for processing by a contractor. Over 10 tonnes of lead acid batteries were also transported for recycling from the Mount Isa Waste Facility.

Great Northern Clean Up

The Great Northern Clean Up was held on the 20th August 2017 at the Pioneer Plaza. It was another successful event with a good turnout of volunteers. A dramatic reduction in the amount of litter found indicates that residents' waste practices are improving. Mount Isa City Council would like to thank all volunteers for their efforts in keeping Mount Isa clean.

Illegal Dumping Network

The Environmental Compliance and Administration Officer attended the Mount Isa Community Landcare Forum on behalf of Council, presenting on Illegal Dumping and Waste Management in Mount Isa. The Forum hosted a speaker from the Queensland Herbarium, presenting on weed identification, specifically for our region. Other presenters included Queensland Water and Land Carers, Mount Isa Water Board, Biosecurity Queensland and Southern Gulf NRM.

Rural Lands Stock Route

Mount Isa City Council hosted a training session for the Stock Route Management System, facilitated by the Department of Natural Resources and Mines (DNRM).

Council's Rural Lands Officer and Support Officers are required to manage and maintain the stock routes that run through the Mount Isa Region. The online Stock Route Management System (SRMS) is a platform to record infrastructure, bore details and agreements between Landowners, Local Government and DNRM in relation to the water use at stock route facilities. Mount Isa City Council is responsible for inspecting and maintaining 14 Stock Route Water Facilities on behalf of DNRM.

Recycling Tunnel

The construction of the recycling tunnel was completed in December 2017 following funding that was secured through the Building Our Regions Grants. This facility will have a dramatic effect on the volume of waste that is currently disposed of to landfill and will assist in meeting the targets set out in Council's Waste Reduction and Recycling Plan. Waste streams to be sorted at this facility include:

- Glass
- Cardboard
- Ferrous and non-ferrous metals
- E-Waste
- Used engine oil (domestic quantities)
- Batteries

Rural Lands Weed Control

The Rural Lands Officer carried out control spraying of a number of weed species in the Leichhardt River throughout the year. This included Bellyache Bush, Parkinsonia, Leucaena, Coral Cactus, .



2017-18 ANNUAL REPORT

Rural Lands - Pest Taskforce

The Rural Lands Officer, Russell Hunter chaired the Gulf Catchments Pest Task Force Meeting, hosted by Mount Isa City Council in the Civic Centre. The event was extremely successful with a greater number of participants than usual. Approximately 30 members from surrounding Councils, Biosecurity Queensland, Department of Agriculture and Fisheries and many other organisations participated in the two day event. The event included guest speakers on noxious plant management techniques and a field trip to a local infestation of Coral Cactus to demonstrate the application of a bio-control, the Cochineal Bug. The plants will be monitored in the coming months to establish the effectiveness of the control method.

Rural Lands - 1080 Baiting

The Rural Lands Officer and the Vector Control Officer carried out the first round of 1080 wild dog baiting for the year from the 18th to 29th June 2018. A total of 6 properties registered for the round with one utilising a light aircraft to aerial bait. A total of 2,250kg of meat baits was used and 620 DE-K9 factory baits. The baiting was carried out later than usual due to property owners mustering earlier in the month.



Baled Metal for processing



Great Northern Clean-Up



Mount Isa Community Landcare Forum



Training Session for the Stock Route Management System





2017-18 ANNUAL REPORT



Recycling Tunnel



Leucaena



Parkinsonia



Coral Cactus



Gulf Catchments Pest Taskforce Meeting



Alan (Cracker) McDonald from Charleville provided the aircraft to carry out aerial 1080 baiting



2017-18 ANNUAL REPORT

Mount Isa City Library

- Tech Savvy for Seniors classes were well attended with 187 seniors attending the 41 lessons that were offered.
- Attending many outreach events such as Gidgee's Back to School day, Mega Playgroup at Tony White Oval and Reconciliation Day at Outback at Isa
- The library had 4 visiting authors hold talks throughout the year as well one of our local authors holding regular talks about the social fabric of Mount Isa.
- Collaborations with other organisations such as the National Capital Authority who brought Brick by Brick to Mount Isa. Over 460 patrons visited the exhibition
- Children's Book Week event – August 2017

In the 2017-2018 year:

16,728 hours of internet were used by patrons And 7,547 children and adults attended programs held at the library.



Regular Library Events

- 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





2017-18 ANNUAL REPORT

Community Grants - Round 1

Organisation	Project/Event	Amount
Mount Isa Dirt Bike Club Inc	Mount Isa Dirt Bike Club Sign On /Come and Try Day	11,082
Mount Isa Basketball Assoc	Installation of New electronic Scoreboard	5,000
Mount Isa Campdraft Assoc Inc	Maintenance, Equipment Hire and Utility Services for the 2018 Campdraft	5,000
Sporting Shooters Assoc	Firefighting Equipment for Mount Isa Sporting Shooters Range	2,617
Total		\$23,699

Sponsorship - Round 1

Organisation	Project/Event	Amount
The Drover's Camp Assoc Inc	Drovers Camp Festival	8,800
Zonta Club of Mount Isa Inc	International Women's Day Dinner 2018	5,500
Mount Isa Race Club Inc	Mount Isa Cup Day Races	11,000
Mount Isa Agricultural Show Society Inc	2018 Mount Isa Show	22,000
Playgroup Queensland	Mount Isa National Playgroup Week - Messay Play in May	3,800
Total		\$51,100

Community Grants - Round 2

Organisation	Project/Event	Amount
Mount Isa Landcare Group	Weed Identification Bookley	750
Happy Valley Community Kindergarten	Garden and Soft Fall Rejuvenation	5,000
Island BMX Club Mount Isa	Pro Gate Compressor	5,000
Qld Country Women's Association	Copper City Community Garden	2,617
Mount Isa Race Club	Purchase of Water Truck	5,000
Qld Police Services	PD Sarge" Delivers Safety Messages	4,000
TOTAL		\$17,225

Sponsorship - Round 2

Organisation	Project/Event	Amount
Commerce North West	2017 Northern Outback Business Awards	2,750
Mount Isa Fish Stocking Group	2017 Lake Moondarra Fishing Classic	18,700
Isa Rats Running & Triathlon Club	Corporate Triathlon	5,390
Apex Mount Isa	Rock Pop Mime Show	2,200
TOTAL		\$29,040





2017-18 ANNUAL REPORT

RADF Grant Recipients

Organisation	Project/Event	Amount
Isa Highlanders	Highland Dance Development Workshop	2,341
Mount Isa Entertainment and Tourism Venues	Quensland Ballet Dance Camp	7,831
Mount Isa Entertainment and Tourism Venues	Bird Watching Interpretive Signage at Lake Moondarra	3,498
Kalkutungu	Connecting to Culture	2,208
Mount Isa School of Dance	RAD Ballet Exam Workshop	3,000
Drover's Camp Assoc. Inc.	Charlotte the Butterfly Harpist	2,200
TOTAL		\$21,078





2017-18 **ANNUAL** REPORT

COMMUNITY FINANCIAL REPORT

The Community Financial Report provides a plain English explanation of Council's financial statements for the year ended 30 June 2018. 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 City Council.

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 \$65.7m during the 2017/2018 financial year. This is broken up into two areas:

- Operating Income of \$59.1m
- Capital Income of \$ 6.6m

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

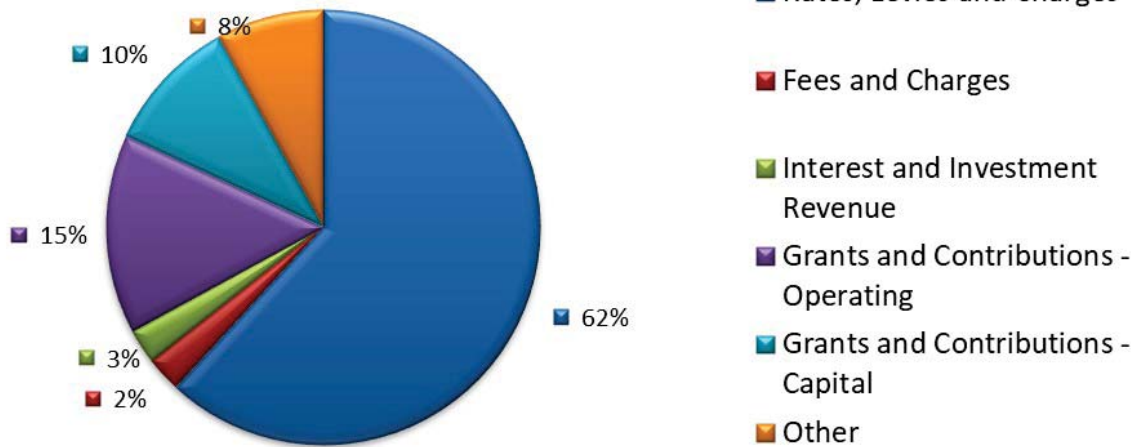
- Rates and utility charges \$40.6m
- Operational grants and subsidies \$ 9.8m
- Fees and Charges \$ 1.7m



2017-18 ANNUAL REPORT

COMMUNITY FINANCIAL REPORT

Revenue



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 \$16.4m worth of funds to be invested in our 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.

EXPENDITURE - Where was your money spent?

Operating expenditure is made up of:

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 focused on the maintenance, upgrade and construction of infrastructure assets to ensure there are adequate services for the community.

Total operating expenditure amounted to \$55.6m which is broken up into:

• Employee Benefits	\$13.4m
• Materials and Services	\$27.8m
• Finance costs	\$ 1.9m
• Depreciation	\$12.5m

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.





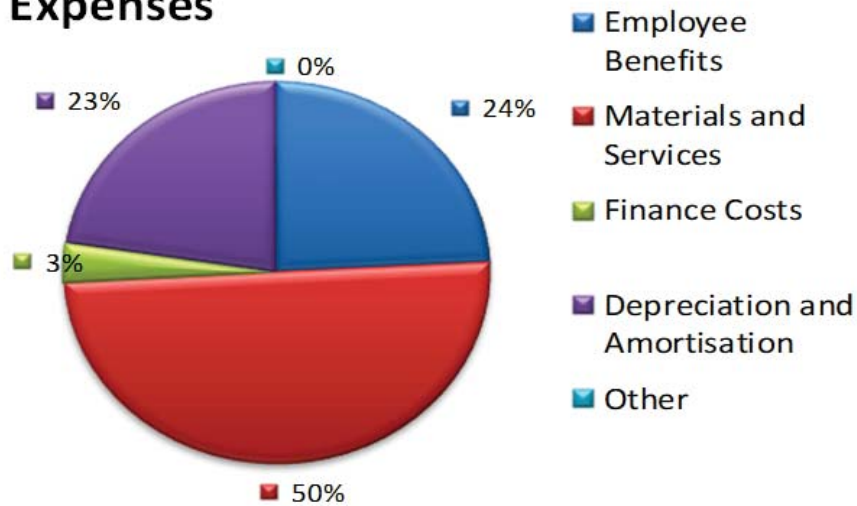
2017-18 ANNUAL REPORT

COMMUNITY FINANCIAL REPORT

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 upgrade of the sewerage treatment plant and for upgrades to council's road network.

Expenses



Capital Expenditure

In addition to operating expenses, Council also incurred \$15.0m in capital expenditure to renew, upgrade & construct new community infrastructure assets. Capital expenditure included upgrades worth \$1.3m to Family Fun Park, \$1.7m upgrading water and sewer assets as well as \$5.0m renewing roads. Capital expenditure is not shown on the Statement of Comprehensive Income but is set out in Note 15 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 2018 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 \$463.4m
- Total Liabilities \$ 31.5m
- Total Community Equity \$431.9m





2017-18 ANNUAL REPORT

COMMUNITY FINANCIAL REPORT

ASSETS – What the community owns

The total value of all assets controlled by Council was \$463.4m at 30 June 2018, of which \$404.3m (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:

- Ø Cash and investments \$ 46.3m
- Ø Trade and Other receivables \$ 9.2m

LIABILITIES– What the community owes

The major components of our liabilities are:

- Ø Borrowings (loans) \$24.9m
- Ø Amounts payable to our suppliers \$ 3.5m

Council reviews its need to borrow funds as part of the annual budget process. Council has no plans to borrow in the 2019 financial year and continues to focus on managing within the funds it has available.

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:

- Ø 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).

- Ø Investing activities - includes payments for the purchase and construction of property, plant and equipment and proceeds from the sale of surplus assets.

- Ø Financing activities - repayments of principal on our loans.

Our final cash balance as at 30 June 2018 was \$46.3m.

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 Local Government, Racing and Multicultural Affairs have developed a range of indicators to assist in assessing the sustainability of Council.

The table over page summarises the indicators and compares Council's actual results for the 2017/2018 financial year against the targets set by the Department.

Summary

Mount Isa City Council has achieved 2 of the 3 key targets for the 2018 financial year. Council remains in strong financial position to be able to deliver on its commitments to the community.

For further information please refer to Council's website at www.mountisa.qld.gov.au.





2017-18 ANNUAL REPORT

Measures of Financial Sustainability	Description	Target	Actual Performance 2018	Target Met
Operating surplus ratio	<p>Net Result (excluding capital items) Total Operating Revenue</p> <p>An indicator of which the extent to which revenues raised cover operational costs or are available for capital projects.</p>	0% to 10%	5.8%	✓
Asset sustainability ratio ##	<p>Capital Expenditure on the Renewal of existing Council Assets Depreciation Expense</p> <p>The extent to which existing infrastructure assets are being replaced. Infrastructure assets include buildings, roads, water and sewer.</p>	Greater than 90%	80.3%	✗
Net financial liabilities ratio **	<p>Total Liabilities less Current Assets Total Operating Revenue</p> <p>The extent to which financial liabilities such as loans and accounts payable can be serviced by Council's operating revenue.</p>	Less than 60%	-46.4%	✓

Council didn't meet this target as it invested a significant sum on upgrading and constructing new assets for our community.

** The negative number indicates that Council's current assets exceed its total liabilities. Council has outperformed this target & is in a very strong position to meet all its financial commitments.



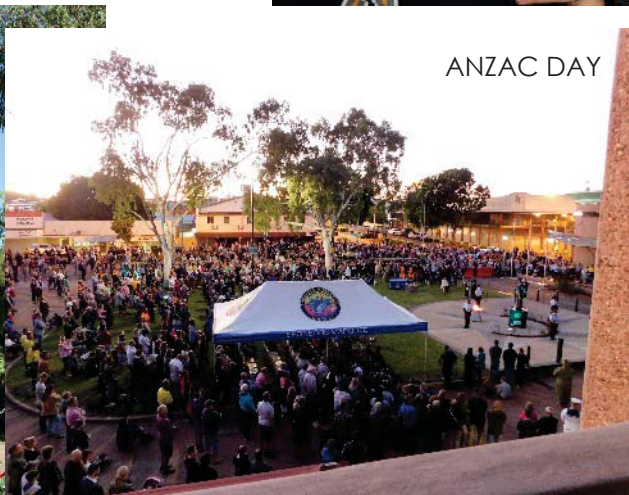
2017-18 ANNUAL REPORT



Timomatic - Outback Youth Has Talent



Vietnam Veterans Day



ANZAC DAY



Remembrance Day





2017-18 ANNUAL REPORT



MOUNT ISA CITY COUNCIL IS PROUD TO PRESENT

2018 Sign On Expo

SATURDAY 3RD FEBRUARY 2018
12:00 PM TO 3:00 PM
MOUNT ISA CIVIC CENTRE

IT'S A NEW YEAR, A NEW START

JOIN UP / SIGN ON

SPORT, ARTS & COMMUNITY GROUPS ON SHOW
A GREAT OPPORTUNITY TO EXPLORE YOUR OPTIONS

GET ACTIVE | HAVE FUN | MAKE FRIENDS

www.mountisa.qld.gov.au | city@mountisa.qld.gov.au | Phone 07 4747 3200





2017-18 ANNUAL REPORT



PROUDLY PRESENTED BY MOUNT ISA CITY COUNCIL

Carols by Candlelight
Sunday 3rd December 2017

THE KAZOOS

ENTERTAINMENT
THE KAZOOS
LOCAL TALENT
FIREWORKS
BROUGHT TO YOU BY
MOUNT ISA MINES

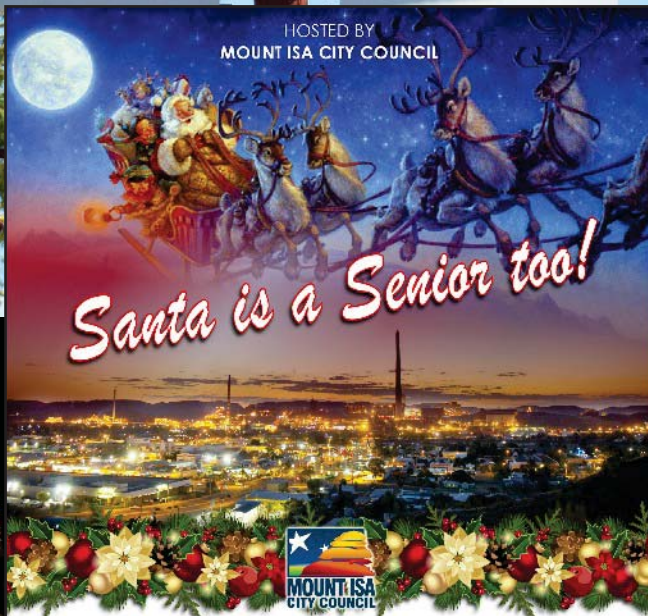
GREAT FOOD AND DRINK
OPTIONS AVAILABLE
**LUCKY DOOR
PRIZE!**

GATES OPEN 6:00 PM Location Buchanan Park
Entry/Candle Gold Coin Donation





2017-18 ANNUAL REPORT



Mayor of Mount Isa Cr Joyce McCulloch is pleased to invite all Seniors to a Christmas Lunch

Thursday 14th December 2017
 11:30 am start - 12:00 pm Lunch is served
 at the Mount Isa Civic Centre

Locals 60 Years of Age and over are invited to attend!
 For more information contact Penny on 4747 3282





2017-18 ANNUAL REPORT





2017-18 ANNUAL REPORT



Pet Day

Civic Centre Lawn

22 July 2017
10am-1pm

- PAWS ON PATROL
Qld Police & Neighbourhood Watch
- Bring your Dog ON LEASH for an Outdoor Cafe Experience with fellow dog owners
- FREE Tea & Coffee Station
- Sausage Sizzles, Sandwiches and Cold Drinks - Paws, Hoofs & Claws Fundraiser
- Petting Zoo and Jumping Castle
- Bring Proof of Desexing for new Registrations / Proof of Age for pets under 12 weeks of age

Free microchipping vouchers when you register your pet for the first time available at Pet Day until sold out!

Learn more about your pets in the RSPCA's state-of-the-art classroom on wheels filled with interactive animal welfare education.



Pet Day

9 June 2018 8:30 - 11:30 am
Bring your Dog ON LEASH for an Outdoor Cafe Experience with fellow dog owners **Civic Centre Lawn**

micro-chip vouchers*
de-sexing vouchers*
\$\$\$ HUGE SAVINGS \$\$\$
get in quick to secure yours!
*Proof of Mount Isa residency required
* Limited Supply

Delicious Food
Paws, Hoofs & Claws Fundraiser

FREE Tea & Coffee Station

PAWS ON PATROL
Qld Police & Neighbourhood Watch

Kids Jumping Castle

Pet Registration Counter Open

Pet Photo Competition
Doggie Hair & Fashion Show
AWESOME PRIZES!
Competition Details and Entry Form visit www.mountisa.qld.gov.au





2017-18 ANNUAL REPORT



Mayor Joyce together with Mount Isa City Council invite all 0-18 month olds and their families to attend



Welcoming Babies Day

Friday 16 March
10:00 am to 12:00 pm
Mount Isa Civic Centre

Official Certificate Photo with the Mayor
10:30 - 11:30 am

FORMS ON-LINE
Register your Baby
Register an Exhibit/Display
www.mountisa.qld.gov.au
Registration Closes 5:00 pm Monday 12 March

-  Exhibitor Displays
-  Giveaways
-  Morning Tea
-  Easter Bunny Fun!

Email events@mountisa.qld.gov.au | Phone 07 4747 3282





2017-18 ANNUAL REPORT



Australia Day

2018 Award Winners

- Young Citizen of the Year - Jessica Celona
- Citizen of the Year - Mary Jane Caldwell
- Senior Citizen of the Year - Steve Carson
- Senior Sports Award - Frank Lawler
- Junior Sports Award - Gyan Caampued
- Community Event of the Year - Mount Isa Apex Rock Pop Mime Show
- Southern Gulf Catchments Sarus Crane Award - Rex Whitehead
- Spirit of Mount Isa Award - Dr John Warren
- Michele Savoye
- Rebecca Lister
- Arts & Culture Award - Barry Merrick





Australia Day

Friday 26 January 2018

7:00 am Join us for Breakfast
Civic Centre front lawn

- Live Music
- Flag Raising
- Jumping Castle for the Kids
- Balloons and Temporary Tattoos

9:00 am Celebrate what's Great
Civic Centre auditorium

- Live Music
- Australia Day Awards
- Citizenship Ceremony
- Australia Day Cake




www.mountisacouncil.gov.au | Phone 08 4242 3200 | econtact@mountisacouncil.gov.au





2017-18 ANNUAL
REPORT

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 2018

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



General Purpose Financial Statements
for the year ended 30 June 2018

Table of Contents		Page
1. Primary Financial Statements:		
Statement of Comprehensive Income		2
Statement of Financial Position		3
Statement of Changes in Equity		4
Statement of Cash Flows		6
2. Notes to the Financial Statements		
1	Significant Accounting Policies	7
2(a)	Council Functions - Component Descriptions	16
2(b)	Council Functions - Analysis of Results by Function	17
3	Revenue Analysis	19
4	Grants, Subsidies, Contributions and Donations	20
5	Capital Income	21
6	Employee Benefits	22
7	Materials and Services	23
8	Finance Costs	23
9	Depreciation and Amortisation	24
10	Capital Expenses	24
11	Cash, Cash Equivalents and Investments	25
12	Trade and Other Receivables	26
13	Inventories	27
14	Non-Current Assets Classified as "Held for Sale"	28
15	Property, Plant and Equipment	29
16	Fair Value Measurements	34
17	Intangible Assets	41
18	Trade and Other Payables	41
19	Borrowings	42
20	Provisions	43
21	Asset Revaluation Surplus	44
22	Retained Surplus/(Deficiency)	45
23	Reserves	46
24	Commitments for Expenditure	47
25	Contingent Liabilities	47
26	Superannuation	47
27	Trust Funds	49
28	Reconciliation of Net Result for the year to Net Cash Inflow (Outflow) from Operating Activities	49
29	Events Occurring After Balance Sheet Date	50
30	Financial Instruments	50
31	Transactions with Related Parties	54
3. Management Certificate		57
4. Independent Auditor's Report		58
5. Current Year Financial Sustainability Statement		60
Certificate of Accuracy - Current Year Financial Sustainability Statement		62
Independent Auditor's Report - Current Year Financial Sustainability Statement		63
6. Long Term Financial Sustainability Statement		65
Certificate of Accuracy - Long Term Financial Sustainability Statement		68

Mount Isa City Council

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
Income					
Revenue					
Recurrent Revenue					
Rates, Levies and Charges	3a	40,673,374	38,698,080	40,760,576	38,771,221
Fees and Charges	3b	1,720,273	2,053,868	1,386,449	1,660,984
Rental Income	3c	77,673	77,058	-	-
Interest and Investment Revenue	3d	1,723,489	1,591,672	1,723,489	1,591,672
Sales Revenue	3e	2,014,982	1,652,852	1,189,664	526,520
Other Income	3f	3,136,693	3,169,094	3,116,426	3,094,248
Grants, Subsidies, Contributions & Donations	4a	9,756,402	14,126,853	9,756,402	14,126,853
Total Recurrent Revenue		59,102,886	61,369,478	57,933,007	59,771,498
Capital Revenue					
Grants, Subsidies, Contributions & Donations	4b	6,649,079	6,292,814	6,649,079	6,292,814
Total Revenue		65,751,966	67,662,292	64,582,086	66,064,312
Capital Income	5	17,547	58,559	17,547	58,559
Total Income		65,769,513	67,720,850	64,599,633	66,122,871
Expenses					
Recurrent Expenses					
Employee Benefits	6	13,472,752	14,636,286	11,816,992	12,611,018
Materials and Services	7	27,811,059	25,215,261	28,305,645	25,657,149
Finance Costs	8	1,865,337	1,931,510	1,853,541	1,919,409
Depreciation and Amortisation	9	12,518,150	11,742,007	12,493,185	11,716,911
Total Recurrent Expenses		55,667,298	53,525,064	54,469,363	51,904,486
Capital Expenses	10	31,750	107,810	31,750	107,810
Total Expenses		55,699,048	53,632,875	54,501,113	52,012,297
Operating Result		10,070,465	14,087,976	10,098,520	14,110,574
Net Result		10,070,465	14,087,976	10,098,520	14,110,574
Other Comprehensive Income					
Amounts which will not be reclassified subsequently to the Net Result					
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	21	5,894,046	2,143,402	5,894,046	2,143,402
Total Other Comprehensive Income		5,894,046	2,143,402	5,894,046	2,143,402
Total Comprehensive Income		15,964,511	16,231,378	15,992,566	16,253,976

Mount Isa City Council

Statement of Financial Position

as at 30 June 2018

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and Cash Equivalents	11	46,306,006	45,462,952	46,175,262	45,228,154
Trade and Other Receivables	12	9,206,766	6,725,846	9,189,510	6,785,078
Inventories	13	3,076,350	2,981,812	3,037,062	2,921,276
Non-Current Assets classified as Held for Sale	14	447,466	479,216	447,466	479,216
Total Current Assets		59,036,588	55,649,826	58,849,301	55,413,725
Non-Current Assets					
Property, Plant and Equipment	15	404,260,498	395,900,963	404,060,595	395,676,094
Intangible Assets	17	123,808	-	123,808	-
Other Financial Assets		-	-	1	1
Total Non-Current Assets		404,384,306	395,900,963	404,184,403	395,676,095
TOTAL ASSETS		463,420,894	451,550,789	463,033,704	451,089,820
LIABILITIES					
Current Liabilities					
Trade and Other Payables	18	4,729,363	7,365,378	4,554,235	7,144,530
Borrowings	19	1,374,164	1,508,151	1,374,164	1,508,151
Provisions	20	250,000	195,000	250,000	195,000
Total Current Liabilities		6,353,527	9,068,529	6,178,399	8,847,681
Non-Current Liabilities					
Trade and Other Payables	18	370,629	304,921	370,629	304,921
Borrowings	19	23,624,388	25,002,393	23,624,388	25,002,393
Provisions	20	1,240,267	1,307,368	1,240,267	1,307,368
Total Non-Current Liabilities		25,235,284	26,614,683	25,235,284	26,614,683
TOTAL LIABILITIES		31,588,811	35,683,212	31,413,684	35,462,363
Net Community Assets		431,832,082	415,867,577	431,620,020	415,627,457
COMMUNITY EQUITY					
Asset Revaluation Surplus	21	220,086,627	214,192,581	220,086,627	214,192,581
Retained Surplus/(Deficiency)	22	200,558,682	192,774,865	200,346,620	192,534,746
Reserves	23	11,186,773	8,900,131	11,186,773	8,900,131
Total Community Equity		431,832,082	415,867,577	431,620,020	415,627,457

Mount Isa City Council

Statement of Changes in Equity for the year ended 30 June 2018

Consolidated	Notes	Asset Revaluation Surplus \$	Retained Surplus \$	Other Reserves \$	Total Equity \$
2018					
Opening Balance (as per Last Year's Audited Accounts)		214,192,581	192,774,865	8,900,131	415,867,576
a. Net Operating Surplus for the Year		-	10,070,465	-	10,070,465
b. Other Comprehensive Income					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	5,894,046	-	-	5,894,046
Other Comprehensive Income		5,894,046	-	-	5,894,046
Total Comprehensive Income (a&b)		5,894,046	10,070,465	-	15,964,511
c. Transfer from Equity (rounding)		-	(5)	-	(5)
d. Transfers to Reserves		-	(2,286,642)	2,286,642	-
Equity Balance as at 30 June, 2018		220,086,627	200,558,682	11,186,773	431,832,082
2017					
Opening Balance (as per Last Year's Audited Accounts)		212,049,179	185,657,361	1,929,660	399,636,201
a. Net Operating Surplus for the Year		-	14,087,976	-	14,087,976
b. Other Comprehensive Income					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	2,143,402	-	-	2,143,402
- Other Movements - rounding		-	(1)	-	(1)
Other Comprehensive Income		2,143,402	(1)	-	2,143,401
Total Comprehensive Income		2,143,402	14,087,975	-	16,231,377
c. Transfers to Reserves		-	(17,519,871)	17,519,871	-
d. Transfers from Reserves		-	10,549,400	(10,549,400)	-
Equity Balance as at 30 June, 2017		214,192,581	192,774,865	8,900,131	415,867,577

Mount Isa City Council

Statement of Changes in Equity for the year ended 30 June 2018

Council	Notes	Asset Revaluation Surplus \$	Retained Surplus \$	Other Reserves \$	Total Equity \$
2018					
Opening Balance (as per Last Year's Audited Accounts)		214,192,581	192,534,746	8,900,131	415,627,458
a. Net Operating Surplus for the Year		-	10,098,520	-	10,098,520
b. Other Comprehensive Income					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	5,894,046	-	-	5,894,046
Other Comprehensive Income		5,894,046	-	-	5,894,046
Total Comprehensive Income (a&b)		5,894,046	10,098,520	-	15,992,566
c. Transfer from Equity (rounding)		-	(5)	-	(5)
d. Transfers to Reserves		-	(2,286,642)	2,286,642	-
Equity Balance as at 30 June, 2018		220,086,627	200,346,619	11,186,773	431,620,020
2017					
Opening Balance (as per Last Year's Audited Accounts)		212,049,179	185,394,643	1,929,660	399,373,482
a. Net Operating Surplus for the Year		-	14,110,574	-	14,110,574
b. Other Comprehensive Income					
- Revaluations : Property, Plant & Equip. Asset Revaluation Surplus	21	2,143,402	-	-	2,143,402
- Other Movements - rounding		-	-	-	(1)
Other Comprehensive Income		2,143,402	-	-	2,143,401
Total Comprehensive Income		2,143,402	14,110,574	-	16,253,975
c. Transfers to Reserves		-	(17,519,871)	17,519,871	-
d. Transfers from Reserves		-	10,549,400	(10,549,400)	-
Equity Balance as at 30 June, 2017		214,192,581	192,534,746	8,900,131	415,627,457

Mount Isa City Council

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from Customers		45,222,459	44,358,474	44,180,379	43,241,022
Payments to Suppliers and Employees		(44,179,468)	(37,679,481)	(42,967,460)	(36,201,276)
		1,042,991	6,678,994	1,212,918	7,039,747
Receipts:					
Investment and Interest Revenue Received		1,726,956	1,499,659	1,726,956	1,499,660
Rental Income		77,673	77,058	-	-
Non Capital Grants and Contributions		9,756,402	14,126,853	9,756,402	14,126,853
Payments:					
Borrowing Costs		(1,865,337)	(1,931,510)	(1,853,541)	(1,919,409)
Net Cash - Operating Activities	28	10,738,685	20,451,055	10,842,736	20,746,851
Cash Flows from Investing Activities					
Receipts:					
Sale of Property, Plant and Equipment		65,909	522,004	65,909	522,004
Sale of Investment Securities		-	272,318	-	272,318
Grants, Subsidies, Contributions and Donations		6,649,079	6,292,814	6,649,079	6,292,814
Payments:					
Purchase of Property, Plant and Equipment		(14,974,819)	(12,563,846)	(14,974,816)	(12,470,180)
Payments for Intangible Assets		(123,808)	-	(123,808)	-
Net Cash - Investing Activities		(8,383,639)	(5,476,710)	(8,383,636)	(5,383,044)
Cash Flows from Financing Activities					
Receipts:					
Nil					
Payments:					
Repayment of Borrowings and Advances		(1,511,992)	(1,494,203)	(1,511,992)	(1,494,203)
Net Cash Flow - Financing Activities		(1,511,992)	(1,494,203)	(1,511,992)	(1,494,203)
Net Increase/(Decrease) for the year		843,055	13,480,142	947,108	13,869,604
plus: Cash and Cash Equivalents - beginning		45,462,952	31,982,810	45,228,154	31,358,551
Cash and Cash Equivalents - closing	11	46,306,006	45,462,952	46,175,262	45,228,154

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Significant Accounting Policies

(1.a) Basis of preparation

These general-purpose financial statements are for the period 1 July 2017 to 30 June 2018 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 2018 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 2018

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.

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 19.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The potential impact of these standards are assessed below:

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- 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.

At 30 June 2018, Council had received pre-paid rates totalling \$744,647 which are recognised as revenue in the Statement of Comprehensive Income. If Council had applied AASB 1058 this year these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$744,647.

Council has reviewed the way income is measured and recognised and is of the opinion that with the exception of the above, there will be no 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

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

- 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 2018, 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 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 is accrued over the term of the investment. Dividends are recognised once they are declared.

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)

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

- 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 include 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.

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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

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 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.

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

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

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

Details of valuers and methods of valuations are disclosed in Note 16.

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.

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 15.

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

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

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.

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.

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

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 2018, 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.

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 2018.

(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.

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Significant Accounting Policies (continued)

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 2018

Note 2(a). Council Functions - Component Descriptions

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 2018

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Total Income	Gross Program Expenses		Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital			
	Other	Grant	Other	Other	Grant	Grant						
2018												
General Revenue and Financing	17,979,031	4,707,267	-	-	-	-	22,686,298	(340,056)	-	22,346,242	22,346,242	52,292,961
City Governance and Promotion	5,381	-	-	-	-	-	5,381	(668,347)	-	(662,966)	(662,966)	-
Corporate Services	100,863	80,000	-	-	-	-	180,863	(5,785,421)	-	(5,604,558)	(5,604,558)	62,094,632
Mobile Fleet Services	67,272	-	17,546	-	-	-	84,818	(3,342,736)	-	(3,257,918)	(3,257,918)	9,808,890
Community Services & Cemeteries	(3,462)	183,425	-	-	-	-	179,963	(1,039,898)	-	(859,935)	(859,935)	-
Library Services	12,186	205,911	-	-	-	-	218,097	(898,773)	-	(680,676)	(680,676)	-
Civic Centre	-	-	-	-	-	-	-	(241,364)	-	(241,364)	(241,364)	-
Sports & Recreation Services	80,054	34,000	14,432	-	-	-	128,486	(4,045,180)	-	(3,916,693)	(3,916,693)	668,039
Town Planning & Building Services	351,989	-	-	-	-	-	351,989	(832,885)	-	(480,896)	(480,896)	-
Tourism Services	-	-	-	-	-	-	-	(3,549,864)	-	(3,549,864)	(3,549,864)	80,032
Economic Development	109,692	-	-	-	-	-	109,692	(501,101)	(31,750)	(391,409)	(423,159)	2,687,950
Engineering Services	450	-	-	-	-	-	450	(951,930)	-	(951,480)	(951,480)	-
Roads, Bridges and Drainage	647,611	4,545,799	41,149	1,830,510	-	-	7,065,069	(10,777,627)	-	(5,584,217)	(3,712,558)	221,800,148
Contract Works	542,053	-	-	-	-	-	542,053	(534,548)	-	7,505	7,505	-
Water Infrastructure	16,427,719	-	13,614	-	-	-	16,441,333	(13,063,762)	-	3,363,957	3,377,571	51,453,640
Sewerage Infrastructure	7,279,517	-	6,520	4,742,854	-	-	12,028,891	(3,996,425)	-	3,283,092	8,032,466	61,661,376
Environmental Health Services and Natural Resource Management	412,252	-	-	-	-	-	412,252	(1,364,448)	-	(952,196)	(952,196)	-
Cleansing Services	4,163,996	-	-	-	-	-	4,163,996	(2,534,996)	-	1,629,001	1,629,001	486,035
Total Council	48,176,605	9,756,402	93,262	6,573,364	-	-	64,599,633	(54,469,363)	(31,750)	3,463,645	10,098,520	463,033,704
Controlled entity net of Eliminations	1,169,880	-	-	-	-	-	1,169,880	(1,197,935)	-	(28,055)	(28,055)	387,190
Total Consolidated	49,346,485	9,756,402	93,262	6,573,364	-	-	65,769,513	(55,667,298)	(31,750)	3,435,590	10,070,465	463,420,894

Mount Isa City Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

Functions	Gross Program Income						Total Income	Gross Program Expenses		Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital			
	Other	Grant	Other	Other	Grant	Grant						
\$	\$	\$	\$	\$	\$	\$	\$	\$				
2017												
General Revenue and Financing	23,484,309	-	-	-	-	-	23,484,309	(314,247)	-	23,170,062	23,170,062	50,817,254
City Governance and Promotion	-	-	-	-	-	-	-	(673,436)	-	(673,436)	(673,436)	-
Corporate Services	210,739	-	-	-	-	-	210,739	(5,454,884)	(43,250)	(5,244,145)	(5,287,395)	57,067,269
Mobile Fleet Services	84,623	-	58,559	-	-	-	143,182	(2,964,595)	(64,560)	(2,879,972)	(2,885,973)	9,241,414
Community Services & Cemeteries	160,747	-	-	-	-	-	160,747	(913,363)	-	(752,616)	(752,616)	-
Library Services	202,453	-	-	-	-	-	202,453	(960,462)	-	(758,009)	(758,009)	-
Civic Centre	-	-	-	-	-	-	-	(140,811)	-	(140,811)	(140,811)	-
Sports & Recreation Services	43,616	-	-	-	-	-	43,616	(3,786,217)	-	(3,742,601)	(3,742,601)	388,445
Town Planning & Building Services	350,080	-	-	-	-	-	350,080	(918,901)	-	(568,821)	(568,821)	-
Tourism Services	-	-	-	-	-	-	-	(3,407,144)	-	(3,407,144)	(3,407,144)	76,381
Economic Development	37,956	-	-	-	-	-	37,956	(320,522)	-	(282,566)	(282,566)	2,686,327
Engineering Services	2,931	-	-	-	-	-	2,931	(930,583)	-	(927,652)	(927,652)	-
Roads, Bridges and Drainage	7,683,349	-	2,043,336	-	-	-	9,726,685	(9,232,733)	-	(1,549,384)	493,952	217,631,986
Contract Works	146,740	-	-	-	-	-	146,740	(131,163)	-	15,577	15,577	-
Water Infrastructure	15,952,302	-	-	-	-	-	15,952,302	(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)	-	3,020,379	7,269,857	61,898,319
Environmental Health Services and Natural Resource Management	591,565	-	-	-	-	-	591,565	(1,634,721)	-	(1,043,156)	(1,043,156)	-
Cleansing Services	4,000,917	-	-	-	-	-	4,000,917	(3,086,006)	-	914,911	914,911	15,228
Total Council	59,771,498	-	6,351,373	-	-	-	66,122,871	(51,904,486)	(107,810)	7,867,012	14,110,574	451,089,820
Controlled entity net of Eliminations	1,597,980	-	-	-	-	-	1,597,980	(1,620,578)	-	(22,598)	(22,598)	460,969
Total Consolidated	61,369,478	-	6,351,373	-	-	-	67,720,850	(53,525,064)	(107,810)	7,844,414	14,087,976	451,550,789

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue Analysis

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
(a). Rates, Levies and Charges				
General Rates	13,800,464	12,865,038	13,887,666	12,938,179
Separate Rates	395,006	378,906	395,006	378,906
Water	14,819,862	14,626,259	14,819,862	14,626,259
Excess Water Charges	1,315,052	1,024,738	1,315,052	1,024,738
Sewerage	6,788,796	6,467,814	6,788,796	6,467,814
Garbage Charges	3,669,064	3,454,824	3,669,064	3,454,824
Total rates and utility charge revenue	40,788,244	38,817,578	40,875,446	38,890,719
Less: Pensioner concessions	(114,869)	(119,498)	(114,869)	(119,498)
<u>TOTAL RATES, LEVIES AND CHARGES</u>	<u>40,673,374</u>	<u>38,698,080</u>	<u>40,760,576</u>	<u>38,771,221</u>
(b). Fees and Charges				
Animal Control	314,442	497,704	314,442	497,704
Buchanan Park Fees	58,318	66,236	984	16,254
Building and Development Fees	351,989	348,226	351,989	348,226
Cemetery Fees	98,264	85,236	98,264	85,236
Civic Centre Operations	277,790	344,708	-	-
Finance	51,988	35,459	51,988	35,459
Refuse Tip and Recycling	435,762	497,558	435,803	497,558
Water and Sewerage	22,103	36,702	22,103	36,702
Other	109,616	142,039	110,876	143,844
<u>TOTAL FEES AND CHARGES</u>	<u>1,720,273</u>	<u>2,053,868</u>	<u>1,386,449</u>	<u>1,660,984</u>
(c). Rental Income				
Property Rental - Other Council Properties	77,673	77,058	-	-
<u>TOTAL RENTAL INCOME</u>	<u>77,673</u>	<u>77,058</u>	<u>-</u>	<u>-</u>
(d). Interest and Investment Revenue				
Interest Received from Cash and Investments	1,125,890	1,028,063	1,125,890	1,028,063
Interest Received from Other Sources	9,672	8,534	9,672	8,534
Interest from Overdue Rates and Utility Charges	587,927	555,075	587,927	555,075
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>1,723,489</u>	<u>1,591,672</u>	<u>1,723,489</u>	<u>1,591,672</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue Analysis (continued)

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
(e). Sales Revenue				
Sale of services				
Contract and Recoverable Works	542,053	146,740	542,053	146,740
Concrete Sales	647,574	378,125	647,611	379,780
Total Sale of Services	1,189,627	524,865	1,189,664	526,520
Sale of goods				
Other Sale of Goods	825,355	1,127,987	-	-
Total Sale of Goods	825,355	1,127,987	-	-
<u>TOTAL SALES REVENUE</u>	<u>2,014,982</u>	<u>1,652,852</u>	<u>1,189,664</u>	<u>526,520</u>

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. 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	923,098	984,280	902,831	909,433
MIWB Dividend	2,213,595	2,184,815	2,213,595	2,184,815
<u>TOTAL OTHER INCOME</u>	<u>3,136,693</u>	<u>3,169,094</u>	<u>3,116,426</u>	<u>3,094,248</u>

Note 4. Grants, Subsidies, Contributions and Donations

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
(a) Recurrent				
General Purpose Grants	6,125,550	8,520,668	6,125,550	8,520,668
State Government Subsidies and Grants	3,582,928	5,586,185	3,582,928	5,586,185
Contributions	47,924	20,000	47,924	20,000
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>9,756,402</u>	<u>14,126,853</u>	<u>9,756,402</u>	<u>14,126,853</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Grants, Subsidies, Contributions and Donations (continued)

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
(b) Capital					
State Government Subsidies and Grants		5,027,854	715,750	5,027,854	715,750
Commonwealth Government Subsidies and Grants		1,545,510	5,567,064	1,545,510	5,567,064
Contributions		75,715	10,000	75,715	10,000
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>		<u>6,649,079</u>	<u>6,292,814</u>	<u>6,649,079</u>	<u>6,292,814</u>

Note 5. Capital Income

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
Gain on disposal of non-current assets					
Proceeds from the Disposal of Property, Plant & Equipment		65,909	522,004	65,909	522,004
Less: Book Value of Property, Plant & Equipment Disposed	15	(48,362)	(463,445)	(48,362)	(463,445)
Gain on disposal of non-current assets		<u>17,547</u>	<u>58,559</u>	<u>17,547</u>	<u>58,559</u>
<u>TOTAL CAPITAL INCOME</u>		<u>17,547</u>	<u>58,559</u>	<u>17,547</u>	<u>58,559</u>

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6. Employee Benefits

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
Wages and Salaries		11,632,051	12,579,834	10,323,474	10,851,827
Annual, Sick and Long Service Leave Entitlements		1,940,881	2,031,033	1,820,177	1,990,987
Superannuation	26	1,428,091	1,551,904	1,297,162	1,389,128
Workers Compensation Insurance		173,165	112,175	166,631	108,000
Fringe Benefits Tax (FBT)		40,027	39,547	40,027	39,547
Councillors Remuneration		481,789	464,452	481,789	464,452
		<u>15,696,004</u>	<u>16,778,945</u>	<u>14,129,261</u>	<u>14,843,941</u>
Other Employee Related Expenses		114,023	118,302	25,006	28,038
		<u>15,810,027</u>	<u>16,897,247</u>	<u>14,154,267</u>	<u>14,871,979</u>
Less: Capitalised Employee Expenses		(2,337,275)	(2,260,961)	(2,337,275)	(2,260,961)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>13,472,752</u></u>	<u><u>14,636,286</u></u>	<u><u>11,816,992</u></u>	<u><u>12,611,018</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	88	108	65	84
Depot and Outdoors Staff	101	127	88	104
Total full time equivalent employees	<u>189</u>	<u>235</u>	<u>153</u>	<u>188</u>
Total Elected members	<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 2018

Note 7. Materials and Services

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
Advertising and Marketing	86,107	109,695	-	-
Administration Supplies and Consumables	51,184	57,211	-	-
Bulk Water Purchases	9,483,031	9,708,378	9,483,031	9,708,378
Communications and IT	22,438	21,566	-	-
Council Enterprises Support	527,986	208,402	2,427,986	2,308,402
Land Use Planning and Regulation	314,389	391,271	314,389	391,271
Parks and Gardens	1,577,937	1,384,013	1,577,937	1,384,013
Plant Running Costs	1,964,484	1,748,422	1,964,484	1,748,422
Power	289,593	284,001	-	-
Recruitment and Training	378,180	331,880	378,180	331,880
Road Maintenance	1,261,767	1,147,586	1,261,767	1,147,586
Flood works	4,077,856	3,267,269	4,077,856	3,267,269
Waste Management	1,403,685	1,872,213	1,403,685	1,872,213
Water and Sewerage Maintenance	2,043,459	1,890,956	2,043,459	1,890,956
(Gain) Loss on Write down of land held for development & sale	61,000	92,000	61,000	92,000
Audit Services - QAO	107,023	97,800	90,500	86,000
Audit Services - Other	-	918	-	918
Other	3,958,163	2,572,056	3,221,372	1,427,840
<u>TOTAL MATERIALS AND SERVICES</u>	<u>27,811,059</u>	<u>25,215,261</u>	<u>28,305,645</u>	<u>25,657,149</u>

Note 8. Finance Costs

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
Finance costs - Queensland Treasury Corporation	1,513,485	1,605,162	1,513,485	1,605,162
Bank Charges	174,284	147,229	162,488	137,474
Impairment of Debts	177,568	179,119	177,568	176,773
<u>TOTAL FINANCE COSTS</u>	<u>1,865,337</u>	<u>1,931,510</u>	<u>1,853,541</u>	<u>1,919,409</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Depreciation and Amortisation

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
Depreciation/Amortisation of Non Current Assets					
Buildings		1,316,217	1,253,106	1,316,217	1,253,106
Plant and Equipment		1,384,866	1,104,287	1,359,901	1,079,190
Road Infrastructure		5,298,721	5,133,684	5,298,721	5,133,684
Water		2,023,085	1,994,265	2,023,085	1,994,265
Sewerage		1,763,453	1,625,219	1,763,453	1,625,219
Other Structures		723,520	631,446	723,520	631,446
Total Depreciation of Non Current Assets	15	12,509,862	11,742,007	12,484,897	11,716,911
Amortisation of Intangible Assets					
Software		8,288	-	8,288	-
Total Amortisation of Intangible Assets	17	8,288	-	8,288	-
TOTAL DEPRECIATION AND AMORTISATION		12,518,150	11,742,007	12,493,185	11,716,911

Note 10. Capital Expenses

	Notes	Consolidated		Council	
		2018	2017	2018	2017
		\$	\$	\$	\$
(a) Loss on impairment					
Non-current assets classified as held for sale		31,750	43,250	31,750	43,250
(b) Other capital expenses					
Loss on Write-Off of Assets		-	64,560	-	64,560
		-	64,560	-	64,560
TOTAL CAPITAL EXPENSES		31,750	107,810	31,750	107,810

Mount Isa City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Cash and Cash Equivalents

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
Cash and Cash Equivalents				
Cash at Bank and on Hand	558,626	1,099,822	427,883	865,025
Cash Equivalent Assets				
- Deposits at Call	45,747,380	44,363,130	45,747,380	44,363,130
Total Cash and Cash Equivalents	46,306,006	45,462,952	46,175,262	45,228,154
<u>TOTAL CASH ASSETS AND CASH EQUIVALENTS</u>	<u>46,306,006</u>	<u>45,462,952</u>	<u>46,175,262</u>	<u>45,228,154</u>

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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Trade and Other Receivables

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
Current				
Rateable Revenue and Utility Charges	6,023,154	5,495,870	6,027,936	5,495,870
Water Charges not yet Levied	-	230,411	-	230,411
Other Debtors	3,137,958	825,990	3,113,347	882,648
GST Recoverable	242,215	172,490	242,215	172,490
Accrued Revenues				
- Interest on Investments	89,762	93,230	89,762	93,230
Prepayments	160,439	184,041	160,439	184,041
Total	9,653,528	7,002,031	9,633,699	7,058,689
less: Impairment				
Other Debtors	(2,574)	(2,573)	-	-
Rates and General Debtors	(444,189)	(273,612)	(444,189)	(273,612)
Total Impairment - Receivables	(446,762)	(276,185)	(444,189)	(273,612)
<u>TOTAL CURRENT TRADE & OTHER RECEIVABLES</u>	<u>9,206,766</u>	<u>6,725,846</u>	<u>9,189,510</u>	<u>6,785,078</u>

Movement in Impairment of Receivables

Opening balance at 1 July	(276,185)	(101,270)	(273,612)	(101,270)
<i>Add</i>				
Additional impairments recognised	(177,239)	(181,530)	(177,239)	(176,611)
<i>Less</i>				
Impairment debts written off during the year	6,662	6,615	6,662	4,269
Balance at the end of the year	(446,762)	(276,185)	(444,189)	(273,612)

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 2018

Note 13. Inventories

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
Current Inventories				
(a) Inventories held for sale				
Other Trading Stocks	24,128	38,579	-	-
Civic Centre Stock	15,161	21,957	-	-
	<u>39,288</u>	<u>60,535</u>	<u>-</u>	<u>-</u>
(b) Inventories held for distribution				
Quarry and Road Materials	305,505	140,880	305,505	140,880
Other - Fuel	43,607	31,446	43,607	31,446
	<u>349,112</u>	<u>172,326</u>	<u>349,112</u>	<u>172,326</u>
(c) Land purchased for development and sale				
	<u>2,687,950</u>	<u>2,748,950</u>	<u>2,687,950</u>	<u>2,748,950</u>
<u>TOTAL CURRENT INVENTORIES</u>	<u>3,076,350</u>	<u>2,981,812</u>	<u>3,037,062</u>	<u>2,921,276</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Non-current assets classified as "Held for Sale"

	Consolidated		Council	
	2018	2017	2018	2017
Notes	\$	\$	\$	\$
(i) Non Current Assets				
Current				
Non Current Assets "Held for Sale"				
Land & Buildings	447,466	479,216	447,466	479,216
<u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u>	<u>447,466</u>	<u>479,216</u>	<u>447,466</u>	<u>479,216</u>

Note 16 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 2019.

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

Assets "Held for Sale"

Opening Balance	479,216	520,538	479,216	520,538
less Impairment Losses:				
Assets "Held for Sale" - Losses on Revaluation	(31,750)	(43,250)	(31,750)	(43,250)
Sales costs incurred during the year	-	1,928	-	1,928
Closing Balance of "Held for Sale" Non-Current Assets	<u>447,466</u>	<u>479,216</u>	<u>447,466</u>	<u>479,216</u>

Mount Isa City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Property, Plant and Equipment

Measurement Basis	Note	Capital Work in Progress		Land	Buildings	Plant and Equipment	Road Infrastructure	Water		Sewerage	Other Structures	Total
		\$	Cost					Fair Value	Fair Value			
Opening Gross Balance - at Cost		6,702,183	-	-	57,341,026	17,143,814	-	-	-	-	18,217,762	42,063,759
Opening Gross Balance - at Fair Value		-	5,222,487	-	-	-	336,582,135	128,528,336	112,971,406	-	-	640,645,390
Opening Gross Balance		6,702,183	5,222,487	-	57,341,026	17,143,814	336,582,135	128,528,336	112,971,406	-	18,217,762	682,709,149
Additions*		15,213,002	-	-	-	-	-	-	-	-	-	15,213,002
Disposals	5 & 10	-	-	-	-	(373,268)	-	-	-	-	-	(373,268)
Revaluation Decrements to Equity (ARR)	21	-	(480,470)	-	(46,604)	-	-	-	-	-	-	(527,074)
Revaluation Increments to Equity (ARR)	21	-	-	-	-	-	4,908,981	2,042,221	2,388,532	-	-	9,339,734
Work in Progress Transfers		(13,845,316)	-	-	1,609,410	2,102,862	6,368,674	1,083,580	372,455	-	2,308,335	-
Transfers from/(to) Intangible Assets		(132,095)	-	-	-	-	-	-	-	-	-	(132,095)
Adjustments and Other Transfers	20	-	-	-	-	1	-	-	-	-	-	2
Total Consolidated Gross Value of Property, Plant and Equipment - at Cost		7,937,771	-	-	-	18,873,409	-	-	-	-	20,526,098	47,337,278
Total Consolidated Gross Value of Property, Plant and Equipment - at Fair Value		-	4,742,017	-	58,903,832	-	347,859,790	131,654,137	115,732,393	-	-	658,892,169
Total Consolidated Gross Value of Property, Plant and Equipment		7,937,771	4,742,017	-	58,903,832	18,873,409	347,859,790	131,654,137	115,732,393	-	20,526,098	706,229,447
Opening Accumulated Depreciation		-	-	-	21,380,861	7,747,464	122,708,750	78,001,871	51,216,229	5,753,012	-	286,808,187
Depreciation Expense	9	-	-	-	1,316,217	1,384,866	5,298,721	2,023,085	1,763,453	723,520	-	12,509,862
Disposals	5 & 10	-	-	-	-	(324,905)	-	-	-	-	-	(324,905)
Write off to P&L		-	-	-	-	57,190	-	-	-	-	-	57,190
Revaluation Increments to Equity (ARR)	21	-	-	-	(228,716)	-	660,688	1,186,305	1,300,337	-	-	2,918,614
Total Consolidated Accumulated Depreciation of Property, Plant and Equipment		-	-	-	22,468,362	8,864,615	128,668,159	81,211,262	54,280,018	6,476,533	-	301,968,949
Total Consolidated Net Book Value of Property, Plant and Equipment		7,937,771	4,742,017	-	36,435,470	10,008,794	219,191,631	50,442,875	61,452,375	14,049,565	-	404,260,498
Other Information												
Residual Value		-	-	-	15-80	2,563,654	7-1000	15-100	20-300	9-100	-	2,563,654
Range of Estimated Useful Life (years)		-	-	-	-	4-35	-	-	-	-	-	-
*Asset Additions Comprise												
Asset Renewals		-	-	-	2,547,612	1,091,756	3,305,957	594,689	121,640	2,368,158	-	10,029,812
Other Additions		-	470,263	-	831,827	294,385	1,750,376	745,491	334,725	624,028	-	5,051,095
Total Asset Additions		-	470,263	-	3,379,439	1,386,141	5,056,333	1,340,180	456,365	2,992,186	-	15,080,907

Mount Isa City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Property, Plant and Equipment (continued)

Measurement Basis	Note	Capital Work in Progress		Land		Buildings		Plant and Equipment		Road Infrastructure		Water		Sewerage		Other Structures		Total	
		\$	Cost	Fair Value	\$	Fair Value	\$	Fair Value	\$	Cost	Fair Value	\$	Fair Value	\$	Fair Value	\$	Cost	\$	Cost
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	-	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	-	56,257,300	-	16,443,396	-	331,674,753	127,048,854	107,270,028	-	-	-	17,940,191	-	-	689,052,938
Additions*		12,468,253	-	-	-	-	-	93,665	-	-	-	-	-	-	-	-	-	-	12,561,918
Disposals	10	-	-	-	-	-	-	(1,897,936)	-	-	-	-	-	-	-	-	-	-	(1,897,936)
Write-offs	10	-	-	-	-	-	-	(382,379)	-	-	-	-	-	-	-	-	-	-	(382,379)
Revaluation Decrements to Equity (ARR)	21	-	(494,513)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,918,146)
Revaluation Increments to Equity (ARR)	21	-	-	707,229	-	707,229	-	-	-	3,281,605	1,247,123	-	-	(1,423,633)	-	-	-	-	(1,918,146)
Work in Progress Transfers	21	(12,467,485)	-	319,697	-	319,697	-	2,887,069	-	1,625,778	232,359	-	-	7,125,011	-	277,571	-	-	5,235,957
Adjustments and Other Transfers		(1)	-	56,800	-	56,800	-	(1)	-	(1)	-	-	-	-	-	-	-	-	56,797
Total Consolidated Gross Value of Property, Plant and Equipment - at Cost		6,702,183	-	-	-	-	-	17,143,814	-	-	-	-	-	-	-	18,217,762	-	-	42,063,760
Total Consolidated Gross Value of Property, Plant and Equipment - at Fair Value		6,702,183	5,222,487	57,341,026	-	57,341,026	-	17,143,814	-	336,582,135	128,528,336	112,971,406	-	-	-	18,217,762	-	-	640,645,390
Total Consolidated Gross Value of Property, Plant and Equipment		6,702,183	5,222,487	57,341,026	-	57,341,026	-	17,143,814	-	336,582,135	128,528,336	112,971,406	-	-	-	18,217,762	-	-	682,709,150
Opening Accumulated Depreciation	9	-	-	19,800,676	-	19,800,676	-	8,395,487	-	116,616,638	75,184,527	50,468,387	-	-	-	5,121,566	-	-	275,587,282
Depreciation Expense	10	-	-	1,253,106	-	1,253,106	-	1,104,287	-	5,133,684	1,994,265	1,625,219	-	-	-	631,446	-	-	11,742,007
Disposals	10	-	-	-	-	-	-	(1,434,491)	-	-	-	-	-	-	-	-	-	-	(1,434,491)
Write-offs	10	-	-	-	-	-	-	(317,819)	-	-	-	-	-	-	-	-	-	-	(317,819)
Revaluation Decrements to Equity (ARR)	21	-	-	-	-	-	-	-	-	-	-	-	-	(877,377)	-	-	-	-	(877,377)
Revaluation Increments to Equity (ARR)	21	-	-	270,279	-	270,279	-	-	-	958,429	823,078	-	-	-	-	-	-	-	2,051,786
Adjustments and Other Transfers	21	-	-	56,799	-	56,799	-	1	-	(1)	-	-	-	-	-	-	-	-	56,799
Total Consolidated Accumulated Depreciation of Property, Plant and Equipment		-	-	21,380,861	-	21,380,861	-	7,747,464	-	122,708,750	78,001,871	51,216,229	-	-	-	5,753,012	-	-	286,808,187
Total Consolidated Net Book Value of Property, Plant and Equipment		6,702,183	5,222,487	35,960,165	-	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	-	15-80	-	4-35	-	7-1000	15-100	20-300	-	-	-	9-100	-	-	-

Mount Isa City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Property, Plant and Equipment (continued)

Measurement Basis	Capital Work in Progress		Land	Buildings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Total
	\$	Cost								
Opening Gross Balance - at Cost	6,702,183	-	-	-	16,827,337	-	-	-	18,217,762	41,747,282
Opening Gross Balance - at Fair Value	-	5,222,487	5,222,487	57,341,026	-	336,582,135	128,528,336	112,971,406	-	640,645,390
Opening Gross Balance	6,702,183	5,222,487	5,222,487	57,341,026	16,827,337	336,582,135	128,528,336	112,971,406	18,217,762	682,392,672
Additions*	15,213,002	-	-	-	-	-	-	-	-	15,213,002
Disposals	-	-	-	-	(373,268)	-	-	-	-	(373,268)
Revaluation Decrements to Equity (ARR)	-	(480,470)	(480,470)	(46,604)	-	-	-	-	-	(527,074)
Revaluation Increments to Equity (ARR)	-	-	-	-	-	4,908,981	2,042,221	2,388,532	-	9,339,734
Work in Progress Transfers	(13,845,316)	-	-	1,609,410	2,102,862	6,368,674	1,083,580	372,455	2,308,335	-
Transfers from/(to) Intangible Assets	(132,095)	-	-	-	-	-	-	-	-	(132,095)
Adjustments and Other Transfers	-	-	-	-	1	-	-	-	-	1
Total Council Gross Value of Property, Plant and Equipment - at Cost	7,937,771	-	-	-	18,556,932	-	-	-	20,526,098	47,020,801
Total Council Gross Value of Property, Plant and Equipment - at Fair Value	-	4,742,017	4,742,017	58,903,832	-	347,859,790	131,654,137	115,732,393	-	658,892,169
Total Council Gross Value of Property, Plant and Equipment	7,937,771	4,742,017	4,742,017	58,903,832	18,556,932	347,859,790	131,654,137	115,732,393	20,526,098	705,912,970
Opening Accumulated Depreciation	-	-	-	21,380,861	7,655,855	122,708,750	78,001,871	51,216,229	5,753,012	286,716,579
Depreciation Expense	-	-	-	1,316,217	1,359,901	5,298,721	2,023,085	1,763,453	723,520	12,484,897
Disposals	-	-	-	-	(324,905)	-	-	-	-	(324,905)
Write off to P&L	-	-	-	-	57,190	-	-	-	-	57,190
Revaluation Increments to Equity (ARR)	-	-	-	(228,716)	-	660,688	1,186,305	1,300,337	-	2,918,614
Total Council Accumulated Depreciation of Property, Plant and Equipment	-	-	-	22,468,362	8,748,041	128,668,159	81,211,262	54,280,018	6,476,533	301,852,375
Total Council Net Book Value of Property, Plant and Equipment	7,937,771	4,742,017	4,742,017	36,435,470	9,808,890	219,191,631	50,442,875	61,452,375	14,049,565	404,060,595
Other Information										
Residual Value	-	-	-	15-80	2,563,654	7-1000	15-100	20-300	9-100	2,563,654
Range of Estimated Useful Life (years)	-	-	-	-	4-35	-	-	-	-	-
*Asset Additions Comprise										
Asset Renewals	-	470,263	470,263	2,547,612	1,091,756	3,305,957	594,689	121,640	2,368,158	10,029,812
Other Additions	-	-	-	831,827	294,385	1,750,376	745,491	334,725	624,028	5,051,095
Total Asset Additions	-	470,263	470,263	3,379,439	1,386,141	5,056,333	1,340,180	456,365	2,992,186	15,080,907

Mount Isa City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Property, Plant and Equipment (continued)

Measurement Basis	Note	Capital Work in Progress		Land	Buildings		Plant and Equipment	Road Infrastructure	Water		Sewerage		Other Structures	Total
		\$	Cost		Fair Value	\$			Fair Value	Fair Value	\$	Fair Value		
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	5,717,000	56,257,300	16,220,584	331,674,753	127,048,854	127,048,854	107,270,028	17,940,191	-	17,940,191	668,830,126
Additions*		12,468,253	-	-	-	-	-	-	-	-	-	-	-	12,468,253
Disposals	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	-	277,571	5,235,957
Work in Progress Transfers	21	(12,467,485)	-	-	56,800	(1)	-	-	-	-	-	-	-	-
Adjustments and Other Transfers		(1)	-	-	-	16,827,337	-	-	-	-	-	-	-	16,827,337
Total Council Gross Value of Property, Plant and Equipment - at Cost		6,702,183	-	-	57,341,026	16,827,337	336,582,135	128,528,336	128,528,336	112,971,406	18,217,762	-	18,217,762	41,747,283
Total Council Gross Value of Property, Plant and Equipment - at Fair Value		-	5,222,487	5,222,487	57,341,026	16,827,337	336,582,135	128,528,336	128,528,336	112,971,406	18,217,762	-	18,217,762	640,645,390
Total Council Gross Value of Property, Plant and Equipment		6,702,183	5,222,487	5,222,487	57,341,026	16,827,337	336,582,135	128,528,336	128,528,336	112,971,406	18,217,762	-	18,217,762	682,392,673
Opening Accumulated Depreciation	9	-	-	-	19,800,676	8,328,975	116,616,638	75,184,527	50,468,387	5,121,566.00	-	-	5,121,566.00	275,520,769
Depreciation Expense	10	-	-	-	1,253,106	1,079,190	5,133,684	1,994,265	1,625,219	631,446	-	-	631,446	11,716,911
Disposals	10	-	-	-	-	(1,434,491)	-	-	-	-	-	-	-	(1,434,491)
Write-offs	10	-	-	-	-	(317,819)	-	-	-	-	-	-	-	(317,819)
Revaluation Decrements to Equity (ARR)	21	-	-	-	-	-	-	-	(877,377)	-	-	-	-	(877,377)
Revaluation Increments to Equity (ARR)	21	-	-	-	270,279	-	958,429	823,078	-	-	-	-	-	2,051,786
Adjustments and Other Transfers	21	-	-	-	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	-	-	5,753,012	286,716,579
Total Council Net Book Value of Property, Plant and Equipment		6,702,183	5,222,487	5,222,487	35,960,165	9,171,482	213,873,385	50,526,465	61,755,177	12,464,750	-	-	12,464,750	395,676,094
Other Information														
Residual Value		-	-	-	15-80	2,478,971	7-1000	-	15-100	-	-	-	-	2,478,971
Range of Estimated Useful Life (years)		-	-	-	15-80	4-35	7-1000	-	15-100	20-300	-	-	9-100	-

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Property, Plant and Equipment (continued)

Valuations

The last comprehensive revaluation of Land, Buildings & Infrastructure assets comprising of roads, water & sewer was undertaken as at 30/6/2016. As at 30/6/2018 a desktop review & indexation process was applied to all the mentioned asset classes. This was undertaken by registered valuers Australis Asset Advisory Group.

Land

Basis of valuation: Fair Value

Date of valuation: 30 June 2018.

Valuer: Adam Wallace AAPI, Certified Practising Valuer, Registration No. 2997, 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 2018.

Valuer: Adam Wallace AAPI, Certified Practising Valuer, Registration No. 2997, Australis Asset Advisory Group

Road Infrastructure

Basis of valuation: Written down current replacement cost

Date of valuation: 30 June 2018.

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 2018.

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 2018.

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 2018

Note 16. Fair Value Measurements

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 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 2018

Note 16. 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 mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
		\$	\$	\$	\$
2018 - Consolidated & Council Property, Plant and Equipment					
Land	30/06/16	-	4,003,797	738,220	4,742,017
Buildings	30/06/16	-	139,867	36,295,603	36,435,470
Road Infrastructure	30/06/16	-	-	219,191,632	219,191,632
Water	30/06/16	-	-	50,442,875	50,442,875
Sewerage	30/06/16	-	-	61,452,376	61,452,376
Total Property, Plant and Equipment		-	4,143,664	368,120,706	372,264,370
Non Current Assets classified as "Held for Sale"					
Land & Buildings	30/06/16	-	425,000	-	425,000
Total NCA's classified as "Held for Sale"		-	425,000	-	425,000
2017 - Consolidated & Council Property, Plant and Equipment					
Land	30/06/16	-	4,409,468	813,019	5,222,487
Buildings	30/06/16	-	152,527	35,807,638	35,960,165
Road Infrastructure	30/06/16	-	-	213,873,385	213,873,385
Water	30/06/16	-	-	50,526,465	50,526,465
Sewerage	30/06/16	-	-	61,755,177	61,755,177
Total Property, Plant and Equipment		-	4,561,995	576,649,069	367,337,679
Non Current Assets classified as "Held for Sale"					
Land & Buildings	30/06/16	-	456,750	-	456,750
Total NCA's classified as "Held for Sale"		-	456,750	-	456,750

(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 2018

Note 16. Fair Value Measurements (continued)

Land (Levels 2 and 3)

Land fair values were determined by independent valuers at Australis Advisory Group, effective 30 June 2018. 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 2018. 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 2018

Note 16. Fair Value Measurements (continued)

(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 current 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 written down current replacement cost 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 2018

Note 16. Fair Value Measurements (continued)

(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 2018.

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 2018

Note 16. Fair Value Measurements (continued)

(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 2018.

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 2018

Note 16. 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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Intangible Assets

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Intangible Assets represent identifiable non-monetary asset without physical substance.				
Intangible Assets are as follows;				
Software				
Opening Gross Carrying Value	-	-	-	-
Additions	132,095	-	132,095	-
Closing Gross Carrying Value	132,095	-	132,095	-
Opening Accumulated Amortisation and Impairment	-	-	-	-
Amortisation charges	(8,288)	-	(8,288)	-
Closing Accumulated Amortisation and Impairment	(8,288)	-	(8,288)	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>	<u>123,808</u>	<u>-</u>	<u>123,808</u>	<u>-</u>

Software assets have a finite life estimated at 10 years.
Straight line amortisation has been used with no residual value.

Note 18. Trade and Other Payables

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current				
Creditors and Accruals	3,394,534	6,127,355	3,326,411	6,043,350
ATO - Net GST Payable	(3,167)	(18,424)	-	-
Payments Received in Advance	185,123	-	185,123	-
Annual Leave	896,853	1,001,933	856,240	927,587
Other Entitlements	256,020	254,514	186,462	173,593
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>4,729,363</u>	<u>7,365,378</u>	<u>4,554,235</u>	<u>7,144,530</u>
Non-current				
Annual Leave	370,629	304,921	370,629	304,921
<u>TOTAL NON-CURRENT TRADE AND OTHER PAYABLES</u>	<u>370,629</u>	<u>304,921</u>	<u>370,629</u>	<u>304,921</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Borrowings

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current				
Loans - Queensland Treasury Corporation	1,374,164	1,508,151	1,374,164	1,508,151
<u>TOTAL CURRENT BORROWINGS</u>	<u>1,374,164</u>	<u>1,508,151</u>	<u>1,374,164</u>	<u>1,508,151</u>
Non-current				
Loans - Queensland Treasury Corporation	23,624,388	25,002,393	23,624,388	25,002,393
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>23,624,388</u>	<u>25,002,393</u>	<u>23,624,388</u>	<u>25,002,393</u>

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year	26,510,544	28,004,747	26,510,544	28,004,747
Principal Repayments	(1,511,992)	(1,494,203)	(1,511,992)	(1,494,203)
Book value at end of financial year	<u>24,998,552</u>	<u>26,510,544</u>	<u>24,998,552</u>	<u>26,510,544</u>

The QTC loan market value at the reporting date was \$28,997,756. 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.

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 December 2028 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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Provisions

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current				
Long Service Leave	250,000	195,000	250,000	195,000
<u>TOTAL CURRENT PROVISIONS</u>	<u>250,000</u>	<u>195,000</u>	<u>250,000</u>	<u>195,000</u>
Non-current				
Long Service Leave	1,240,267	1,307,368	1,240,267	1,307,368
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>1,240,267</u>	<u>1,307,368</u>	<u>1,240,267</u>	<u>1,307,368</u>
Long Service Leave				
Balance at Beginning of Financial Year	1,502,368	1,592,621	1,502,368	1,592,621
Additional Provision	271,167	218,905	271,167	218,905
Decrease due to Payments	(283,268)	(309,158)	(283,268)	(309,158)
Balance at End of Financial Year	<u>1,490,267</u>	<u>1,502,368</u>	<u>1,490,267</u>	<u>1,502,368</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Asset Revaluation Surplus

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Movements in the asset revaluation surplus:				
Balance at beginning of financial year	214,192,581	212,049,179	214,192,581	212,049,179
Net adjustment to non-current assets at end of period to reflect a change in current fair value:				
Land	(480,470)	(494,513)	(480,470)	(494,513)
Buildings	182,112	436,950	182,112	436,950
Road Infrastructure	4,248,293	2,323,176	4,248,293	2,323,176
Water	855,916	424,045	855,916	424,045
Sewerage	1,088,195	(546,256)	1,088,195	(546,256)
	<u>5,894,046</u>	<u>2,143,402</u>	<u>5,894,046</u>	<u>2,143,402</u>
Balance at end of financial year	<u>220,086,627</u>	<u>214,192,581</u>	<u>220,086,627</u>	<u>214,192,581</u>

Asset revaluation surplus analysis

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

Land	837,927	1,318,397	837,927	1,318,397
Buildings	1,753,506	1,571,394	1,753,506	1,571,394
Road Infrastructure	123,993,517	119,745,224	123,993,517	119,745,224
Water	53,700,018	52,844,103	53,700,018	52,844,103
Sewerage	39,801,659	38,713,463	39,801,659	38,713,463
Balance at end of financial year	<u>220,086,627</u>	<u>214,192,581</u>	<u>220,086,627</u>	<u>214,192,581</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Retained Surplus/(Deficiency)

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Movements in the retained surplus:				
Retained Surplus/(Deficit) at Beginning of Financial Year	192,774,865	185,657,361	192,534,746	185,394,643
Net Result Attributable to Council	10,070,465	14,087,976	10,098,520	14,110,574
Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:				
Capital Grants Reserve	(1,936,102)	(1,862,642)	(1,936,102)	(1,862,642)
Constrained Works Reserve	(75,714)	(10,001)	(75,714)	(10,001)
Environmental Levy Reserve	26,373	(348,097)	26,373	(348,097)
Transfers (to)/from Recurrent Reserves for Future Project Funding, or from Reserves funds that have been Expended or Closed:				
Operating Grants Reserve	(301,199)	(4,749,731)	(301,199)	(4,749,731)
Other Movements:				
Rounding Adjustment	(5)	-	(4)	-
Retained surplus at end of financial year	<u>200,558,682</u>	<u>192,774,865</u>	<u>200,346,620</u>	<u>192,534,746</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Reserves

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$

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	3,826,634	1,890,532	3,826,634	1,890,532
Constrained Works Reserve	207,800	132,086	207,800	132,086
Environmental Levy Reserve	1,008,070	1,034,443	1,008,070	1,034,443
	<u>5,453,538</u>	<u>3,468,095</u>	<u>5,453,538</u>	<u>3,468,095</u>

Reserves held for funding future recurrent exp:

Operating Grants Reserve	5,733,235	5,432,036	5,733,235	5,432,036
	<u>5,733,235</u>	<u>5,432,036</u>	<u>5,733,235</u>	<u>5,432,036</u>
<u>TOTAL RESERVES</u>	<u>11,186,773</u>	<u>8,900,131</u>	<u>11,186,773</u>	<u>8,900,131</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24. Commitments for Expenditure

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$

Contractual commitments

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

Consultants	199,009	-	199,009	-
EAP services	4,576	-	4,576	-
Legal services	16,500	-	16,500	-
Rocla - Isa Street bridge tender	647,790	-	647,790	-
Plant & Equipment purchases	1,325,856	480,619	1,325,856	480,619
Other - Agency services	13,340	-	13,340	-
	<u>2,207,071</u>	<u>480,619</u>	<u>2,207,071</u>	<u>480,619</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 2018 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$241,530 (2017: \$235,911).

Note 26. Superannuation

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 26. Superannuation (continued)

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Mount Isa City Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed 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." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 72 entities contributing to the scheme and any changes in contribution rates would apply equally to all 72 entities. Mount Isa City Council made less than 4% of the total contributions to the plan in the 2017-18 financial year. No changes have been made to prescribed employer super contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other superannuation contributions for employees	1,428,091	1,551,904	1,297,162	1,389,128
Total superannuation contributions paid by Council for employees	1,428,091	1,551,904	1,297,162	1,389,128

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 27. Trust Funds

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$
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	16,670	17,468	16,670	17,468
Security Deposits	31,926	33,206	31,926	33,206
	<u>48,596</u>	<u>50,674</u>	<u>48,596</u>	<u>50,674</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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net operating result from Income Statement	10,070,465	14,087,976	10,098,520	14,110,574
Non-cash items				
Depreciation and Amortisation	12,518,150	11,742,007	12,493,185	11,716,911
Impairment Losses Recognition - Property, Plant and Equipment	31,750	43,250	31,750	43,250
	<u>12,549,900</u>	<u>11,785,257</u>	<u>12,524,935</u>	<u>11,760,161</u>
Losses/(Gains) recognised on fair value re-measurements through the P&L				
Loss/(Gain) on Reval. of Land for Development & Resale	61,000	92,000	61,000	92,000
	<u>3,810</u>	<u>92,000</u>	<u>3,810</u>	<u>92,000</u>
Investing and development activities				
Net Losses/(Gains) on Disposal of Assets	(17,547)	(58,559)	(17,547)	(58,559)
Loss/(Gain) on Write-Off of Assets	-	64,560	-	64,560
Capital Grants and Contributions	(6,649,079)	(6,292,814)	(6,649,079)	(6,292,814)
	<u>(6,666,626)</u>	<u>(6,286,812)</u>	<u>(6,666,626)</u>	<u>(6,286,812)</u>
Changes in operating assets and liabilities:				
(Increase)/Decrease in Receivables	(2,651,497)	(1,405,392)	(2,575,009)	(1,108,722)
Increase/(Decrease) in Provision for Doubtful Debts	170,578	174,915	170,577	172,342
(Increase)/Decrease in Inventories	(155,538)	(92,882)	(176,785)	(102,430)
Increase/(Decrease) in Payables and Accruals	(2,732,821)	2,120,129	(2,716,939)	2,167,573
Increase/(Decrease) in Other Liabilities	162,514	66,117	192,352	32,418
Increase/(Decrease) in Employee Leave Entitlements	(12,098)	(90,253)	(12,098)	(90,253)
	<u>(5,218,863)</u>	<u>772,634</u>	<u>(5,117,903)</u>	<u>1,070,929</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>10,738,685</u>	<u>20,451,055</u>	<u>10,842,736</u>	<u>20,746,851</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 29. Events Occurring After Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 10/10/18.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2018.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2018 and which are only indicative of conditions that arose after 30 June 2018.

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

Note 30. Financial Instruments

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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 30. Financial Instruments (continued)

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.

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$

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	46,306,006	45,462,952	46,175,262	45,228,154
Receivables - Rates	6,023,154	5,495,870	6,027,936	5,495,870
Receivables - Other	3,023,172	1,045,936	3,001,135	1,105,167
	<u>55,352,333</u>	<u>52,004,757</u>	<u>55,204,334</u>	<u>51,829,191</u>

Other Credit Exposures

Guarantee	241,530	235,911	241,530	235,911
	<u>241,530</u>	<u>235,911</u>	<u>241,530</u>	<u>235,911</u>
Total	<u><u>55,593,863</u></u>	<u><u>52,240,668</u></u>	<u><u>55,445,864</u></u>	<u><u>52,065,102</u></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.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 30. Financial Instruments (continued)

	Consolidated		Council	
	2018	2017	2018	2017
	\$	\$	\$	\$

Ageing of receivables and the amount of any impairment is disclosed below:

Receivables

Fully Performing	3,109,412	1,227,222	3,119,434	1,283,880
Past due:				
- 31 to 60 days overdue	13,662	17,568	3,444	17,568
- 61 to 90 days overdue	6,547	65,207	2,763	65,207
- Greater than 90 days overdue	6,363,466	5,507,993	6,347,618	5,507,993
- Impaired	(446,760)	(276,185)	(444,188)	(273,612)
Total	9,046,327	6,541,805	9,029,071	6,601,036

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	Carrying Amount
				Contractual Cash Flows	
	\$	\$	\$	\$	\$
Consolidated					
2018					
Trade and Other Payables	3,576,490	-	-	3,576,490	3,576,490
Loans - QTC	2,803,813	11,215,251	21,438,874	35,457,938	24,998,552
	<u>6,380,303</u>	<u>11,215,251</u>	<u>21,438,874</u>	<u>39,034,428</u>	<u>28,575,043</u>
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>32,637,899</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 30. Financial Instruments (continued)

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total Contractual Cash Flows \$	Carrying Amount \$
Liquidity Risk (continued)					
Council					
2018					
Trade and Other Payables	3,511,534	-	-	3,511,534	3,511,534
Loans - QTC	2,803,813	11,215,251	21,438,874	35,457,938	24,998,552
	<u>6,315,347</u>	<u>11,215,251</u>	<u>21,438,874</u>	<u>38,969,472</u>	<u>28,510,086</u>
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>

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

Market Risk

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

Interest Rate Risk

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 1% increase 1% decrease \$		Equity 1% increase 1% decrease \$	
Consolidated and Council					
2018					
QTC Cash Fund	45,747,380	457,474	(457,474)	457,474	(457,474)
Net	<u>45,747,380</u>	<u>457,474</u>	<u>(457,474)</u>	<u>457,474</u>	<u>(457,474)</u>
2017					
QTC Cash Fund	44,363,130	443,631	(443,631)	443,631	(443,631)
Net	<u>44,363,130</u>	<u>443,631</u>	<u>(443,631)</u>	<u>443,631</u>	<u>(443,631)</u>

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

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			
Mount Isa City Council Owned Enterprises P/L	The principal activity of the Company is the management of various entertainment facilities in Mount Isa. 19 Marian Street, Mount Isa, Q 4825			
	Ownership		Voting Rights	
Interests in Subsidiary	2018	2017	2018	2017
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
	\$'000	\$'000		\$'000	\$'000
2018	\$'000	\$'000		\$'000	\$'000
MICCOE					
- Council sales to MICCOE as per Council records	91,938	-	See notes below ***	-	-
- Council purchases from MICCOE as per Council records	45,812	-		-	-
- Expenses paid on behalf of MICCOE & not invoiced	535,123	-		-	-
- Council sales to MICCOE showing as accruals	83,891	83,891		-	-
- MICCOE Rates issued 29/6/18	4,782	4,782		-	-
	761,546	88,673		-	-
2017	\$'000	\$'000		\$'000	\$'000
Subsidiaries Total	187,195	84,228	See notes below ***	-	-
	187,195	84,228		-	-

During the year, Mount Isa City Council provided a cash subsidy to MICCOE Pty Ltd of \$1,900,000. MICCOE Pty Ltd is substantially dependent on funding provided by Council. Funding support has been agreed to by the Council for the 2018-2019 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 2018

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
	\$'000	\$'000		\$'000	\$'000
2018					
1. MICC - Sharon Ibardolaza					
- Consultancy	407,437	-		-	-
2. MICCOE - Michelle Mo Low					
- Coach hire	59,373	-		-	-
	<u>466,810</u>	<u>-</u>		<u>-</u>	<u>-</u>
2017					
Other Related Parties Total	<u>420,652</u>	<u>-</u>		<u>-</u>	<u>-</u>
	420,652	-		-	-

- 1 SKLT Professional Services has been disclosed by the Chief Executive Officer as a related party entity and provides consultancy to Council.
- 2 Mount Isa Coach hire has been disclosed by a MICCOE board member as a related party entity.

(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 entity (currently Mount Isa City Council Owned Enterprises) are the Board members and the Business Manager.

Mount Isa City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 31. Transactions with Related Parties (continued)

	2018	2017
	\$000	\$000
The compensation paid to Key Management Personnel for comprises:		
Short-Term Employee Benefits	1,288,047	1,248,774
Post-Employment Benefits	120,744	122,795
Long-Term Benefits	28,505	54,951
Termination Benefits	8,461	-
Total	<u>1,445,757</u>	<u>1,426,520</u>

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. During the financial year, the consolidated council entity employed 189 staff of whom 6 were close family members of key management personnel. As at 30 June 2018, only 4 close family members remained as employees. Total salary earned during 2018 financial year of close family members was \$383,168.

(d) Outstanding Balances

There were no outstanding balances at 30/6/2018 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 30/6/2018.

(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 2018

Management Certificate for the year ended 30 June 2018

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with Section 212(5) of the Regulation, we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 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
10/10/2018



Sharon Ibardolaza

CHIEF EXECUTIVE OFFICER
10/10/2018

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 accompanying financial report of Mount Isa City 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 2018, and of their 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 consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the 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 the Mount Isa City Council annual report for the year ended 30 June 2018, 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 the 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 the 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 the 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 the 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 2018:

- 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.



Carolyn Dougherty
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Mount Isa City Council

Current Year Financial Sustainability Statement for the year ended 30 June 2018

	Actual Consolidated 2018	Actual Council 2018	Target 2018
--	--------------------------------	---------------------------	----------------

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾	5.81%	5.98%	0 - 10%
Total Operating Revenue (excluding capital items) ⁽²⁾			

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) ⁽³⁾	80.34%	80.34%	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	-46.44%	-47.36%	less than 60%
Total Operating Revenue (excluding capital items) ⁽²⁾			

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 2018

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 2018.

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 Local Government, Community Recovery and Resilience.

Mount Isa City Council

Current Year Financial Sustainability Statement for the year ended 30 June 2018

Certificate of Accuracy for the year ended 30 June 2018

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
10/10/2018



Sharon Ibardolaza

CHIEF EXECUTIVE OFFICER
10/10/2018

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 for the year ended 30 June 2018 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 2018 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Mount Isa City Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Carolyn Dougherty
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Mount Isa City Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2018

	Target 2018	Actual 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
							Forecast					

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators - Consolidated

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items) ⁽²⁾

0 - 10%	5.81%	-8.00%	1.39%	-0.71%	1.01%	1.20%	1.00%	-0.39%	1.12%	0.72%	-0.30%
---------	-------	--------	-------	--------	-------	-------	-------	--------	-------	-------	--------

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) ⁽³⁾

Depreciation Expense

> 90%	80.34%	207.42%	94.21%	88.63%	94.28%	94.00%	96.65%	93.56%	93.29%	93.29%	92.76%
-------	--------	---------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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) ⁽²⁾

< 60%	-46.44%	-21.42%	-22.60%	-21.21%	-19.45%	-18.96%	-17.67%	-15.85%	-15.34%	-14.79%	-13.39%
-------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

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 2018

	Target	Actual	Forecast									
	2018	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators - Council

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items) ⁽²⁾

0 - 10%	5.98%	-8.00%	1.39%	-0.71%	1.01%	1.20%	1.00%	-0.39%	1.12%	0.72%	-0.30%
---------	-------	--------	-------	--------	-------	-------	-------	--------	-------	-------	--------

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) ⁽³⁾

Depreciation Expense

> 90%	80.34%	207.42%	94.21%	88.63%	94.28%	94.00%	96.65%	93.56%	93.29%	93.29%	92.76%
-------	--------	---------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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) ⁽²⁾

< 60%	-47.36%	-21.42%	-22.60%	-21.21%	-19.45%	-18.96%	-17.67%	-15.85%	-15.34%	-14.79%	-13.39%
-------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

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 2018

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 Local Government, Racing & Multi-Cultural Affairs. 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 Local Government, Racing and Multi-Cultural Affairs.

Mount Isa City Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2018

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
10/10/2018



Sharon Ibardolaza

CHIEF EXECUTIVE OFFICER
10/10/2018



2017-18

Annual Report



www.mountisa.qld.gov.au | city@mountisa.qld.gov.au

07 4747 3200 |  MountIsaCityCouncil