



Waratah-Wynyard Council Financial Report 2017

Statement of Comprehensive Income
For the Year Ended 30 June 2017

	Note	Actual 2017 \$	Budget 2017 \$	Actual 2016 \$
Income				
Recurrent Income				
Rates and charges	3	10,721,088	10,584,924	10,443,902
User Charges	4	2,146,954	1,977,839	2,004,378
Interest		240,106	265,230	292,770
Reimbursements/contributions		704,975	564,680	568,696
Grants	5	4,364,337	2,939,321	1,555,947
Distributions from Water Corporation	6	863,925	843,000	798,176
		19,041,385	17,174,994	15,663,869
Capital Income				
Capital Grants	5	958,240	1,291,743	1,658,285
Capital Reimbursements	18	1,353,077	-	-
Gain/(Loss) on disposal of assets	7	(224,848)	(257,767)	(446,838)
Total Income		21,127,854	18,208,970	16,875,316
Expenses				
Employee costs	8	6,247,364	6,067,447	6,169,374
Materials and contracts	9	6,336,086	5,702,744	5,686,481
Depreciation and amortisation	10	3,990,640	4,164,255	4,071,746
State levies		481,055	483,246	458,118
Borrowing Costs	11	15,568	16,450	128
Remissions and discounts	1(w)	374,011	365,774	367,115
Other expenses	12	255,335	248,933	245,216
Total Expenses		17,700,059	17,048,849	16,998,178
Surplus/(Deficit)		3,427,795	1,160,121	(122,862)
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement)	18	-	-	(206,216)
		3,427,795	1,160,121	(329,078)
Items that may be reclassified subsequently to surplus or deficit				
Financial Assets available for sale reserve				
- Fair value adjustment on available for sale assets	13	290,295	-	740,603
Comprehensive Result		3,718,090	1,160,121	411,525

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

Statement of Financial Position
As at 30 June 2017

	Note	Actual 2017 \$	Actual 2016 \$
Current Assets			
Cash and cash equivalents	14	7,525,339	8,047,424
Receivables	15	853,605	848,475
Inventories	16	116,467	107,653
Land held for resale	1(f)	110,182	110,182
Other	17	1,540,924	635,882
Total Current Assets		10,146,517	9,749,616
Non Current Assets			
Property, plant and equipment	18	153,676,811	149,957,944
Intangible assets	19	263,059	84,148
Receivables	20	-	800
Investment in Water Corporation	13	44,539,702	44,249,407
Total Non Current Assets		198,479,572	194,292,299
TOTAL ASSETS		208,626,089	204,041,915
Current Liabilities			
Payables	21	1,500,845	1,367,290
Financial Liabilities	22	108,466	49,136
Provisions	23	1,797,839	1,819,740
Total Current Liabilities		3,407,150	3,236,166
Non Current Liabilities			
Financial Liabilities	24	1,098,248	456,714
Provisions	25	353,202	299,636
Total Non Current Liabilities		1,451,450	756,350
TOTAL LIABILITIES		4,858,600	3,992,516
NET ASSETS		203,767,489	200,049,399
Equity			
Accumulated Surplus		149,253,458	145,825,663
Reserves	26	54,514,031	54,223,736
TOTAL EQUITY		203,767,489	200,049,399

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

Statement of Changes in Equity
For year ended 30 June 2017

	Total		Accumulated Surplus		Reserves	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	200,049,399	199,637,874	145,825,663	145,953,583	54,223,736	53,684,291
Comprehensive Result	3,427,795	(329,078)	3,427,795	(122,862)	-	(206,216)
Transfer to Reserves	290,295	740,603	-	(5,058)	290,295	745,661
Transfer from Reserves	-	-	-	-	-	-
Balance at end of the year	203,767,489	200,049,399	149,253,458	145,825,663	54,514,031	54,223,736

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash Used			
Employee Costs		(6,226,846)	(5,897,761)
Materials and Contracts		(7,549,369)	(6,694,780)
State levies		(481,055)	(458,118)
Finance costs		(15,235)	-
Other expenses		(255,335)	(689,839)
		(14,527,840)	(13,740,498)
Cash Received			
Rates		10,262,043	10,100,479
User charges		2,404,345	2,131,434
Interest		205,797	264,981
Reimbursement of expenses		704,975	568,696
Government grants		4,364,337	1,555,947
GST recovered from ATO		1,209,873	846,122
		19,151,370	15,467,659
Net Cash provided by (used in) operating activities	27	4,623,530	1,727,161
Cash flows from investing activities			
Cash Used			
Payments for Property, Plant and Equipment		(7,927,426)	(5,435,668)
		(7,927,426)	(5,435,668)
Cash Received			
Investment revenue from Water Corporation		863,925	783,378
Proceeds from Sale of Property, Plant and Equipment		258,783	234,593
Capital grants		958,240	1,658,285
		2,080,948	2,676,256
Net cash provided by (used in) investing activities		(5,846,478)	(2,759,412)
Cash flows from financing activities			
Financial liabilities		700,864	494,600
Net cash provided by financing activities		700,864	494,600
Net (Decrease) in Cash Held		(522,085)	(537,651)
Cash at beginning of year		8,047,424	8,585,075
Cash at end of year	14	7,525,339	8,047,424

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

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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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest dollar.

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 30.

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 18.

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 13.

(b) Adoption of new and amended accounting standards

In the current year, Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

AASB2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Sector Entities (effective 1 July 2016)

Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends the requirement under the LGA 1993. This information is presented in Note 31

(c) Pending Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after to effective date referred to below).

AASB 9 Financial Instruments and 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (effective from 1 January 2018)

The main impacts of these standards on Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The amortised cost model is available for debt assets meeting both model and cash flow characteristics tests. 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.

Council is likely to make an irrevocable election for 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.

Another impact of AASB 9 relates to calculating impairment losses for Council's receivables. Assuming no substantial change in the nature of receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, Council will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised and also factor in any future changes or events.

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 derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers, and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. AASB 2015-8 Amendments to Australian Accounting Standards arising from AASB 15 provides for an effective of application from 1 January 2019.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report include:

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Revenue from those grants could be deferred under the new requirements. At present, such are recognised up front, and when the standard comes into effect, Council will evaluate all grant agreements current at the time of the new standards becoming effective.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Rates received in advance, which are currently required to be recognised as revenue when received will be deferred under the new requirements until the commencement of the rating period to which they relate.
- Volunteer services and transactions where the consideration is significantly less than the fair value of that asset acquired, or no consideration is provided (for example below market leases) will be required to be recognised when certain recognition criteria are met. Council has not yet fully determined the impact of these requirements on its financial statements.
- Depending on the respective contractual terms, the new requirements of AASB 1058 may potentially result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). Council is yet to fully complete its analysis of existing

arrangements for sale of its goods and services and the impact on revenue recognition has not yet been fully determined.

AASB 16 Leases (effective from 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Councils existing lease commitments are disclosed in Note 29. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (effective from 1 January 2017)

Amendments to AASB 107 will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of reconciliation in the notes to the Statement of Cash Flows.

AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128 (effective 1 January 2018)

The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. councils' financial statements for year ended 30 June 2019.

Council believes that there will be no impact of this amendment to councils' financial statements.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Council's activities, or have no material impact.

(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 relate 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:

	2017	2016
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, (2015/16, \$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 35, 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 six 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 2017, Council held a 2.81% (2016: 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 13,26).

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's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

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

(j) **Investments**

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

(k) **Tender deposits**

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 21).

(l) **Employee benefits**

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 30.

(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 33. Council has determined, based upon competitive neutrality principles that Warawyn Early Learning Centre within Children's Services is considered a significant business activity. 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 will continue to review 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 25). 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 Comprehensive Income represent amended budget figures and are not subject to audit.

WARATAH-WYNYARD COUNCIL

Notes to and forming part of the Financial Report

For the year ended 30 June 2017

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).

2017 ACTUAL	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES \$	3,519,869	5,534,408	1,118,034	2,054,967	2,228,453	401,903	1,896,463	665,336	280,626	17,700,059
%	19.9	31.3	6.3	11.6	12.6	2.3	10.7	3.8	1.6	100.0
REVENUES \$										
GRANTS	0	2,905,280	0	30,000	126,178	0	0	0	2,261,119	5,322,577
OTHER	1,889,847	1,162,330	386,006	139,069	1,477,675	430,034	1,794,382	810,164	7,715,770	15,805,277
TOTAL	1,889,847	4,067,610	386,006	169,069	1,603,853	430,034	1,794,382	810,164	9,976,889	21,127,854
%	8.9	19.3	1.8	0.8	7.6	2.0	8.5	3.8	47.2	100.0
SURPLUS/(DEFICIT) FOR YEAR										3,427,795

ASSETS (Note 2(b))	62,483,718	98,902,107	162,385	27,978,507	2,523,260	0	0	16,294,375	281,738	208,626,089
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2017 BUDGET	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES \$	2,943,965	5,089,793	1,098,996	2,419,492	2,382,555	411,246	1,800,698	628,934	273,170	17,048,849
%	17.3	29.9	6.4	14.2	14.0	2.4	10.6	3.7	1.6	100.0
REVENUES \$										
GRANTS	0	2,630,426	0	0	130,400	0	0	0	1,470,238	4,231,064
OTHER	1,745,703	-207,117	359,205	186,325	1,268,275	411,943	1,775,611	843,060	7,594,901	13,977,906
TOTAL	1,745,703	2,423,309	359,205	186,325	1,398,675	411,943	1,775,611	843,060	9,065,139	18,208,970
%	9.6	13.3	2.0	1.0	7.7	2.3	9.8	4.6	49.8	100.0
SURPLUS/(DEFICIT) FOR YEAR										1,160,121

2016 ACTUAL	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES \$	2,748,392	5,263,700	1,200,845	2,344,160	2,379,153	389,542	1,755,774	641,641	274,971	16,998,178
%	16.2	31.0	7.1	13.8	14.0	2.3	10.3	3.8	1.6	100.0
REVENUES \$										
GRANTS	0	2,353,655	0	0	151,311	0	0	0	709,266	3,214,232
OTHER	1,356,550	91	374,462	128,328	1,282,242	409,738	1,773,260	854,210	7,482,203	13,661,084
TOTAL	1,356,550	2,353,746	374,462	128,328	1,433,553	409,738	1,773,260	854,210	8,191,469	16,875,316
%	8.0	13.9	2.2	0.8	8.5	2.4	10.5	5.1	48.5	100.0
SURPLUS/(DEFICIT) FOR YEAR										(122,862)

ASSETS (Note 2(b))	61,452,831	94,903,312	169,964	28,209,575	2,520,389	0	0	16,493,881	291,963	204,041,915
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- 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:-

	2017 \$	2016 \$
Current Assets	10,146,517	9,749,616
Non-Current Assets	198,479,572	194,292,299
	208,626,089	204,041,915

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 includes gravel pits and municipal car parks.

Development Services

Administration and implementation of the Council's emergency management, environmental health, animal management, building control and town planning legislative requirements.

Parks & Recreation

Operation and maintenance of halls, recreation centres, public conveniences and open space networks.

Community Services

Operation of various children and community activation services.

Waste Management

Operation of Wynyard Waste Transfer Station and waste collection services.

Drainage Services

Construction and maintenance of Council's Drainage Works.

Corporate Services

Operation and maintenance of Council Chambers, administration offices and depots. Also includes the Waratah Post Office, rental of Council owned property at commercial rates, subdivision and sale of Council land.

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.

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 2017 \$	Actual 2016 \$
General rate	7,715,770	7,482,203
Waste service charges	1,733,205	1,717,665
Fire levies	413,584	394,156
Stormwater service charges	858,529	849,879
Total Rates and Charges	10,721,088	10,443,902

The date of the general revaluation of land for rating purposes within the municipality, reflected in these financial statements was 1 July 2011.

A full municipal revaluation has been undertaken with an effective date for rating purposes of 1 July 2017.

Council had \$427,093 in rates received in advance for 2016/17 (2015/16 \$380,541).

4. USER CHARGES

	Actual 2017 \$	Actual 2016 \$
Childcare	1,255,431	1,070,178
Building and Development	229,064	226,971
Property Certificates	118,465	99,277
Other	543,994	607,952
Total User Charges	2,146,954	2,004,378

Refer to note 32 for the ageing analysis of contractual receivables.

5. GRANTS

Grants were received in respect of the following:

Grants - Operating

Roads

Commonwealth Government Grant – General Purpose	2,261,119	709,266
Commonwealth Government Grants – Roads	1,823,096	598,758
Commonwealth Government Grants – Bridges	118,561	37,677
Heavy Vehicle Funding	59,791	58,935
Family and Children	81,011	129,311
Other	20,759	22,000
Total Operating grants	4,364,337	1,555,947

Grants - Capital

Community Services

Family and Children	24,408	0
Recreation	30,000	0
	54,408	0

Roads

Roads to Recovery	903,832	1,118,285
Blackspot Funding	0	290,000
Somerset CBD	0	250,000
	903,832	1,658,285

Total Capital Grant Revenue

	958,240	1,658,285
Total Grants Revenues	5,322,577	3,214,232

Government funds received in relation to pensioner rates of \$555,549 (2016:\$537,550) were treated as rate revenue in the Statement of Profit or Loss and Other Comprehensive Income.

The Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. During 2016/17 The Commonwealth Government announced that they would bring forward the first two payments of the 2017/18 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 Comprehensive Income with the early receipt of 2017-18 instalments resulting in the surplus/(deficit) being higher in 2016-17 by \$1,425,764. Additional Roads to Recovery funding of \$512,460 was received in 2016-17 compared to additional funding of \$726,913 received in 2015-16.

	Actual 2017 \$	Actual 2016 \$
Total Grants Revenues		
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - Roads to Recovery	903,832	1,118,285
Recreation	30,000	0
Family and Children	24,408	
Blackspot Funding	0	290,000
Somerset CBD	0	250,000
	958,240	1,658,285
Total Capital Grant Revenue	958,240	1,658,285
Recurrent Grants	4,364,337	1,555,947
Capital Grants	958,240	1,658,285
Total Grants Revenues	5,322,577	3,214,232

Conditions on Grants

Non-reciprocal grants which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended.

Plus amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions

Family and Children	24,408	0
Unexpended at the close of this reporting period	24,408	0
Net increase/(decrease) in non-reciprocal grant revenues for the year	24,408	0

6. INVESTMENT REVENUE FROM WATER CORPORATION

Dividend revenue	546,729	571,342
Tax equivalent	244,788	158,271
Guarantee fee	72,408	68,563
Total investment revenue from water corporation	863,925	798,176

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	258,783	234,593
Less: Written down value of assets disposed	(483,631)	(681,431)
Net Gain/(Loss) on disposal	(224,848)	(446,838)

The majority of this loss (\$190,747) was the write off of Transport assets upon replacement refer to Note 18.

	Actual 2017 \$	Actual 2016 \$
8. EMPLOYEE COSTS		
Wages, Salaries and Allowances	4,860,361	4,704,213
Workers Compensation	194,605	190,721
Superannuation Expenses	587,226	568,138
Annual, Sick and Long Service Leave	756,496	896,499
Other Employee Expenses	291,168	336,462
Total Direct Employee Costs	6,689,856	6,696,033
Less Amounts Capitalised	442,492	526,659
Net Employee Costs	6,247,364	6,169,374
<p>Waratah-Wynyard Council and Circular Head Council have a formal resource sharing agreement. Costs associated with resource shared employees of Circular Head are accounted as materials (note 9). Employee costs for resource shared employees of Waratah-Wynyard Council are accounted in full as an employee cost, however revenue is received from Circular Head Council as a reimbursement. Employee costs disclosed in this note are not offset by any income received.</p>		
9. MATERIALS AND CONTRACTS		
Contract payments	2,573,514	2,524,313
Waste Disposal	526,119	464,522
Insurance	308,253	304,012
Fuel	221,398	232,215
Electricity	359,306	358,828
Water and Sewerage	173,313	170,635
Other Materials and Services	2,174,183	1,631,956
Total Materials and Contracts	6,336,086	5,686,481
10. DEPRECIATION AND AMORTISATION		
Land Improvements	257,970	268,981
Buildings	332,562	326,491
Furniture and Fittings	72,126	60,281
Plant and Equipment	368,381	387,995
Roads	2,234,663	2,245,383
Bridges	351,792	364,630
Drainage Works	366,869	365,586
Intangible Assets	6,277	52,273
	3,990,640	4,071,620
11. BORROWING COSTS		
Interest	15,568	128
12. OTHER EXPENSES		
Audit Services - External Audit *	33,880	30,435
- Other Audit Services	1,390	1,050
Community Assistance Grants	46,321	40,682
Councillor's Allowances (refer to note 31)	173,744	173,049
	255,335	245,216

* includes base audit fee of \$25,720 (2015 -16 \$25,210)

Actual 2017 \$	Actual 2016 \$
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13. INVESTMENT IN WATER CORPORATION

Opening Balance	44,249,407	43,508,804
Fair value adjustments on Available-for-Sale Assets	290,295	740,603
	44,539,702	44,249,407

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

On 7 March 2017 the State Government announced its intention to take ownership of Tasmanian Water and Sewerage Corporation Pty Ltd from July 2018. The State Government intends to introduce a suite of legislation in the Spring Session of Parliament that will transfer all of Tasmanian Water and Sewerage Corporation Pty Ltd's assets, rights, obligations and liabilities, including employees under their current terms and conditions, to a newly created government business, which will commence operations by 1 July 2018. As, at the date of these financial statements, there is no indication as to whether the legislation will be passed, no change has been made to the basis on which the investment Tasmanian Water and Sewerage Corporation Pty Ltd has been recognised for the year ended 30 June 2017.

14. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash	2,420	2,420
Trading Account	912,352	575,653
Road Accident - Trust Account	10,567	10,744
Short Term Deposits	6,600,000	7,458,607
	7,525,339	8,047,424

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.

These Include:

Conditions on Grants (note 5)	24,408	0
Trust Funds and deposits	130,962	124,601

Restricted funds	155,370	124,601
Total unrestricted cash and cash equivalents	7,369,969	7,922,823

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:

Available at reporting date – Bank Overdraft	250,000	250,000
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15. CURRENT ASSETS - RECEIVABLES

Rates and Charges	459,917	374,883
Other Debtors	393,688	473,592
	853,605	848,475

	Actual 2017 \$	Actual 2016 \$
16. CURRENT ASSETS - INVENTORIES		
Stores and Material	92,550	95,091
Post Office Stock	4,461	4,808
Wonders of Wynyard	19,456	7,754
	116,467	107,653
17. CURRENT ASSETS - OTHER		
Accrued Income	67,531	69,251
Prepayments	115,316	117,008
Security Deposits	5,000	5,000
TRAA Flood Recovery Claim	1,353,077	0
Payment for purchase of land not yet settled	0	444,623
	1,540,924	635,882
Accrued income only includes items that are reciprocal in nature. This does not include Rates in Advance.		
18. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Land		
At Fair Value	23,910,257	23,910,257
At Cost	572,985	142,362
Work in Progress	0	0
	24,483,242	24,052,619
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	8,648,733	8,411,707
Less Accumulated Depreciation	(3,220,540)	(2,962,570)
Work in Progress	43,684	84,483
	5,471,877	5,533,620
Buildings		
At Fair Value	12,232,809	12,258,810
At Cost	1,096,942	1,051,043
Less Accumulated Depreciation	(1,885,065)	(1,554,530)
Work in Progress	51,624	18,409
	11,496,310	11,773,732
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	1,484,478	1,367,013
Less Accumulated Depreciation	(1,208,677)	(1,142,088)
Work in Progress	0	23,526
	275,801	248,451
Plant and Equipment		
At Cost	5,135,802	5,090,578
Less Accumulated Depreciation	(2,261,640)	(2,031,653)
	2,874,162	3,058,925

	Actual 2017 \$	Actual 2016 \$
Roads		
At Cost	7,504,085	3,827,334
At Fair Value	129,510,737	130,741,246
Less Accumulated Depreciation	(61,382,270)	(60,187,369)
Work in progress	1,901,773	665,002
	77,534,325	75,046,213

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

Bridges		
At Fair Value	22,976,082	22,989,509
At Cost	3,442,450	1,428,962
Less Accumulated Depreciation	(11,171,813)	(10,833,448)
Work in progress	0	166,479
	15,246,719	13,751,502

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

Council has made its first claim for flood damage reimbursement under the Tasmanian Flood Relief and Recovery Arrangements. This claim was paid in early July for \$1.353M and specifically pertaining to the reinstatement of three bridges.

Drainage Assets		
At Fair Value	28,154,331	28,211,303
At Cost	1,385,628	1,176,803
Less Accumulated Depreciation	(13,245,584)	(12,895,223)
Work in progress	0	0
	16,294,375	16,492,883

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	153,676,811	149,957,944
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Reconciliations:

Land

Carrying amount at beginning of year	24,052,619	23,676,166
Additions	444,623	497,180
Initial asset recognition adjustment	0	(120,727)
Disposals	(14,000)	0
Carrying amount at end of year	24,483,242	24,052,619

Land Improvements

Carrying amount at beginning of year	5,533,620	5,629,229
Additions	196,225	173,372
Depreciation	(257,968)	(268,981)
Carrying amount at end of year	5,471,877	5,533,620

Buildings

Carrying amount at beginning of year	11,773,732	11,873,527
Additions	79,114	234,446
Disposals	(23,973)	0
Depreciation	(332,563)	(334,241)
Carrying amount at end of year	11,496,310	11,773,732

	Actual 2017 \$	Actual 2016 \$
Furniture and Fittings		
Carrying amount at beginning of year	248,451	174,609
Additions	109,285	134,123
Disposals	(9, 809)	0
Depreciation	(72,126)	(60,281)
Carrying amount at end of year	275,801	248,451
Plant and Equipment		
Carrying amount at beginning of year	3,058,925	2,824,621
Additions	388,258	854,885
Disposals	(204,640)	(232,586)
Depreciation	(368,381)	(387,995)
Carrying amount at end of year	2,874,162	3,058,925
Roads		
Carrying amount at beginning of year	75,046,213	74,986,865
Additions	4,913,522	2,502,137
Disposals	(190,747)	(130,998)
Depreciation	(2,234,663)	(2,245,383)
Impairment	0	(66,408)
Carrying amount at end of year	77,534,325	75,046,213
Bridges		
Carrying amount at beginning of year	13,751,502	13,321,363
Additions	1,847,009	1,059,147
Depreciation	(351,792)	(364,630)
Disposals	0	(264,378)
Carrying amount at end of year	15,246,719	13,751,502
Drainage		
Carrying amount at beginning of year	16,492,882	16,645,923
Additions	208,825	285,094
Derecognition	0	0
Disposals	(40,463)	(53,468)
Depreciation	(366,869)	(365,586)
Impairment	0	(19,081)
Carrying amount at end of year	16,294,375	16,492,882

19. NON CURRENT ASSETS – INTANGIBLE ASSETS

At Cost	551,619	544,619
Less Accumulated Amortisation	(343,560)	(510,570)
Work in progress	55,000	50,100
	263,059	84,149
Reconciliation		
Carrying amount at beginning of year	84,149	86,322
Additions	184,899	50,100
Amortisation	(5,989)	(52,273)
Carrying amount at end of year	263,059	84,149

20. NON CURRENT ASSETS – RECEIVABLES

Debtors - Long Term	0	800
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	Actual 2017 \$	Actual 2016 \$
21. CURRENT LIABILITIES - PAYABLES		
Trade and Other Payables		
Trade Creditors	1,369,883	1,242,689
	1,369,883	1,242,689
Trust Funds & Deposits	130,962	124,601
Total Payables	1,500,845	1,367,290
22. CURRENT LIABILITIES – FINANCIAL LIABILITIES		
Secured Loans	108,466	49,136
23. CURRENT LIABILITIES - PROVISIONS		
Provisions for Annual Leave	561,539	522,716
Provision for Long Service Leave	971,822	1,037,438
Employee benefits - On-costs	201,362	202,484
Provision for Banked Employee Time	45,841	36,816
Purchased Leave	17,275	20,286
	1,797,839	1,819,740
24. NON CURRENT LIABILITIES – FINANCIAL LIABILITIES		
Secured Loans	1,098,248	456,714
Security for Borrowings		
The loans are secured over the general rates of the Council.		
25. NON CURRENT LIABILITIES - PROVISIONS		
Provision for Long Service Leave	130,498	100,286
Employee benefits - on-costs	12,071	9,427
Provision for Gravel Pit Rehabilitation	210,633	189,923
	353,202	299,636
<i>Movement in Provision for Gravel Pit Rehabilitation</i>		
Opening balance	189,923	186,192
Contributions received	20,710	3,731
Rehabilitation Works	0	0
	210,633	189,923
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		2.3%
Discount rate		2.059%
Settlement term (years)		7
Number of employees at year end		81
26. RESERVES		
Composition:		
Asset Acquisition	154,018	154,018
Public Open Space	144,511	144,511
Bridge Replacement Reserve	696,000	696,000
Asset Revaluation	48,282,778	48,282,778
Financial Assets available for Sale Reserve	5,236,724	4,946,429
	54,514,031	54,223,736

	Actual 2017 \$	Actual 2016 \$
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	144,511	139,453
Amount transferred from accumulated surplus	0	0
Amount transferred to accumulated surplus	0	0
Balance at the end of the financial year	144,511	144,511
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	48,282,778	48,488,994
Revaluation Assets	0	(206,216)
Balance at the end of the financial year	48,282,778	48,282,778
Financial Assets available for Sale Reserve		
Balance at the beginning of the financial year	4,946,429	4,205,826
Fair Value Adjustment	290,295	740,603
Balance at the end of the financial year	5,236,724	4,946,429

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 2017 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 2017 \$	Actual 2016 \$
27. RECONCILIATION OF SURPLUS/(DEFICIT) FOR YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for Year	3,427,795	(122,862)
<i>Items not involving Cash</i>		
Depreciation expense	3,990,640	4,071,746
Capital Reimbursements	(1,353,077)	0
Donated assets	0	0
	2,637,563	4,071,746
<i>Change in Operating Assets and Liabilities</i>		
Receivables and other Assets	(7,238)	(498,896)
Payables	133,395	20,908
Provisions	20,518	271,614
Inventories	8,814	(5,726)
	155,489	(212,099)
<i>Investing Activity</i>		
Loss/(Profit) on disposal of Non-Current Assets	224,848	451,168
Distributions from Water Corporation	(863,925)	(798,176)
Capital Grants	(958,240)	(1,658,285)
	(1,597,317)	(2,005,293)
Cash flows from Operating Activities	4,623,530	1,727,161

28. CONTINGENT ASSETS & LIABILITIES

Council holds bank guarantees for the following:

Building frontage, landscaping/subdivision	56,421	73,319
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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 (2015/16 \$56,000) 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.

29. COMMITMENTS FOR EXPENDITURE

(a) <u>Capital Commitments</u>		
Not later than one year	322,190	1,428,263

(b) <u>Finance Lease Commitments</u>	
Council held no finance lease commitments as at 30 June 2017.	

(c) <u>Operating Lease Commitments</u>		
Commitments under non-cancellable operating leases at the reporting date are payable as follows:-		
Not later than one year	9,210	13,494
Later than one year and not later than five years	5,626	14,836

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) <u>Operating Expense Commitments</u>		
Not later than one year	1,048,042	737,099

Council's commitments for expenditure are predominately based around environmental services such as waste management and contract street sweeping. The capital commitments have increased due bridge replacements caused by flood damage.

30. SUPERANNUATION

Council contributes to 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:

- During the reporting period the amount of contributions paid to defined benefits schemes was \$0 (2015-16, \$0). The amount of contributions paid to Tasplan during the reporting period was \$470,008 (2015-16, \$454,786) and the amount paid to 21 other superannuation funds was \$117,218 (2015-16, \$113,352).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$0, and the amount to be paid to accumulation schemes is \$606,598.
- 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. Moderate 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.

31. RELATED PARTY DISCLOSURE

a) Councillor Remuneration

2017	Allowances	Vehicles ¹	Superannuation	Total Compensation	Expenses	Total
	\$	\$	\$	\$	\$	\$
Mayor	51,315	7,002	-	58,317	-	58,317
Deputy Mayor	30,172	-	-	30,172	1,361	31,533
Councillors	92,257	-	-	92,257	1,922	94,179
	173,744	7,002	-	180,746	3,283	184,029

¹Vehicle expenses – Mayor is provided with a vehicle, for predominately Council business, which is charged at the plant fleet rate at \$0.45 per kilometre. Councillor's travel expenses are reimbursed on a monthly basis, accordingly to the prevailing Australian Taxation Office specified rate.

b) Transactions with related parties

Nature of Transaction	Amount of the transactions during the year \$	Outstanding balances at year end \$	Terms and Conditions
Acquisition of Materials & Services ¹	134,056	3,086	30 days
Fees and Charges	2,765	0	-
Goods Provided to	5,021	0	-
Total	207,672	3,086	-

¹Council purchased \$132,260 worth of materials from Bramich's Concrete, a company operated by declared close family members (nephews) of Councillor Bramich. Goods were purchased based on a schedule of rates used, accepted by Council as part of its normal two year public tender process.

c) Register of Interests

Section 54 of the *Local Government Act 1993* (the Act) requires the General Manager to keep a register of interests notified by councillors under section 48(4) of the Act. Section 48 requires that councillors not participate in discussion nor vote on a matter, in any meeting, in which the councillor or a close associate has an interest. Section 49 of the Act defines an interest as an expectation of receiving a pecuniary benefit or detriment if the matter were decided in a particular way.

The definition of close associates under section 51 of the Act differs from the definition of close family members under AASB124, and the Act only requires declarations in relation to items for decision at a council meeting. Declarations under the register may be different to those under the third party disclosure standard.

Council maintains a register of conflicts of interests and pecuniary interests in relation to Council meetings, the majority of these are perceived conflicts in relation to associations councillors have with external groups rather than pecuniary interests as defined under section 49.

In 2016/17 the only pecuniary interest declared was by Cr Darren Fairbrother in relation to a number of matters pertaining to the Boat Harbour Beach Investment Trust trading as Boat Harbour Beach Holiday Park.

d) Executive Remuneration

2017	Salary ¹	Incentive Payments	Vehicles ²	Other Allowances ³	Superannuation ⁴	Termination	Non-Monetary Benefits ⁵	Total
	\$	\$	\$	\$	\$	\$	\$	\$
M Stretton	183,310	-	17,000	7,000	23,830	-	10,086	241,226
General Manager								
T Bradley ⁶	112,674	-	15,600	6,260	14,648	-	(673)	148,509
Director Corporate & Community Services								
P Smith ⁷	150,022	-	-	6,260	19,503	-	3,219	179,003
Director Strategic & Financial Services								
	446,005		32,600	19,520	19,520	-	12,632	568,738

Council's Director Infrastructure & Development Services is a resource shared employee of Circular Head Council, this position has authority and responsibility for planning, directing and controlling the activities of the Council, but the occupant cannot be disclosed as Key Management Personnel under Australian Accounting Standards as they are not an employee of Waratah-Wynyard Council. The Director Infrastructure & Development Services is not directly remunerated by Waratah-Wynyard Council; payments for services provided are paid directly to Circular Head Council on a contract basis, totalling \$103,216, these costs are accounted for as materials & contracts. The Director's time is split 55% Waratah Wynyard Council and 45% Circular Head Council.

The General Manager and the three Directors are designated as the key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Council.

¹ Gross effective annual salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Contractual notional allowances for full private use of a vehicle.

³ Other allowances include notional contractual allowance for mobile phone use, memberships and professional development.

⁴ Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits are calculated at 13.0% of actual salary.

⁵ Non-monetary benefits means the change in value of the annual and long service leave entitlements at the end of the financial year.

⁶ The Director, Corporate & Community Services took Long Service leave during the period, resulting in a negative shift in the non-monetary leave entitlements at year end.

⁷ The Director, Strategic & Financial Services received backpay from October 2015, following conclusion, in 2016/17 of contract negotiations resulting from the Form and Function Review/

Council's Director, Infrastructure & Development Services, D Summers, is a resource shared employee of Circular Head Council. This position has authority and responsibility for planning, directing and controlling the activities of the Wynyard Waratah Council, but the occupant cannot be disclosed in the Key Management Personnel Remuneration under Australian Accounting Standards as they are not an employee of Waratah-Wynyard Council.

The Director Infrastructure & Development Services is not directly remunerated by Waratah-Wynyard Council; payments totalling \$103,216 for services provided were paid directly to Circular Head Council on a contract basis, totalling \$103,216. This contract payment includes overhead and oncosts that are not included as part of the Waratah Wynyard Council Directors remuneration costs, so direct comparisons of these numbers between employees is not valid. The Director Infrastructure & Development remuneration is disclosed in the Circular Head Council financial statements.

The General Manager and all three Directors are formally designated as the key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Council.

Resource Sharing

Waratah-Wynyard Council has had a formal resource sharing arrangement with Circular Head Council since 2008, which initially shared a General Manager and a couple of the existing Executive Managers. Separate General Managers were appointed in late 2013, and further changes in management structures resulted in only the Executive Manager of Engineering Services being resourced shared 50:50 between the two Councils.

As a result of the review and management restructure in October 2015 all three of the Directors at Waratah-Wynyard Council are now resourced shared with Circular Head Council. The Director of Infrastructure and Development is shared 55:45, while the other two Directors are shared 80:20.

Financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash and cash equivalents	14	Cash on hand, at bank and in cash management accounts are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash.	The weighted average interest rate return on operating accounts at 30 June 2017 was 1.25% (1.25% in 2015/2016). The weighted average interest rate return on term deposit investments at 30 June 2017 was 2.49% (2.88% in 2015/2016).
Receivables	15	An impairment loss is not recognised on rates receivable. An allowance for impaired debts is recognised on other debtors when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	Unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. General debtors are unsecured and arrears do not attract interest.
Financial liabilities			
Trade and other payables	21	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	22,24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Bank guarantees are given as security deposits for rehabilitation of mining leases it operates.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 3.33% (3.14% in 2015/2016). The cost is a flat 2% per annum. (2.00% in 2015/2016)
Bank Guarantees 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 8.81%

(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 28.

Impairment Losses

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

<i>Trade receivables</i>	30 June 2017		30 June 2016	
	Gross	Impairment	Gross	Impairment
Not past due	336,677	0	389,223	0
Past due 0-30 days	14,084	0	26,221	0
Past due 31-60 days	5,373	0	7,869	0
Past due 61-90 days	11,272	0	26,209	0
More than 90 days	26,283	0	24,070	0
Total trade receivables	393,689	0	473,592	0
Rates receivable	459,916	0	374,883	0
Total receivables	853,605	\$0	848,475	\$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 2017.

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 0.34% of the revenue of the preceding financial year (2016 – 0.029%).

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 2017					
Payables	1,500,845			1,500,845	1,500,845
Financial liabilities	148,247	592,916	682,496	1,423,659	1,206,714
Total	1,649,092	592,916	682,496	2,924,504	2,707,559
30 June 2016					
Payables	1,367,290			1,367,290	1,367,290
Financial liabilities	64,499	234,594	293,242	592,335	505,850
Total	1,431,789	234,594	293,242	1,959,625	1,873,770

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:

2017	Floating Interest rate	Fixed interest maturing in:			Non-interest bearing	Total
		One year or less	Over 1 to 5 years	More than 5 years		
Financial assets						
Cash and cash equivalents	925,339	6,600,000				7,525,339
Trade and other receivables		800			852,805	853,605
Accrued revenue					67,531	67,531
Investment in water corporation					44,539,702	44,539,702
Total financial assets	925,339	6,600,800	0	0	45,460,038	52,986,177
Financial liabilities						
Trade and other payables					1,369,883	1,369,883
Trust funds and deposits					130,962	130,962
Interest-bearing loans and borrowings	0	108,466	471,859	626,390	0	1,206,715
Total financial liabilities	0	108,466	471,859	626,390	1,500,845	2,707,560
Net financial assets (liabilities)	925,339	6,492,334	(471,859)	(626,390)	43,891,662	50,211,086

2016	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	586,397	7,458,607			2,420	8,047,424
Trade and other receivables		1,000	800		846,675	848,475
Accrued revenue					69,251	69,251
Investment in water corporation					44,249,407	44,249,407
Total financial assets	586,397	7,459,607	800	0	45,167,753	53,214,557
Financial liabilities						
Trade and other payables	-				1,242,689	1,242,689
Trust funds and deposits	-				124,601	124,601
Interest-bearing loans and borrowings	-	43,286	187,281	269,433	5,850	505,850
Total financial liabilities	-	43,286	187,281	269,433	1,373,140	1,873,140
Net financial assets (liabilities)	586,397	7,416,321	(186,481)	(269,433)	43,794,613	51,341,417

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

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

Council's interest bearing loan has a fixed rate

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

	30 June 2017	30 June 2016
Financial assets		
Cash at bank and on hand	925,339	586,397
Short term investments	6,600,000	7,458,607
Total	7,525,339	8,045,004
Financial liabilities		
Interest bearing liabilities	1,206,714	500,000
Total	1,206,714	500,000
Net Total	6,318,625	7,545,004

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 2016.

At 30 June 2017, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

	Surplus/(Deficit)		Equity	
	2016/17	2015/16	2016/17	2015/16
+ 1% (100 basis points)	63,186	75,450	63,186	75,450
- 0.5% (50 basis points)	(31,593)	(37,725)	(31,593)	(37,275)

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 2017		30 June 2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	925,339	925,339	588,817	588,817
Short term investments	6,600,000	6,600,000	7,458,607	7,458,607
Receivables	853,605	853,605	848,475	848,475
Investment in Water Corporation	44,539,702	44,539,702	44,249,407	44,249,407
Accrued revenue	67,531	67,531	69,251	69,251
	52,986,177	52,986,177	53,214,557	53,214,557
Financial liabilities				
Payables	1,369,883	1,369,883	1,367,290	1,367,290
Interest bearing liabilities	1,206,714	1,205,417	505,850	510,563
Other liabilities	0	0	0	0
	2,576,597	2,575,300	1,873,140	1,877,853
Net financial assets	50,409,580	50,410,877	51,341,417	51,336,704

Carrying amounts classified as:	30 June 2017	30 June 2016
	\$	\$
Financial assets		
Loans and receivables	921,136	917,726
Cash and cash equivalents	7,525,339	8,047,424
Available for Sale Financial Assets	44,539,702	44,249,407
	52,986,177	53,214,557
Financial liabilities		
Financial liabilities measured at amortised cost	2,576,597	1,873,140
	2,576,597	1,873,140
Net financial assets / (liabilities)	50,409,580	51,341,417

(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 plus, for items other than PPE under AASB116, quantitative information about significant unobservable inputs in the fair value.

	Level 1	Level 2	Level 3	Total
30 June 2017				
Available for sale financial assets	-	-	44,539,702	44,539,702
Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive income				
30 June 2016				
Available for sale financial assets	-	-	44,249,407	44,249,407
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

	2017 \$	2016 \$
Opening Balance	44,249,407	43,508,804
Gains (losses) recognised in other comprehensive income:		
Change in fair value movement in TasWater	290,295	740,603
Closing Balance	44,539,702	44,249,407

	Children's Services	
	2017	2016
	\$	\$
REVENUE		
Direct		
Rates	-	-
User Charges	1,255,431	1,070,578
Contributions	0	-
Government Grants	81,011	129,311
Other	4,344	1,312
	1,340,786	1,201,201
EXPENDITURE		
Direct		
Employee Costs	1,014,362	994,234
Materials & Contracts	126,705	124,394
Interest	-	-
Other	-	-
	1,212,561	1,118,628
Indirect		
Indirect Expenditure	71,494	68,967
Capital Costs		
Depreciation	25,691	24,638
Opportunity Costs of Capital	36,501	37,817
	62,192	62,455
Competitive Neutrality Costs	33,608	3,046

	Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
(a) Underlying surplus or deficit					
Recurrent income* less		17,616	17,090	16,775	15,914
Recurrent expenditure		17,482	17,300	17,128	17,572
Underlying surplus/deficit	0	134	(210)	(353)	(1,658)
Reconciliation to Comprehensive Result					
Capital Grants		958	1,658	711	395
Capital Reimbursement**		1,353	0	0	0
Recognition of Assets		0	0	24,289	5,747
De-recognition of Assets		0	0	(25)	(1,669)
Financial Assistance Grant Offset***		1,426	(1,426)	1,426	(1,573)
Contributions Non-Current Assets		0	0	0	93
Flood Damaged Assets#		(443)	(145)	0	0
Net Surplus (Deficit)	0	3,294	(123)	26,048	1,335
Other Comprehensive Income					
Fair Value Revaluation of NCA		0	(206)	(8,032)	6,223
Fair Value Adjustment on Available for Sale Assets		290	741	347	3,100
Comprehensive Result		3,718	412	18,363	10,658

The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.

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

**Reimbursement for TRAA Flood Recovery Claim. This income is considered capital in nature and non-recurrent.

***Grants received in advance have been adjusted for purpose of underlying position to align with the year the grants are attributable to.

#One off operational costs associated with repairs to assets resulting from Flood Damage are not considered recurrent expenditure and are excluded from the Underlying Surplus calculation. Consistent with the National Disaster Relief guidelines, only additional plant and materials costs are excluded. Labour costs are not excluded as they would still be incurred, just re-allocated to other activities.

(b) Underlying surplus ratio

<u>Underlying surplus or deficit</u>		134	(210)	(353)	(1,658)
Recurrent income*		17,616	17,090	16,775	15,914
Underlying surplus ratio %	0%	1%	(1%)	(2%)	(10%)

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

(c) Net financial liabilities

Liquid assets less		8,379	8,895	9,318	6,341
Total liabilities		4,859	3,993	3,184	2,632
Net financial liabilities	0	3,520	4,902	6,134	3,709

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.

Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
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(d) Net financial liabilities ratio

Net financial liabilities		3,520	4,902	6,134	3,709
Recurrent income*		17,616	17,090	16,775	15,914
Net financial liabilities ratio 0%	0 - (50%)	20%	29%	37%	23%

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.

<i>Roads</i>					
Depreciated replacement cost		77,534	75,046	74,987	55,067
Current replacement cost		138,916	135,234	133,956	112,424
Asset consumption ratio %	40%-80%	56%	55%	56%	49%
<i>Buildings</i>					
Depreciated replacement cost		11,496	11,903	11,999	12,149
Current replacement cost		13,382	13,328	13,194	13,071
Asset consumption ratio 0%	40%-80%	86%	89%	91%	93%
<i>Bridges</i>					
Depreciated replacement cost		15,247	13,752	13,321	13,369
Current replacement cost		26,418	24,585	24,677	24,425
Asset consumption ratio %	40%-80%	58%	56%	54%	55%
<i>Drainage</i>					
Depreciated replacement cost		16,294	16,493	16,642	25,478
Current replacement cost		29,540	29,388	29,250	44,904
Asset consumption ratio %	40%-80%	55%	56%	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.

<i>Roads</i>					
Projected capital funding outlays**		14,612	19,693	19,335	20,716
Projected capital expenditure funding***		14,612	19,693	23,743	25,435
Asset renewal funding ratio %	90%-100%	100%	100%	81%	81%
<i>Buildings</i>					
Projected capital funding outlays**		762	497	3,346	3,585
Projected capital expenditure funding***		762	497	4,991	5,547
Asset renewal funding ratio %	90%-100%	100%	100%	67%	65%

	Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
<i>Bridges</i>					
Projected capital funding outlays**		1,715	1,580	2,244	N/A
Projected capital expenditure funding***		1,715	1,580	2,244	N/A
Asset renewal funding ratio %	90%-100%	100%	100%	100%	N/A
<i>Drainage</i>					
Projected capital funding outlays**		1,274	1,630	1,853	50
Projected capital expenditure funding***		1,274	1,630	1,853	0
Asset renewal funding ratio %	90%-100%	100%	100%	100%	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

<u>Capex on replacement/renewal of existing assets</u>		5,249	3,676	3,179	3,501
Annual depreciation		3,991	4,076	4,108	4,080
Asset sustainability ratio %	100%	132%	90%	77%	86%

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	144	98	241
Buildings	32	47	79
Furniture	54	55	109
Plant	388	0	388
Roads	2,756	2,112	4,868
Bridges	1,526	321	1,847
Drainage	139	70	209
Intangibles	210	0	210
Total	5,249	2,703	7,952

35. 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 2017.

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 2017	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	18		24,483		24,483
Buildings	18			11,496	11,496
Roads, including footpaths	18			77,486	77,486
Bridges	18			15,247	15,247
Drainage	18			16,294	16,294
			24,483	120,523	145,006

As at 30 June 2017		Level 1	Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000	\$'000
Non-recurring fair value measurements					
Assets held for sale	1(f)		110		110
			110		110

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.

Investment in water corporation

Refer to Note 13 for details of valuation techniques used to derive fair values.

	2017	2016
	\$	\$
Opening Balance	44,249,407	43,508,804
Gains (losses) recognised in other comprehensive income:	290,295	740,603
Closing Balance	44,539,702	44,249,407

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 2011 – 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.

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 (CRC). This valuation comprises the asset's gross replacement cost 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 CRC 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 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 1 July 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 1 July 2014 – 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 18 (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).

36. ADJUSTMENTS TO PRIOR PERIOD ERROR

Comparative figures have been restated in Statement of Financial Position and Statement of Changes in Equity. These changes are a result of prior period errors in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

This adjustment refers to newly found assets, and also an asset that is no longer a part of Council's asset register as Council does not have control over it. Therefore an adjustment to the prior period balances has been made. This is classified as an error in accordance with AASB 108. The prior period adjustments are detailed below, with the Statement of Financial Position balances as at 30 June 2016 restated as follows:

As this adjustment reflected characteristics of a building asset that did not exist in the prior period:

- Building asset values were decreased by \$129,505 to reflect non-control of the asset (Decrease in gross value of Buildings of \$155,000, offset by the decrease in Accumulated Depreciation of \$25,495).
- The Building had undergone an aggregate revaluation decrement of \$13,000 over its life. The Asset Revaluation Reserve was increased by this amount.

As this adjustment reflected characteristics of drainage assets that did exist in the prior period:

- Drainage asset values were increased by \$7,902 to reflect newly found assets and a correction to loss on disposal in 2016 (Increase in gross value of Drainage of \$9,198, offset by the increase in Accumulated Depreciation of \$1,296)

- Loss on disposal in 2016 was overstated by \$4,331. This is embedded in the \$7,902 carrying amount, along with \$3,634 worth of newly found assets and an increase in depreciation of \$63.

The following tables disclose the impact on the 2015-16 notes that have been restated for the adjustment of prior period errors discussed above.

Adjustment: Note 18. Non Current Assets – Property, Plant and Equipment

Buildings

	2016 (Unadjusted) \$'000	2016 (Adjusted) \$'000	Prior year error adjustment \$'000
Buildings			
(a) Carrying amount			
At fair value	12,413,810	12,258,810	-155,000
At Cost	1,051,043	1,051,043	0
Less: accumulated depreciation	-1,580,025	-1,554,530	25,495
WIP	18,409	18,409	0
Total	11,903,237	11,773,732	-129,505

(b) reconciliation of movements (including fair value levels)

	Buildings (Unadjusted) \$'000	Buildings (Adjusted) \$'000	Prior year error adjustment \$'000
Carrying value as at 1 July 2015	11,999,157	11,865,777	-133,380
Additions	234,446	234,446	0
Written down value of Disposals	0	0	0
Revaluation increments (decrements)	0	0	0
Depreciation/amortisation	-330,366	-326,491	3,875
Carrying value as at 30 June 2016	11,903,237	11,773,732	-129,505

Adjustment: Note 18. Non Current Assets – Property, Plant and Equipment

Drainage

	2016 (Unadjusted) \$'000	2016 (Adjusted) \$'000	Prior year error adjustment \$'000
Drainage			
(a) Carrying amount			
At fair value	28,202,105	28,211,303	9,198
At Cost	1,176,803	1,176,803	0
Less: accumulated depreciation	-12,893,928	-12,895,224	-1,296
WIP	0	0	0
Total	16,484,980	16,492,882	7,902

(b) reconciliation of movements (including fair value levels)

	Drainage (Unadjusted) \$'000	Drainage (Adjusted) \$'000	Prior year error adjustment \$'000
Carrying value as at 1 July 2015	16,642,415	16,646,049	3,634
Additions	285,094	285,094	0
Written down value of Disposals	-57,799	-53,468	4,331
Impairments	-19,081	-19,081	0
Depreciation/amortisation	-365,649	-365,712	-63
Carrying value as at 30 June 2016	16,484,980	16,492,882	7,902

Adjustment: Note 26 Asset Revaluation Reserve
Infrastructure

2016	Balance as at beginning of financial year \$'000	increments/ decrements \$'000	Prior Year Error Adjustment \$'000	Transfer to Accumulated Surplus \$'000	Restated Balance at the end of the financial year \$'000
Land	13,415,115	-	-	-	13,415,115
Buildings	1,224,657	-	13,000	-	1,224,657
Roads	24,852,711	-	-	-	24,852,711
Bridges	7,827,228	-	-	-	7,827,228
Drainage	7,787,763	-	-	-	7,787,763
Other	(6,837,696)	-	-	-	(6,837,696)
Total	48,269,778	-	13,000	-	48,282,778

Certification of the Financial Report

The financial report presents fairly the financial position of the Waratah-Wynyard Council as at 30 June 2017, 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: 20th September 2017

Independent Auditor's Report

To the Councillors of Waratah-Wynyard Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Waratah-Wynyard Council (Council), which comprises the statement of financial position as at 30 June 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

...1 of 3

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 34(f), nor the significant business activities disclosed in note 33 to the financial report and accordingly, I express no opinion on them.

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

Responsibilities 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 the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the General Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council is to be dissolved by an Act of Parliament or the Councillors intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

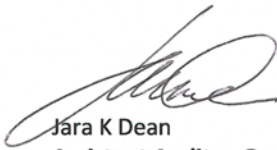
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- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Jara K Dean
Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

20 September 2017
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