Waratah Wynyard Council

Waratah-Wynyard Council
Financial Report
2015

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2015

	Note	Actual 2015 $	Budget 2015 $	Actual 2014 $
Income				
Recurrent Income				
Rates and charges	3	10,059,950	9,797,985	9,613,546
User Charges	4	1,976,045	1,692,411	1,665,112
Interest		289,873	350,650	337,935
Reimbursements/contributions		430,926	343,897	474,749
Grants	5	4,547,360	3,277,319	1,664,431
Distributions from Water Corporation	6	897,021	843,000	584,737
		18,201,175	16,305,262	14,340,510
Capital Income				
Capital Grants	5	711,372	395,440	395,440
Donated Assets		-	-	93,000
Recognition of assets	1(f),17	24,288,972	-	407,732
Gain/(Loss) on disposal of assets	7	(422,070)	(190,500)	(730,597)
Total Income		42,779,449	16,510,202	14,506,085
Expenses				
Employee costs	8	5,837,417	5,576,527	5,451,629
Materials and contracts	9	5,722,139	5,745,648	6,077,204
Depreciation and amortisation	10	4,107,681	4,141,685	4,080,093
State levies		431,108	449,891	427,496
Remissions and discounts	1(w)	346,830	350,329	553,203
Derecognition of assets	1(f),17	25,479	-	1,669,215
Other expenses	11	261,186	245,290	251,498
Total Expenses		16,731,840	16,509,370	18,510,338
Surplus/(Deficit)		26,047,609	832	(4,004,253)
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement)	17	(8,031,885)	-	6,223,044
		18,015,724	832	2,218,791
Items that may be reclassified subsequently to surplus or deficit				
Financial Assets available for sale reserve				
- Fair value adjustment on available for sale assets	12	346,530	-	3,099,658
Comprehensive Result		18,362,254	832	5,318,449

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position
As at 30 June 2015

	Note	Actual 2015 $	Actual 2014 $
Current Assets			
Cash and cash equivalents	13	8,585,075	5,343,456
Receivables	14	733,103	998,440
Inventories	15	113,378	110,546
Land held for resale	1(f)	465,000	465,000
Other	16	202,930	282,816
Total Current Assets		10,099,486	7,200,258
Non Current Assets			
Property, plant and equipment	17	149,254,423	133,539,063
Intangible assets	18	86,322	128,349
Receivables	19	2,936	7,269
Investment in Water Corporation	12	43,508,804	43,162,274
Total Non Current Assets		192,852,485	176,836,955
TOTAL ASSETS		202,951,971	184,037,213
Current Liabilities			
Payables	20	1,271,497	939,610
Financial Liabilities	21	5,400	5,400
Provisions	22	1,595,271	1,285,912
Total Current Liabilities		2,872,168	2,230,922
Non Current Liabilities			
Financial Liabilities	23	5,850	11,250
Provisions	24	306,333	389,675
Total Non Current Liabilities		312,183	400,925
TOTAL LIABILITIES		3,184,351	2,631,847
NET ASSETS		199,767,620	181,405,366
Equity			
Accumulated Surplus		146,096,329	120,048,720
Reserves	25	53,671,291	61,356,646
TOTAL EQUITY		199,767,620	181,405,366

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity
For year ended 30 June 2015

	Total		Accumulated Surplus		Reserves	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Balance at beginning of the year	181,405,366	176,086,917	120,048,720	124,054,689	61,356,646	52,032,228
Comprehensive Result	18,015,724	2,218,791	26,047,609	(4,004,253)	(8,031,885)	6,223,044
Transfer to Reserves	346,530	3,099,658	-	(1,716)	346,530	3,101,374
Transfer from Reserves	-	-	-	-	-	-
Balance at end of the year	199,767,620	181,405,366	146,096,329	120,048,720	53,671,291	61,356,646

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flows
For year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash Used			
Employee Costs		(5,589,435)	(5,440,374)
Materials and Contracts		(6,338,327)	(7,041,289)
State levies		(431,108)	(427,496)
Finance costs		-	-
Other expenses		(261,186)	(251,498)
		(12,620,056)	(13,160,657)
Cash Received			
Rates		10,055,636	8,807,752
User charges		2,031,256	1,818,798
Interest		296,900	306,056
Reimbursement of expenses		430,926	474,749
Government grants		4,547,360	1,664,431
GST recovered from ATO		868,080	776,725
		18,230,158	13,848,511
Net Cash provided by (used in) operating activities	26	5,610,102	687,854
Cash flows from investing activities			
Cash Used			
Payments for Property, Plant and Equipment		(4,139,658)	(3,871,439)
		(4,139,658)	(3,871,439)
Cash Received			
Investment revenue from Water Corporation		897,021	584,737
Proceeds from Sale of Property, Plant and Equipment		168,182	163,380
Capital grants		711,372	395,440
		1,776,575	1,143,557
Net cash provided by (used in) investing activities		(2,363,083)	(2,727,882)
Cash flows from financing activities			
Financial liabilities		(5,400)	(5,400)
Net cash (used in) financing activities		(5,400)	(5,400)
Net Increase in Cash Held		3,241,619	(2,045,428)
Cash at beginning of year		5,343,456	7,388,884
Cash at end of year	13	8,585,075	5,343,456

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

CONTENTS

Note No. | Page No.

INTRODUCTION

a The Waratah Wynyard Council was established on 2 April 1993 and is a body corporate with perpetual succession and a common seal.

The Council's Main Office is located at 21 Saunders St, Wynyard.

b The functions of the Council include:

- provide for health, safety and welfare of the community;
- to represent and promote the interests of the community;
- to provide peace, order and good government in the municipality;
- to promote the social, economic and environmental viability and sustainability of the municipal area;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

Basis of Reporting

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Local Government Act 1993 (LGA1993) (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), 1(l), 1(m), and 1(t).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full.

Judgements and Assumptions

In the application of Australian Accounting Standards, Council 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the Financial Report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 1(l).

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 29.

Fair Value of Property Plant & Equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 1(f) and in note 17.

Investment in Water Corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 1(i) and in note 12.

(b) Adoption of new and amended accounting standards

(i) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures and the relevant amending standards, AASB 2013-8 Amendments to Australian Accounting Standards- Australian Implementation Guidance for Not-for-Profit Entities - Control Structured Entities, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards, AASB 1012-10 Amendments to Australian Accounting Standards - Transition Guidance and other amendments (effective from 1 January 2014)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.

Council has undertaken an assessment and no material changes to the composition of Council's accounts are anticipated from the application of the new standard.

(ii) AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept. Council is still assessing the impact of these amendments.

AASB 2013-8 Amendments to Australian Accounting Standards- Australian Implementation Guidance for Not-for-Profit Entities - Control Structured Entities adds guidance to AASB 10 regarding criteria for determining whether one entity controls another entity from the perspective of not-for-profit entities.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards gives effect to many consequential changes to a number of standards arising from the issuance of the new consolidation and joint arrangements standard.

AASB 1012-10 Amendments to Australian Accounting Standards - Transition Guidance and other amendments provides guidance on amendments to AASB 10, AASB 11, and AASB 12 to simplify transition and provide relief from the disclosures in respect of unconsolidated structure entities on transition to the suite of consolidation standards. Also, provides guidance on the additional amendments to AASB 10 and related standards to revise their application paragraphs, so that they apply mandatorily to not-for-profit entities.

The adoption of this standard will not change the reported financial position and performance of Council.

(iii) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014)

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of Council.

(iv) AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)

This standard amends the disclosure requirements of AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this standard will not impact Council's accounting policies but may result in changes to information disclosed in the financial statements.

(v) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part A - Conceptual Framework effective from 20 December 2013; Part B - Materiality effective from 1 January 2014; Part C - Financial Instruments effective from 1 January 2015)

Part A of this standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013.

Part B of this standard deletes references to AASB 1031 Materiality in various other standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

The adoption of this standard will not impact Council's accounting policies.

Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

(vi) Interpretation 21 Levies
This Interpretation provides clarity that a liability to pay government imposed levies, other than income taxes, is deferred until thresholds are exceeded.

The adoption of this standard will not impact Council's accounting policies.

2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13] – The objective of this Standard is to make amendments to AASB 13 Fair Value Measurement to relieve not-for-profit public sector entities from certain disclosures applying to assets within the scope of AASB 116 Property, Plant and Equipment whose future economic benefits are not primarily dependent on the asset’s ability to generate future net cash inflows. There will be no material financial impact.

(c) Pending Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments and the relevant amending standards (effective from 1 January 2018) AASB 9 is one of a series of amendments that are expected to replace AASB 139 Financial Instruments: Recognition and Measurement. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss.

However, investments in equity instruments can be designated as 'fair value through other comprehensive income' assets. This designation is irrevocable. Council is likely to designate its investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The adoption of this standard will not impact Council's accounting policies.

(ii) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)

Under AASB 2014-3 business combination accounting is required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 Business Combinations.

The adoption of this standard will not impact Council's accounting policies.

(iii) AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* (effective from 1 January 2016)

This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

The adoption of this standard will not impact Council's accounting policies.

(iv) AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* (effective from 1 January 2016)

The amendments to AASB 101 do not require any significant change to current practice, but should facilitate improved reporting, including emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies.

The adoption of this standard will not impact Council's accounting policies.

(v) AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (effective from 1 January 2016)

The amendments extend the scope to AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities.

The adoption of this standard will not impact Council's accounting policies.

(vi) AASB 15 *Revenue from Contracts with Customers, and* AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* (effective from 1 January 2017).

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

The adoption of this standard will not impact Council's accounting policies.

(d) Revenue Recognition

Rates, grants and contributions

Rates, grants, and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Revenue is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-monetary contributions

Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue.

User fees and fines

Fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Rent

Rents are recognised as revenue when payment is due or the payment is received, whichever first occurs, Rental payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised progressively as it is earned.

Distributions

Distribution revenue is recognised when Council's right to receive payment is established.

Operating leases as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting, organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

(e) Expense Recognition

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Land, heritage, artworks and road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	2015	2014
Buildings	10 to 100 years	10 to 100 years
Land Improvements	4 to 150 years	4 to 150 years
Plant	3 to 15 years	3 to 15 years
Motor Vehicles	2 to 5 years	2 to 5 years

Office Equipment & Furniture	2 to 20 years	2 to 20 years
Stormwater/Drainage Systems	80 years	80 years
Roads	10 to 100 years	10 to 100 years
Bridges & Culverts	20 to 80 years	20 to 80 years

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

No borrowing costs were capitalised during the period, (2013/14, $0).

Finance costs include interest on bank overdrafts, borrowings and bank guarantee fees.

(f) Recognition and measurement of assets

Acquisition and Recognition

The cost method of accounting is used for the initial recording of all acquisition of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition including architectural fees and engineering design fees and all other costs incurred in getting the assets ready for use.

Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Non-Current Assets constructed by Council

The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Such assets are recognised as "Work in Progress" until they become available for service.

Recognition and De-recognition of Assets

Council is continually checking and updating its asset data base and makes adjustments to improve the accuracy of the data and any changes are shown in the Statement of Profit or Loss and Other Comprehensive Income.

Capitalisation of Expenditure

Expenditure is capitalised where the life of the future benefit can be accurately estimated and where the expenditure is above the following limits:

	$		$
Land	0	Plant and Equipment	1,000
Buildings	2,500	Bridges	5,000
Land Improvements	1,000	Drainage Assets	2,000
Furniture and Fittings	1,000	Roads	5,000

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

Depreciation of Non-Current Assets

All duly recognised non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential in those assets. Land is not a depreciable asset.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period as noted in 1 (e).

Impairment of Assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

Land held for resale

Land held for resale is valued at the lower of the carrying amount and fair value less costs to sell. It comprises residential blocks of land in Wynyard and Sisters Beach that is surplus to council's requirements and is expected to be sold in the next accounting period.

Intangible Assets

Council recognises intangible assets at cost in accordance with AASB138 and amortises them systematically over their useful lives in a manner which reflects the consumption of the service potential in those assets.

Revaluation

Council has adopted the following valuation bases for its non-current assets:

Land under roads	fair value
Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Heritage	cost
Investment in water corporation	fair value

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and fittings, are measured at their fair value in accordance with

AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.
In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 34, Fair Value Measurement.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council recognised the value of land under roads it controls at fair value.

(g) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of five months or less, net of outstanding bank overdrafts. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Cash and short term deposits are carried at face value of the amounts deposited. The carrying amounts of cash and short term deposits approximate net fair value. Interest revenue is accrued at the market or contracted rates and is receivable on maturity.

(h) Inventories

Inventories represent materials and store items intended for use by the Council. They are stated at the lower of cost and current replacement value. Costs have been assigned to inventory quantities on hand at balance date on the basis of average cost.

Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

(i) Investments in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance. At 30 June 2015, Council held a 2.81% (2014: 2.81%) ownership interest in TasWater which is based on schedule 2 of the Corporations Constitution which reflects the council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 12).

Council has classified this asset as an Available-for-Sale financial asset as defined in *AASB 139 Financial Instruments: Recognition and Measurement* and has followed *AASB 132 Financial Instruments: Presentation* and *AASB 7 Financial Instruments: Disclosures* to value and present the asset in the financial report.

Council has derived returns from the corporation as disclosed at note 6.

(j) <u>Investments</u>

Investments, other than investments in associates and property, are measured at cost.

(k) <u>Tender deposits</u>

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 20).

(l) <u>Employee benefits</u>

Wages & Salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Personal Leave

No amount is shown for non-vested personal leave as experience indicates that, on average, personal leave taken for each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods.

Sick Leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This includes all annual leave and unconditional long service leave entitlements.

Superannuation

Superannuation payments made on behalf of employees, are the statutory contributions required by law plus amounts that have been agreed to as part of The Enterprise Bargaining Agreement. Further details of the payments can be seen in Note 29.

(m) Interest bearing liabilities

Financial Liabilities loans are carried in the Statement of Financial Position at their principal amount. Interest expense is accrued at the contracted rate and included in "Creditors".

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the liability using the effective interest method.

(n) Leases

Finance leases as lessee
Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Currently Council has no finance leases.

Operating leases as lessee
Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.
Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

Leasehold improvements
Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(o) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(p) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax, Land Tax and the Goods and Services Tax.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except the GST component of investing and financing activities which are disclosed as operating cash flows.

(q) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar.

(r) Non-current assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(s) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Statement of Profit or Loss and Other Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the lease term.

(t) Significant Business Activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled in note 32. Council has determined, based upon materiality that Transport Infrastructure, Drainage and Parks and Recreation Facilities as defined in Note 2(c) are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees in preparing the information disclosed in relation to significant business activities.

Council is reviewing its operations to determine which activities meet the requirements for disclosure as a significant business activity.

(u) Provision for Gravel Pit Rehabilitation

Provision has been made for Gravel Pit rehabilitation and restoration on an incremental basis during the course of the life of the Pit (Refer to Note 24). Amounts are allocated to the provision based on the amount of gravel (in cubic metres) extracted from the Council's gravel pits at a rate of $3 per cubic metre.

(v) Joint Ventures

Council had no interest in joint ventures at the reporting date.

(w) Receivables

Settlement Terms

Debtors of Council are required to settle their accounts within specified terms including:

I. Rate Debtors

Either by 2 equal instalments or alternatively by the 31 August which provides a discount of 5%, or payment in full 6 weeks after the discount date. The discount provided is shown as an expense of the Council in its Statement of Profit or Loss and Other Comprehensive Income. Should amounts remain unpaid outside of the adopted payment options, Council will instigate collection proceedings in accordance with provisions of the *Local Government Act 1993 (as amended).*

II. Sundry Debtors

Within 30 days of issue of the account. Should amounts remain unpaid beyond 30 days Council instigates collection proceedings in accordance with provisions of the *Local Government Act 1993 (as amended).*

(x) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed by the creditor. Trade accounts payable are normally settled within 30 days.

(y) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.

(z) Comparative Information

Where necessary comparative figures have been amended to conform with changes in presentation in the current year.

(aa) Budget

The estimated revenue and expense amounts in the Statement of Profit or Loss and Other Comprehensive Income represent amended budget figures and are not subject to audit.

2. FUNCTIONS AND ACTIVITIES OF COUNCIL

Notes to and forming part of the Financial Report
For the year ended 30 June 2015

Note **2 (a)**: Expenses, Revenues and Assets have been attributed to the following functions/activities, descriptions of which are set out in note 2(c).

2015 ACTUAL	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES $	2,433,674	5,639,203	906,661	2,146,918	2,555,714	361,484	1,765,897	663,676	258,612	16,731,840
%	14.5	33.7	5.4	12.8	15.3	2.2	10.6	4.0	1.5	100.0
REVENUES $										
GRANTS	0	2,377,154	0	320,000	174,783	0	0	0	2,386,795	5,258,732
OTHER	1,587,269	24,288,873	248,877	130,973	1,119,652	394,271	1,706,684	842,962	7,201,156	37,520,717
TOTAL	1,587,269	26,666,027	248,877	450,973	1,294,435	394,271	1,706,684	842,962	9,587,951	42,779,449
%	3.7	62.3	0.6	1.1	3.0	0.9	4.0	2.0	22.4	100.0
SURPLUS/(DEFICIT) FOR YEAR										26,047,609
ASSETS (Note 2(b))	60,884,729	93,558,216	0	29,004,016	2,549,425	0	0	16,643,215	312,371	202,951,971

2015 BUDGET	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES $	2,782,015	4,899,796	827,787	1,902,741	2,359,924	341,778	1,772,636	811,461	432,450	16,130,588
%	17.2	30.4	5.1	11.8	14.6	2.1	11.0	5.0	2.7	100.0
REVENUES $										
GRANTS	0	1,723,601	0		65,372	0	0	0	1,875,325	3,664,298
OTHER	1,654,172	5,053	260,223	114,670	1,018,964	359,274	1,625,396	698,965	6,922,472	12,659,189
TOTAL	1,654,172	1,728,654	260,223	114,670	1,084,336	359,274	1,625,396	698,965	8,797,797	16,323,487
%	10.1	10.6	1.6	0.7	6.6	2.2	10.0	4.3	53.9	100.0
SURPLUS/(DEFICIT) FOR YEAR										192,899

2014 ACTUAL	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES $	3,225,681	5,288,927	958,215	3,278,126	2,316,034	349,098	1,736,962	944,126	413,169	18,510,338
%	17.4	28.6	5.2	17.7	12.5	1.9	9.4	5.1	2.2	100.0
REVENUES $										
GRANTS	0	1,062,912	0	0	117,805	0	0	0	879,154	2,059,871
OTHER	1,061,209	407,911	185,692	112,043	983,779	360,369	1,690,001	701,844	6,943,365	12,446,214
TOTAL	1,061,209	1,470,823	185,692	112,043	1,101,584	360,369	1,690,001	701,844	7,822,519	14,506,085
%	7.3	10.1	1.3	0.8	7.6	2.5	11.7	4.8	53.9	100.0
SURPLUS/(DEFICIT) FOR YEAR										(4,004,253)
ASSETS (Note 2(b))	57,481,329	69,292,092	0	28,913,757	2,582,753	0	0	25,476,838	290,444	184,037,213

2(b) Total assets shown in Note 2(a) are reconciled with the amounts shown for assets in the statement of financial position as follows:-

	2015 $	2014 $
Current Assets	10,099,486	7,200,258
Non-Current Assets	192,852,485	176,836,955
	202,951,971	189,037,213

2(c) Component Functions/Activities

The activities relating to the Local Government's components reported at 2(a) are as follows:-

Transport
Construction and maintenance of roads, footpaths, bridges and traffic signs. It also covers gravel pits and municipal car parks.

Development Services
Administration of various by-laws, health and building regulation and town planning and development services.

Parks & Recreation
Operation and maintenance of halls, recreation centres and various reserves.

Community Services
Operation of various children and youth services, state emergency services and public conveniences.

Waste Management
Operation of Wynyard Waste Transfer Station and rubbish collection services.

Drainage Services
Construction and maintenance of Council's Drainage Works.

Corporate Services
Operation and maintenance of Council Chambers, administration offices and depots. Items previously classified as Business Undertakings - operation of self-funded activities including the Waratah Post Office, rental of Council owned property at commercial rates and subdivision and sale of Council land – have been reclassified as Corporate Service activities. Animal control and cemeteries.

Fire Levy
Collected on behalf of the State Government for statewide fire services.

Other - Not Attributable
This grouping recognises revenue and expenditure items which do not fall into any of the above functions/activities.

	Actual 2015 $	Actual 2014 $

3. RATES AND CHARGES

Council uses Adjusted Assessed Annual Valuation (AAAV) as the basis of valuation of all properties within the municipality. The AAAV of a property is its valuation that has been adjusted to reflect movements in broad market valuations.

	Actual 2015 $	Actual 2014 $
General rate	7,201,128	6,943,365
Waste service charges	1,636,384	1,621,913
Fire levies	379,476	346,424
Stormwater service charges	842,962	701,844
Total Rates and Charges	10,059,950	9,613,546

The date of the latest general revaluation of land for rating purposes within the municipality was 1 July 2013, and the valuation will be first applied in the rating year commencing 1 July 2013.

4. USER CHARGES

	Actual 2015 $	Actual 2014 $
Childcare	978,984	832,435
Building and Development	188,530	129,344
Property Certificates	96,131	102,175
Other	712,400	601,158
Total User Charges	1,976,045	1,665,112

Ageing analysis of contractual receivables

Please refer to note 31 for the ageing analysis of contractual receivables.

5. GRANTS

Grants were received in respect of the following:

	Actual 2015 $	Actual 2014 $
Grants - Operating		
Roads		
Commonwealth Government Grant – General Purpose	2,386,795	879,154
Commonwealth Government Grants – Roads	1,797,661	570,135
Commonwealth Government Grants – Bridges	129,186	44,703
Heavy Vehicle Funding	58,935	52,634
Family and Children	172,833	108,330
Other	1,950	9,475
Total Operating grants	4,547,360	1,664,431
Grants - Capital		
Community Services		
Recreation	320,000	0
	320,000	0
Roads		
Roads to Recovery	391,372	395,440
	391,372	395,440
Total Capital Grant Revenue	711,372	395,440
Total Grants Revenues	5,258,732	2,059,871

Government funds received in relation to pensioner rates of $532,009 (2014:$511,088) were treated as rate revenue in the Statement of Profit or Loss and Other Comprehensive Income.

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2012-13 the Commonwealth made early payment of the two quarterly instalments for the following year. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there was no prepayment in 2013-14. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. This has impacted the Statement of Profit or Loss and Other Comprehensive Income with the early receipt of 2013-14 instalments resulting in the surplus/(deficit) being lower in 2013-14 by $1,572,958.

During 2014/15 The Australian Commonwealth Government announced that they would bring forward the first two payments of the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. This has impacted the Statement of Profit or Loss and Other Comprehensive Income with the early receipt of 2015-16 instalments resulting in the surplus/(deficit) being higher in 2014-15 by $1,425,738.

	Actual 2015 $	Actual 2014 $
Total Grants Revenues		
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - Roads to Recovery	391,372	395,440
Recreation	320,000	0
	711,372	395,440
Total Capital Grant Revenue	711,372	395,440
Recurrent Grants	4,547,360	1,664,431
Capital Grants	711,372	395,440
Total Grants Revenues	5,258,732	2,059,871

6. INVESTMENT REVENUE FROM WATER CORPORATION

Dividend revenue received	621,574	370,364
Tax equivalent received	209,989	142,485
Guarantee fee received	65,458	71,888
Total investment revenue from water corporation	897,021	584,737

7. GAIN/(LOSS) ON DISPOSAL OF ASSETS

Disposal of assets in the ordinary course of business have given rise to the following losses

Proceeds of sale	168,182	163,380
Less: Written down value of assets disposed	(590,252)	(893,977)
Net Gain/(Loss) on disposal	(422,070)	(730,597)

The majority of this loss ($393,224) was the write off of Drainage and Transport assets upon replacement.

		Actual 2015 $	Actual 2014 $
8.	EMPLOYEE COSTS		
	Wages, Salaries and Allowances	4,387,694	4,428,410
	Workers Compensation	232,621	163,167
	Superannuation Expenses	532,406	495,966
	Annual, Sick and Long Service Leave	858,028	614,193
	Other Employee Expenses	270,468	202,587
	Total Direct Employee Costs	6,281,217	5,904,323
	Less Amounts Capitalised	443,800	452,694
	Net Employee Costs	5,837,417	5,451,629
9.	MATERIALS AND CONTRACTS		
	Contract payments	2,502,650	2,649,877
	Waste Disposal	456,753	484,739
	Insurance	334,658	308,608
	Fuel	298,994	284,197
	Electricity	363,405	395,265
	Water and Sewerage	148,714	150,172
	Other Materials and Services	1,616,965	1,804,346
	Total Materials and Contracts	5,722,139	6,077,204
10.	DEPRECIATION AND AMORTISATION		
	Land Improvements	266,552	272,397
	Buildings	327,170	321,015
	Furniture and Fittings	72,057	85,692
	Plant and Equipment	348,129	268,105
	Roads	2,280,196	2,053,923
	Bridges	382,523	356,459
	Drainage Works	360,654	621,174
	Intangible Assets	70,400	101,328
		4,107,681	4,080,093
11.	OTHER EXPENSES		
	Audit Services - External Audit *	39,563	25,108
	- Other Audit Services	750	750
	Community Assistance Grants	46,117	33,893
	Councillor's Allowances (refer to note 30)	174,756	191,747
		261,186	251,498

* includes base audit fee of $25,090 (2013 -14 $23,790)

	Actual 2015 $	Actual 2014 $

12. INVESTMENT IN WATER CORPORATION

	Actual 2015 $	Actual 2014 $
Opening Balance	43,162,274	40,062,616
Fair value adjustments on Available-for-Sale Assets	346,530	3,099,658
	43,508,804	43,162,274

Council has derived returns from the water corporation as disclosed at note 6.

13. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Actual 2015 $	Actual 2014 $
Cash	2,470	2,470
Trading Account	2,309,409	318,623
Road Accident - Trust Account	11,047	9,831
Short Term Deposits	6,262,149	5,012,532
	8,585,075	5,343,456

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. This includes coverage of future commitments for infrastructure renewals, liabilities and reserve funds. Council has a policy of holding the value of the previous years' general rate as a cash reserve.

Council has a corporate credit card facility with a limit of $50,000. The balance is paid in full on a monthly basis.

Financing Arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Actual 2015 $	Actual 2014 $
Available at reporting date – Bank Overdraft	250,000	250,000

14. CURRENT ASSETS - RECEIVABLES

	Actual 2015 $	Actual 2014 $
Rates and Charges	398,575	741,091
Other Debtors	334,528	257,349
	733,103	998,440

Council had $314,746 in rates received in advance for 2014/15 (2013/14 $303,640).

15. CURRENT ASSETS - INVENTORIES

	Actual 2015 $	Actual 2014 $
Stores and Material	99,165	95,154
Post Office Stock	4,129	4,325
Wonders of Wynyard	10,084	11,067
	113,378	110,546

	Actual 2015 $	Actual 2014 $

16. CURRENT ASSETS - OTHER

Accrued Income	106,647	171,974
Prepayments	91,283	105,842
Security Deposits	5,000	5,000
	202,930	282,816

Accrued income only includes items that are reciprocal in nature. This does not include Rates in Advance.

17. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Land

At Fair Value	23,676,166	19,263,486
	23,676,166	19,263,486

The Council valuation was carried out by the Valuer-General, as at 30 June 2011 – based on current market value. This amount now includes Land under Roads.

Land Improvements

At Cost	8,319,036	7,878,562
Less Accumulated Depreciation	(2,693,589)	(2,427,036)
Work in Progress	3,782	6,062
	5,629,229	5,457,588

Buildings

At Fair Value	13,193,565	13,065,735
Less Accumulated Depreciation	(1,249,659)	(922,489)
Work in Progress	55,251	5,283
	11,999,157	12,148,529

The Council valuation was carried out by the Valuer General, as at 30 June 2011 – based on current market value.

Furniture and Fittings

At Cost	1,241,299	1,190,139
Less Accumulated Depreciation	(1,081,807)	(1,009,750)
Work in Progress	15,117	1,581
	174,609	181,970

Plant and Equipment

At Cost	4,866,393	4,599,436
Less Accumulated Depreciation	(2,041,772)	(2,022,597)
	2,824,621	2,576,839

Roads

At Cost	1,990,198	0
At Fair Value	131,966,082	112,124,101
Less Accumulated Depreciation	(58,969,417)	(57,357,724)
Work in progress	0	300,123
	74,986,863	55,066,500

The Council valuation was carried out by Council's Engineer, as at 1 July 2014 - based on depreciated replacement cost

	Actual 2015 $	Actual 2014 $
Bridges		
At Fair Value	24,140,746	24,424,876
At Cost	461,093	0
Less Accumulated Depreciation	(11,355,677)	(11,195,552)
Work in progress	75,201	139,189
	13,321,363	13,368,513

The Council valuation was carried out by Auspan, as at 30 June 2014 – based on depreciated replacement cost.

Drainage Assets		
At Fair Value	28.358.525	44,563,416
At Cost	891,709	0
Less Accumulated Depreciation	(12,607,819)	(19,429,010)
Work in progress	0	341,232
	16,642,415	25,475,638

The Council valuation was carried out by Council's Engineer as at 1 July 2014 – based on depreciated replacement cost.

TOTAL PROPERTY PLANT AND EQUIPMENT	149,254,423	133,539,063

Reconciliations:

Land		
Carrying amount at beginning of year	19,263,486	19,869,486
Donated asset	0	8,000
Derecognition of assets	0	(614,000)
Recognition of assets	4,412,680	0
Carrying amount at end of year	23,676,166	19,263,486
Land Improvements		
Carrying amount at beginning of year	5,457,588	5,517,506
Additions	438,194	212,479
Depreciation	(266,553)	(272,397)
Carrying amount at end of year	5,629,229	5,457,588
Buildings		
Carrying amount at beginning of year	12,148,529	13,047,937
Additions	177,798	251,492
Donated assets	0	85,000
Derecognition of assets	0	(794,495)
Disposals	0	(120,390)
Depreciation	(327,170)	(321,015)
Carrying amount at end of year	11,999,157	12,148,529
Furniture and Fittings		
Carrying amount at beginning of year	181,970	230,158
Additions	64,696	37,504
Disposals	0	0
Depreciation	(72,057)	(85,692)
Carrying amount at end of year	174,609	181,970

	Actual 2015 $	Actual 2014 $
Plant and Equipment		
Carrying amount at beginning of year	2,576,839	2,471,887
Additions	792,939	606,581
Disposals	(197,028)	(233,524)
Depreciation	(348,129)	(268,105)
Carrying amount at end of year	2,824,621	2,576,839
Roads		
Carrying amount at beginning of year	55,066,500	50,865,074
Additions	1,690,076	1,429,838
Disposals	(231,698)	(195,785)
Depreciation	(2,280,196)	(2,053,923)
Derecognition of Assets	(21,511)	0
Recognition of assets	19,876,292	10,472
Revaluation	887,402	5,010,824
Carrying amount at end of year	74,986,865	55,066,500
Bridges		
Carrying amount at beginning of year	13,368,513	11,953,896
Additions	397,105	422,318
Depreciation	(382,523)	(356,459)
Disposals	(61,732)	0
Recognition of assets	0	397,260
Derecognition of assets	0	(260,722)
Revaluation	0	1,212,220
Carrying amount at end of year	13,321,363	13,368,513
Drainage		
Carrying amount at beginning of year	25,475,638	25,543,492
Additions	550,477	897,598
Derecognition	(3,968)	(344,278)
Disposals	(99,792)	0
Depreciation	(360,654)	(621,174)
Revaluation	(8,919,286)	0
Carrying amount at end of year	16,642,415	25,475,638
Summary of Recognised and Derecognised Assets:		
Recognition of Assets		
Earthworks	19,807,806	366,770
Land Under Roads	4,412,680	0
Other	68,486	40,962
	24,288,972	407,732
Derecognition of Assets		
Boat Harbour Surf Club – Land	0	(575,000)
Boat Harbour Surf Club – Buildings	0	(160,131)
Somerset Recreation Ground Building Only	0	(101,501)
Wynyard Recreation Ground Clubrooms	0	(330,166)
Wynyard Wharf Building Only	0	(101,989)
Bridge Superstructures – Riverwalk	0	(250,248)
Other	(3,968)	(150,180)
Transport Assets	(21,511)	0
	(25,479)	(1,669,215)

		Actual 2015 $	Actual 2014 $
18.	NON CURRENT ASSETS – INTANGIBLE ASSETS		
	At Cost	544,619	512,757
	Less Accumulated Amortisation	(458,297)	(387,899)
	Work in progress	0	3,491
		86,322	128,349
	Reconciliation		
	Carrying amount at beginning of year	128,349	216,046
	Additions	28,372	13,630
	Amortisation	(70,399)	(101,327)
	Carrying amount at end of year	86,322	128,349
19.	NON CURRENT ASSETS – RECEIVABLES		
	Debtors - Long Term	2,936	7,269
20.	CURRENT LIABILITIES - PAYABLES		
	Trade and Other Payables		
	Trade Creditors	1,164,188	810,015
	Total Trade and Other Payables		
		1,164,188	810,015
	Trust Funds & Deposits	107,309	129,595
	Total Payables	1,271,497	939,610
21.	CURRENT LIABILITIES – FINANCIAL LIABILITIES		
	Secured Loans	5,400	5,400
22.	CURRENT LIABILITIES - PROVISIONS		
	Provisions for Annual Leave	524,430	524,211
	Provision for Long Service Leave	832,092	554,818
	Employee benefits - On-costs	193,400	165,637
	Provision for Banked Employee Time	28,092	27,116
	Purchased Leave	17,257	14,130
		1,595,271	1,285,912
23.	NON CURRENT LIABILITIES – FINANCIAL LIABILITIES		
	Secured Loans	5,850	11,250

Security for Borrowings

The loans are secured over the general rates of the Council.

		Actual 2015 $	Actual 2014 $
24.	NON CURRENT LIABILITIES - PROVISIONS		
	Provision for Long Service Leave	109,001	189,320
	Employee benefits - on-costs	11,140	19,348
	Provision for Gravel Pit Rehabilitation	186,192	181,007
		306,333	389,675
	Movement in Provision for Gravel Pit Rehabilitation		
	Opening balance	181,007	173,082
	Contributions received	5,185	7,925
	Rehabilitation Works	0	0
		186,192	181,007

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	2.0%
Discount rate	2.477%
Settlement term (years)	7
Number of employees at year end	84

		Actual 2015 $	Actual 2014 $
25.	RESERVES		
	Composition:		
	Asset Acquisition	154,018	154,018
	Public Open Space	139,453	139,453
	Bridge Replacement Reserve	696,000	696,000
	Asset Revaluation	48,475,994	56,507,879
	Financial Assets available for Sale Reserve	4,205,826	3,859,296
		53,671,291	61,356,646
	Movements:		
	Asset Acquisition		
	Balance at the beginning of the financial year	154,018	154,018
	Amount transferred from accumulated surplus	0	0
	Amount transferred to accumulated surplus	0	0
	Balance at the end of the financial year	154,018	154,018
	Public Open Space		
	Balance at the beginning of the financial year	139,453	137,737
	Amount transferred from accumulated surplus	0	1,716
	Amount transferred to accumulated surplus	0	0
	Balance at the end of the financial year	139,453	139,453
	Bridge Replacement Reserve		
	Balance at the beginning of the financial year	696,000	696,000
	Amount transferred from accumulated surplus	0	0
	Amount transferred to accumulated surplus	0	0
	Balance at the end of the financial year	696,000	696,000
	Asset Revaluation - Council		
	Balance at the beginning of the financial year	56,507,879	50,284,835
	Revaluation Assets	(8,031,885)	6,223,044
	Balance at the end of the financial year	48,475,994	56,507,879
	Financial Assets available for Sale Reserve		
	Balance at the beginning of the financial year	3, 859,296	759,638
	Fair Value Adjustment	346,530	3,099,658
	Balance at the end of the financial year	4,205,826	3,859,296

Nature and Purpose of Reserves:

Asset Acquisition Reserve

The amount standing to the credit of the Asset Acquisition Reserve resulted from prior period allocation of accumulated surplus for the purpose of identifying the surplus set aside for specific works to be conducted in future years. The reserve will be released to accumulated surplus when the specific works are undertaken. The balance in this account at 30 June 2015 represents amounts to be spent on specific works to be undertaken in the community.

Public Open Space Reserve

The amount standing to the credit of the Public Open Space Reserve resulted from prior period allocation of accumulated surplus for the purpose of identifying the surplus set aside for public open space works to be conducted in future years. The reserve will be released to accumulated surplus when the specific works are undertaken.

Bridge Replacement Reserve

The amount standing to the credit of the Bridge Replacement Reserve resulted from prior period allocation of accumulated surplus for the purpose of identifying the surplus set aside for replacement of bridges to be conducted in future years. The reserve will be released to accumulated surplus when the specific works are undertaken.

Asset Revaluation Reserves

This amount standing to the credit of the Asset Revaluation Reserve resulted from periodic revaluation of Assets.

Financial Assets available for Sale Reserve

The available-for-sale financial asset reserve was established to capture the fair value movements in Council's Water Corporation investment.

	Actual 2015 $	Actual 2014 $
26. RECONCILIATION OF SURPLUS/(DEFICIT) FOR YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for Year	26,047,609	(4,004,253)
Items not involving Cash		
Depreciation expense	4,107,681	4,080,093
Donated assets	0	(93,000)
Recognition of assets	(24,288,972)	(407,732)
Derecognition of assets	25,479	1,669,215
	(20,155,812)	5,248,576
Change in Operating Assets and Liabilities		
Receivables and other Assets	299,566	(227,158)
Payables	359,912	(122,672)
Provisions	247,982	11,255
Inventories	(2,832)	31,686
	904,628	(306,889)
Investing Activity		
Loss/(Profit) on disposal of Non-Current Assets	422,070	730,597
Distributions from Water Corporation	(897,021)	(584,737)
Capital Grants	(711,372)	(395,440)
	(1,186,323)	(249,580)
Cash flows from Operating Activities	5,610,102	687,854

27. CONTINGENT ASSETS & LIABILITIES

Council holds bank guarantees for the following:

Building frontage, landscaping/subdivision	48,846	23,287

These guarantees have not been recognised as assets as it is uncertain, and unlikely, that Council will require these funds.

Council has provided bank guarantees of $56,000 (2013/14 $0) as security deposits for rehabilitation of mining leases that it operates. These guarantees have not been recognised as liabilities as it is unlikely, that Council will not meet its obligations.

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

	Actual 2015 $	Actual 2014 $

28. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

	Actual 2015 $	Actual 2014 $
Not later than one year	567,747	41,643

(b) Finance Lease Commitments

Council held no finance lease commitments as at 30 June 2015.

(c) Operating Lease Commitments

Commitments under non-cancellable operating leases at the reporting date are payable as follows:-

	Actual 2015 $	Actual 2014 $
Not later than one year	15,245	18,599
Later than one year and not later than five years	28,331	28,389

Council leases equipment under non-cancellable operating leases. Leases generally provide Council with a right of renewal. Lease payments do not include any contingent rentals.

(d) Operating Expense Commitments

	Actual 2015 $	Actual 2014 $
Not later than one year	625,298	1,082,683

Council's commitments for expenditure are predominately based around environmental services such as waste management and contract street sweeping.

29. SUPERANNUATION

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), which is a sub fund of the Quadrant Superannuation Scheme (the Scheme). The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2015 the Council contributed 11.0% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was $66,310,000, the value of vested benefits was $57,475,000, the surplus over vested benefits was $8,835,000 and the value of total accrued benefits was $58,093,000. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

- Net Investment Return 7.0%

- Salary Inflation 4.0%
- Price Inflation n/a

The actuarial review concluded that:

- The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2014.
- The value of assets of the Fund was adequate to meet the value of the liabilities in respect of accrued benefits as at 30 June 2014.

  Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2017

  The Actuary recommended that in future the Council contribute 11.0% of salaries in 2014/15 and 9.5% of salaries thereafter.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017.

Council also contributes to other accumulation schemes on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

As required in terms of paragraph 148 of AASB 119 Employee Benefits, Council discloses the following details

- The 2014 actuarial review used the “aggregate” funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.

  Under the aggregate funding method of financing the benefits, the stability of the Councils’ contributions over time depends on how closely the Fund’s actual experience matches the expected experience. If the actual experience differs from that expected, the Councils’ contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members’ benefits.
- In terms of Clause 1.9.2 of the Scheme Trust Deed, there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members’ vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved. Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.
- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member’s benefits in respect of completed service. If additional assets are available they are applied to increasing members’ benefits.

  The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund’s assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was $0 (2013-14, $0), during the next reporting period the expected amount of contributions to be paid to defined benefits schemes is $0.

- The amount of contributions paid to Quadrant during the reporting period was $ 399,019 ($357,819 in 2013-14) and the amount paid to 23 other superannuation funds, none of which has a defined benefits superannuation plan, was $133,386 ($138,066 2013-14).
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Favourable investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of $66.3 million and members' Vested Benefits were $57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

30. RELATED PARTY DISCLOSURE

	2015 $	2014 $
a) Allowances	174,756	191,747

b) Register of Interests –

Interests of Councillors notified to the General Manager in respect of anybody or organisation with which the Council has significant financial dealings:

Cr. Robert Walsh (Mayor)	No Interest Declared
Cr. Mary Duniam (Deputy Mayor)	No Interest Declared
Cr. Maureen Bradley	No Interest Declared
Cr. Gary Bramich	No Interest Declared
Cr. Darren Fairbrother	No Interest Declared
Cr. Alwyn Friedersdorff	No Interest Declared
Cr Kevin Hyland	No Interest Declared
Cr. Stephen Wright	No Interest Declared
Cr. Colleen Dibley	No Interest Declared
Cr. John Smith	No Interest Declared
Cr. David Moore	No Interest Declared
Cr. Kevin Deakin	No Interest Declared

31. FINANCIAL INSTRUMENTS

Financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash and cash equivalents	13	Cash on hand, at bank and in cash management accounts are valued at face value.	The weighted average interest rate return on operating accounts at 30 June 2015 was 1.95% (1.50% in 2013/2014).
		Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash.	The weighted average interest rate return on term deposit investments at 30 June 2015 was 2.69% (3.58% in 2013/2014).
Receivables	14	An impairment loss is not recognised on rates receivable.	Unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.
		An allowance for impaired debts is recognised on other debtors when there is objective evidence that an impairment loss has occurred.	General debtors are unsecured and arrears do not attract interest.
		Collectability of overdue accounts is	

		assessed on an ongoing basis.	
Financial liabilities			
Trade and other payables	20	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	21	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 0.00% (0.00% in 2013/2014).
Bank Guarantees		Bank guarantees are given as security deposits for rehabilitation of mining leases it operates.	The cost is a flat 2% per annum. (0.00% in 2013/2014)
Bank Overdraft		Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates. The interest rate at balance date was 8.98%

(a) Financial Risk Management Risk Exposures

Risk Management policies and processes

The Council has exposure to the following risks from its use of financial instruments:

Credit Risk
Liquidity Risk
Market Risk

The General Manager has overall responsibility for the establishment and oversight of Council's risk management framework. Risk management policies are established to identify and analyse risks that Council may be exposed to, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Council has continued to develop its risk management framework within the organisation and has embedded risk management across the organisation as a whole.

Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivables are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 27.

Impairment Losses

The following table provides an ageing of the Council's trade and rate receivables (excluding non-current receivables) at the reporting date:

	30 June 2015		30 June 2014	
Trade receivables	Gross	Impairment	Gross	Impairment
Not past due	258,807	0	202,977	0
Past due 0-30 days	26,236	0	15,145	0
Past due 31-60 days	11,701	0	4,961	0
Past due 61-90 days	9,551	0	9,483	0
More than 90 days	28,233	0	24,784	0
Total trade receivables	334,528	0	257,350	0
Rates receivable	398,575	0	741,091	0
Total receivables	733,103	$0	998,441	$0

An allowance for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No allowance for impairment in respect of trade receivables has been recognised at 30 June 2015.

All rates receivable are in excess of 90 days. No allowance for impairment loss is recognised as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. Council manages this risk by cash forecasting to maintain adequate liquidity levels and cash holdings. Council also has an unused overdraft facility.

The debenture loans of Council are secured by trust deed and the total loan borrowings are limited to borrowings approved by Treasury. In accordance with section 80 of the Local Government Act 1993 (as amended) the borrowing capacity of the Council is limited as follows:

- Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year; and

- Grants made to a council for specific purposes are to be excluded in calculating 30% of the revenue of the council.

The current annual payments of loans by Council equate to 0.0003% of the revenue of the preceding financial year (2014 – 0.0004%).

Maturity analysis for financial liabilities

The following tables detail the undiscounted cash flows payable by the Council by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted and include estimated interest payments, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

	Less than 1 year	1-5 years	More than 5 years	Total contractual cash flows	Carrying amount
30 June 2015					
Payables	1,271,497	-	-	1,271,497	1,271,497
Financial liabilities	5,400	5,850	-	11,250	11,250
Total	1,276,897	5,850	-	1,282,747	1,282,747
30 June 2014					
Payables	939,610	-	-	939,610	939,610
Financial liabilities	5,400	11,250	-	16,650	16,650
Total	945,010	11,250	-	956,260	956,260

The Council has not defaulted on or breached the conditions of any loans payable recognised at balance date.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return to the Council.

The primary market risk that the Council is exposed to is interest rate risk.

Cash and cash equivalents are subject to floating interest rates. Any variations in future cash flows from interest rate movements are expected to have an immaterial effect on the Council's revenue.

Council obtains loans with competitive fixed interest rates or rates subject to review at specified dates to manage its exposure to interest rate risk.

The exposure of interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2015	Floating Interest rate	Fixed interest maturing in: One year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
Financial assets						
Cash and cash equivalents	2,320,456	6,262,149	-	-	2,470	8,585,075
Trade and other receivables	0	800	1,600	-	733,639	736,039
Accrued revenue	-	-	-	-	106,647	106,647
Investment in water corporation	-	-	-	-	43,508,804	43,508,804
Total financial assets	2,320,456	6,262,949	1,600	-	44,351,560	52,936,565
Financial liabilities						
Trade and other payables	-	-	-	-	1,164,188	1,164,188
Trust funds and deposits	-	-	-	-	107,309	107.309
Interest-bearing loans and borrowings	-	-	-	-	11,250	11,250
Total financial liabilities	-	-	-	-	1,282,747	1,282,747
Net financial assets (liabilities)	2,320,456	6,262,949	1,600	-	43,068,813	51,653,818

2014	Floating interest rate	Fixed interest maturing in: One year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
Financial assets						
Cash and cash equivalents	328,454	5,012,532	-	-	2,470	5,343,456
Trade and other receivables	-	1,200	3,600	-	1,000,911	1,005,711
Accrued revenue	-	-	-	-	171,974	171,974
Investment in water corporation	-	-	-	-	43,162,274	43,162,274
Total financial assets	328,454	5,013,732	3,600		44,337,629	49,683,415
Financial liabilities						
Trade and other payables	-	-	-	-	939,610	939,610
Trust funds and deposits	-	-	-	-	129,595	129,595
Interest-bearing loans and borrowings	-	-	-	-	16,650	16,650
Total financial liabilities	-	-	-	-	1,085,855	1,085,855
Net financial assets (liabilities)	328,454	5,013,732	3,600	-	43,251,774	48,597,560

Interest rate risk on deposits is managed by adopting practices that ensures:

- Conformity with State and Federal regulations and standards,
- Adequate safety,
- Appropriate liquidity

At the reporting date the Council had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	30 June 2015	30 June 2014
Financial assets		
Cash at bank and on hand	2,320,456	328,454
Short term investments	6,262,149	5,012,532
Total	8,582,605	5,340,986
Financial liabilities		
Interest bearing liabilities	0	0
Total	0	0
Net Total	8,582,605	5,340,986

Sensitivity Analysis of Council's Exposure to Possible Changes in Interest Rates

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The analysis assumes all other variables remain constant and was performed on the same basis for 2014.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

	Surplus/(Deficit)		Equity	
	2014/15	2013/14	2014/15	2013/14
+ 1% (100 basis points)	85,826	53,410	85,826	53,410
- 0.5% (50 basis points)	(42,913)	(26,705)	(42,913)	(26,705)

The movements in surplus/(deficit) are due to higher/lower interest costs from variable rate debt and cash balances.

(b) Net Fair Values and Categories of Financial Assets and Liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These include reference to quoted market prices or dealer quotes for similar instruments and discounted cash flow analysis.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Fair Values	30 June 2015 Carrying amount	30 June 2015 Fair Value	30 June 2014 Carrying amount	30 June 2014 Fair Value
	$	$	$	$
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	2,322,926	2,322,926	330,924	330,924
Short term investments	6,262,149	6,262,149	5,012,532	5,012,532
Receivables	736,039	736,039	1,005,709	1,005,709
Investment in Water Corporation	43,508,804	43,508,804	43,162,274	43,162,274
Accrued revenue	106,647	106,647	171,974	171,974
	52,936,565	52,936,565	49,683,413	49,683,413
Financial liabilities				
Payables	1,271,497	1,271,497	939,610	939,610
Interest bearing liabilities	11,250	11,250	16,650	16,650
Other liabilities	0	0	0	0
	1,282,747	1,282,747	956,260	956,260
Net financial assets	51,653,818	51,653,818	48,727,153	48,727,153

Carrying amounts classified as:	30 June 2015	30 June 2014
	$	$
Financial assets		
Loans and receivables	842,686	1,177,683
Cash and cash equivalents	8,585,075	5,343,456
Available for Sale Financial Assets	43,508,804	43,162,274
	52,936,565	49,683,413
Financial liabilities		
Financial liabilities measured at amortised cost	1,282,747	956,260
	1,282,747	956,260
Net financial assets / (liabilities)	51,653,818	48,727,213

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data

	Level 1	Level 2	Level 3	Total
30 June 2015				
Available for sale financial assets	-	-	43,508,804	43,508,804
Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive income				
30 June 2014				
Available for sale financial assets	-	-	43,162,274	43,162,274
Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive income				

There were no transfers between Level 1 and 2 in the period.

Reconciliation of Level 3 Fair Value Movements

	2015 $	2014 $
Opening Balance	43,162,274	40,062,616
Gains (losses) recognised in other comprehensive income:	346,530	3,099,658
Change in fair value movement in TasWater		
Closing Balance	43,508,804	43,162,274

32 SIGNIFICANT BUSINESS ACTIVITIES

2015	Drainage	Transport Infrastructure	Parks and Recreation Facilities
REVENUE			
Direct			
Rates	842,962	0	0
User Charges	0	0	95,127
Contributions	0	0	35,846
Government Grants	0	2,377,154	320,000
Other	0	24,288,873	0
	842,962	26,666,027	450,973
EXPENDITURE			
Direct			
Employee Costs	31,217	598,693	418,303
Materials & Contracts	63,145	1,309,750	739,719
Interest	0	0	0
Other	34,141	21,511	32,402
	128,503	1,929,954	1,190,424
Indirect			
Indirect Expenditure	174,518	1,026,760	599,821
Capital Costs			
Depreciation	360,654	2,682,489	356,672
Opportunity Costs of Capital	1,497,889	8,420,239	2,581,357
	1,858,543	11,102,728	2,938,029
Competitive Neutrality Costs	53,787	6,313,655	86,716

2014	Drainage	Transport Infrastructure	Parks and Recreation Facilities
REVENUE			
Direct			
Rates	701,844	0	0
User Charges	0	99	81,495
Contributions	0	80	30,548
Government Grants	0	1,062,912	0
Other	0	407,911	0
	701,844	1,471,002	112,043
EXPENDITURE			
Direct			
Employee Costs	28,747	535,018	358,302
Materials & Contracts	122,914	1,255,133	841,213
Interest	0	0	0
Other	386,685	260,720	0
	538,346	2,050,871	1,199,515
Indirect			
Indirect Expenditure	128,884	810,233	452,066
Capital Costs			
Depreciation	621,174	2,427,823	357,758
Opportunity Costs of Capital	2,292,915	6,716,802	2,602,238
	2,914,089	9,144,625	2,959,996
Competitive Neutrality Costs	1	3,637	140,891

33 MANAGEMENT INDICATORS

	Benchmark	2015 $'000	2014 $'000	2013 $'000	2012 $'000

(a) Underlying surplus or deficit

	Benchmark	2015	2014	2013	2012
Recurrent income* less		16,775	15,914	14,968	15,006
Recurrent expenditure		17,128	17,572	16,958	15,438
Underlying surplus/deficit	0	(353)	(1,658)	(1,990)	(432)

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

(b) Underlying surplus ratio

	Benchmark	2015	2014	2013	2012
Underlying surplus or deficit		(353)	(1,658)	(1,990)	(432)
Recurrent income*		16,775	15,914	14,968	15,006
Underlying surplus ratio %	0%	(2%)	(10%)	(13%)	(3%)

This ratio serves as an overall measure of financial operating effectiveness.

(c) Net financial liabilities

	Benchmark	2015	2014	2013	2012
Liquid assets less		9,318	6,341	8,234	8,530
Total liabilities		3,184	2,632	2,747	2,846
Net financial liabilities	0	6,134	3,709	5,487	5,684

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.

(d) Net financial liabilities ratio

	Benchmark	2015	2014	2013	2012
Net financial liabilities		6,134	3,709	5,487	5,684
Recurrent income*		16,775	14,341	14,970	15,815
Net financial liabilities ratio 0%	0 - (50%)	37%	26%	37%	36%

This ratio indicates the net financial obligations of Council compared to its recurrent income.

(e) Asset consumption ratio

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

	Benchmark	2015	2014	2013	2012
Roads					
Depreciated replacement cost		74,987	55,067	50,865	51,297
Current replacement cost		133,956	112,424	101,242	100,379
Asset consumption ratio %	40%-80%	56%	49%	50%	51%
Buildings					
Depreciated replacement cost		11,999	12,149	13,048	13,384
Current replacement cost		13,194	13,071	13,727	13,720
Asset consumption ratio 0%	40%-80%	91%	93%	95%	98%
Bridges					
Depreciated replacement cost		13,321	13,369	11,954	12,137
Current replacement cost		24,677	24,425	22,132	21,978
Asset consumption ratio %	40%-80%	54%	55%	54%	55%
Drainage					
Depreciated replacement cost		16,642	25,478	25,544	24,850
Current replacement cost		29,250	44,904	44,605	43,367
Asset consumption ratio %	40%-80%	57%	57%	57%	57%

This ratio indicates the level of service potential available in Council's existing asset base.

(f) Asset renewal funding ratio

An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

	Benchmark	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Roads					
Projected capital funding outlays**		1,545	1,381	1,381	1,381
Projected capital expenditure funding***		1,545	1,756	1,779	1,723
Asset renewal funding ratio %	90%-100%	100%	79%	78%	80%
Buildings					
Projected capital funding outlays**		208	239	239	239
Projected capital expenditure funding***		208	252	252	240
Asset renewal funding ratio %	90%-100%	100%	95%	95%	100%
Bridges					
Projected capital funding outlays**		111	N/A	N/A	N/A
Projected capital expenditure funding***		111	N/A	N/A	N/A
Asset renewal funding ratio %	90%-100%	100%	N/A	N/A	N/A
Drainage					
Projected capital funding outlays**		362	50	50	50
Projected capital expenditure funding***		362	0	0	0
Asset renewal funding ratio %	90%-100%	100%	0	0	0

** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.

*** Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.

This ratio measures Council's capacity to fund future asset replacement requirements.

(g) Asset sustainability ratio

	Benchmark	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Capex on replacement/renewal of existing assets		3,179	3,501	2,173	3,852
Annual depreciation		4,108	4,080	3,964	3,692
Asset sustainability ratio %	100%	77%	86%	55%	104%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.

(h) Asset sustainability ratio

	Capital renewal expenditure $'000	Capital new/upgrade expenditure $'000	Total Capital Expenditure $'000
Land Improvements	161	277	438
Buildings	91	87	178
Furniture	38	27	65
Plant	781	12	793
Roads	1,636	55	1691
Bridges	294	103	397
Drainage	167	383	550
Intangibles	11	17	28
Total	3,179	961	4,140

34. FAIR VALUE MEASUREMENTS

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

Investment in water corporation

Property, infrastructure plant and equipment

- Land
- Buildings
- Roads, including footpaths
- Bridges

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise land held for resale as disclosed in note 1(f). A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land held for sale)'.

(a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
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	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

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 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.

As at 30 June 2015	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		$'000	$'000	$'000	$'000
Land	17	-	23,676	-	23,676
Buildings	17	-	-	11,999	11,999
Roads, including footpaths	17	-	-	74,987	74,987
Bridges	17	-	-	13,321	13,321
Drainage	17	-	-	16,642	16,642
		-	23,676	116,954	140,625
Non-recurring fair value measurements					
Assets held for sale	1(f)	-	465	-	465
		-	465	-	465

Transfers between levels of the hierarchy

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

(b) Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

(c) Valuation techniques and significant inputs used to derive fair values

Council adopted AASB 13 *Fair Value Measurement* for the first time in 2013-14 and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Investment in water corporation

Refer to Note 12 for details of valuation techniques used to derive fair values.

	2015 $	2014 $
Opening Balance	43,162,274	40,062,616
Gains (losses) recognised in other comprehensive income:	346,530	3,099,658
Closing Balance	43,508,804	43,162,274

Land

The Council valuation was carried out by the Valuer General, as at 30 June 2011 – based on current market value. The fair value of the land was determined using the market approach.

Land held for sale

Land held for resale is valued at the lower of the carrying amount and fair value less costs to sell. It comprises residential blocks of land in Wynyard and Sisters Beach that is surplus to council's requirements and is expected to be sold in the next accounting period.

Land under roads

Land under roads has been valued based upon Waratah-Wynyard Municipal Area land values supplied by the Office of the Valuer General in July 2014. Total area of land under roads (being the entire road reserve where a Council-maintained road is constructed) was calculated separately for Urban and Rural areas. The VG's land value for the Primary Production land use class was used to value Rural land under roads. For Urban land under roads a weighted average of the Valuer Generals' values for Commercial, Industrial and Residential land use classes was used with the weighting being the proportion of all urban land in each class as recorded in Council's property and rates system.

Buildings

The Council valuation was carried out by the Valuer General, as at 30 June 2014 – The most significant input into this valuation approach was based on current market value.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.

While the unit rates based valuation by the Valuer General can be supported by market evidence (level 2), the estimates of useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Infrastructure assets

All Council infrastructure assets were fair 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 amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects 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.

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

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives are disclosed in Note 1(e)

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

Roads, including footpaths

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of variable length, generally based on urban blocks, while rural roads are managed in variable lengths according to intersections. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 30 cm irrespective of traffic conditions. Where construction is outsourced material and services prices are based on existing supplier contract rates or supplier price lists and for internal construction estimates, CRC is based on the average of completed similar projects over the last few years.

Council have revalued roads at 30 June 2014 at current replacement rates.

Bridges

The Council valuation was carried out by Auspan, as at 30 June 2014 – based on depreciated replacement cost. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure where applicable. The valuation is based on the material type used for construction and the replacement rates.

Drainage

The Council valuation was carried out by Council's Engineer as at 30 June 2012 – based on depreciated replacement cost. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 17 (Property, infrastructure, plant and equipment).

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

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation is set out in note 1(f), 1(j) respectively.

Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

(f) Assets and liabilities not measured at fair value but for which fair value is disclosed

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer note 31)

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 31 equates to the carrying amount as the carrying amount approximates fair value (level 2).

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

Certification of the Financial Report

The financial report presents fairly the financial position of the Waratah-Wynyard Council as at 30 June 2015, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the Local Government Act 1993 (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.

Michael Stretton
General Manager

Date: 13th August 2015

Tasmanian
Audit Office

Independent Auditor's Report

To the Councillors of Waratah-Wynyard Council

Financial Report for the Year Ended 30 June 2015

Report on the Financial Report

I have audited the accompanying financial report of Waratah-Wynyard Council (Council), which comprises the statement of financial position as at 30 June 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

(a) presents fairly, in all material respects, its financial position as at 30 June 2015 and financial performance, cash flows and changes in equity for the year then ended

(b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

The Responsibility of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information or the asset renewal funding ratio in Council's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office

E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
28 September 2015

Waratah-Wynyard Council
21 Saunders Street
WYNYARD   TAS   7325
Telephone: 03 6443 8333
Fax: 03 6443 8383
Email: council@warwyn.tas.gov.au
Website: www.warwyn.tas.gov.au