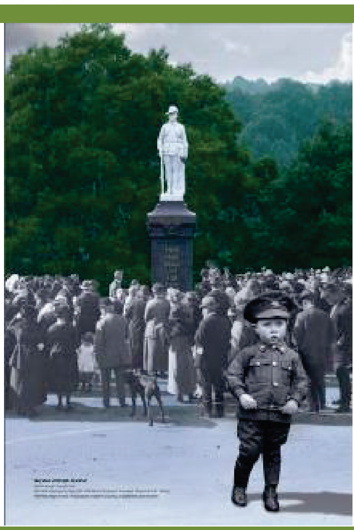
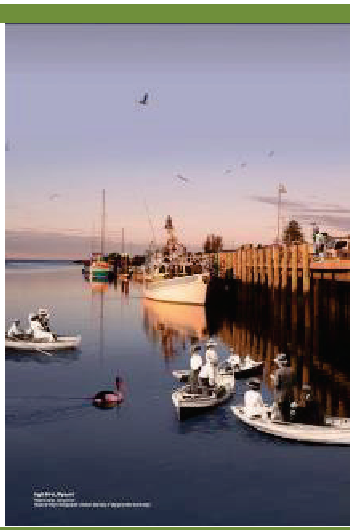
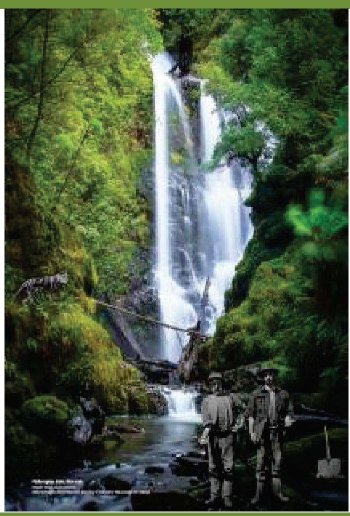



Waratah-Wynyard Council Financial Report 2016




Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	Actual 2016 $	Budget 2016 $	Actual 2015 $
Income				
Recurrent Income				
Rates and charges	3	10,443,902	10,349,782	10,059,950
User Charges	4	2,004,378	1,786,127	1,976,045
Interest		292,770	230,400	289,873
Reimbursements/contributions		568,696	368,773	430,926
Grants	5	1,555,947	2,924,912	4,547,360
Distributions from Water Corporation	6	798,176	843,000	897,021
		15,663,869	16,502,994	18,201,175
Capital Income				
Capital Grants	5	1,658,285	1,120,880	711,372
Donated Assets		-	-	-
Recognition of assets	1(f),18	-	-	24,288,972
Gain/(Loss) on disposal of assets	7	(451,169)	84,334	(422,070)
Total Income		16,870,985	17,708,208	42,779,449
Expenses				
Employee costs	8	6,169,374	5,677,375	5,837,417
Materials and contracts	9	5,686,481	5,752,780	5,722,139
Depreciation and amortisation	10	4,075,558	4,279,083	4,107,681
State levies		458,118	459,540	431,108
Borrowing Costs	11	128	-	-
Remissions and discounts	1(w)	367,115	348,576	346,830
Derecognition of assets	1(f),18	-	-	25,479
Other expenses	12	245,216	236,500	261,186
Total Expenses		17,001,990	16,753,854	16,731,840
Surplus/(Deficit)		(131,005)	954,354	26,047,609
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement)	18	(206,216)	(172,834)	(8,031,885)
		(337,221)	781,520	18,015,724
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	740,603	-	346,530
Comprehensive Result		403,382	781,520	18,362,254

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

Statement of Financial Position
As at 30 June 2016

	Note	Actual 2016 $	Actual 2015 $
Current Assets			
Cash and cash equivalents	14	8,047,424	8,585,075
Receivables	15	848,475	733,103
Inventories	16	107,653	113,378
Land held for resale	1(f)	110,182	465,000
Other	17	635,882	202,930
Total Current Assets		9,749,616	10,099,486
Non-Current Assets			
Property, plant and equipment	18	150,079,547	149,254,423
Intangible assets	19	84,148	86,322
Receivables	20	800	2,936
Investment in Water Corporation	13	44,249,407	43,508,804
Total Non-Current Assets		194,413,902	192,852,485
TOTAL ASSETS		204,163,518	202,951,971
Current Liabilities			
Payables	21	1,367,290	1,271,497
Financial Liabilities	22	49,136	5,400
Provisions	23	1,819,740	1,595,271
Total Current Liabilities		3,236,166	2,872,168
Non-Current Liabilities			
Financial Liabilities	24	456,714	5,850
Provisions	25	299,636	306,333
Total Non-Current Liabilities		756,350	312,183
TOTAL LIABILITIES		3,992,516	3,184,351
NET ASSETS		200,171,002	199,767,620
Equity			
Accumulated Surplus		145,960,266	146,096,329
Reserves	26	54,210,736	53,671,291
TOTAL EQUITY		200,171,002	199,767,620

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

Statement of Changes in Equity
For year ended 30 June 2016

	Total		Accumulated Surplus		Reserves	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Balance at beginning of the year	199,767,620	181,405,366	146,096,329	120,048,720	53,671,291	61,356,646
Comprehensive Result	(337,221)	18,015,724	(131,005)	26,047,609	(206,216)	(8,031,885)
Transfer to Reserves	740,603	346,530	(5,058)	-	745,661	346,530
Transfer from Reserves	-	-	-	-	-	-
Balance at end of the year	**200,171,002**	**199,767,620**	**145,960,266**	**146,096,329**	**54,210,736**	**53,671,291**

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 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash Used			
Employee Costs		(5,897,761)	(5,589,435)
Materials and Contracts		(6,694,780)	(6,338,327)
State levies		(458,118)	(431,108)
Finance costs		-	-
Other expenses		(689,839)	(261,186)
		(13,740,498)	**(12,620,056)**
Cash Received			
Rates		10,100,479	10,055,636
User charges		2,131,434	2,031,256
Interest		264,981	296,900
Reimbursement of expenses		568,696	430,926
Government grants		1,555,947	4,547,360
GST recovered from ATO		846,122	868,080
		15,467,659	**18,230,158**
Net Cash provided by (used in) operating activities	**27**	**1,727,161**	**5,610,102**
Cash flows from investing activities			
Cash Used			
Payments for Property, Plant and Equipment		(5,435,668)	(4,139,658)
		(5,435,668)	**(4,139,658)**
Cash Received			
Investment revenue from Water Corporation		783,378	897,021
Proceeds from Sale of Property, Plant and Equipment		234,593	168,182
Capital grants		1,658,285	711,372
		2,676,256	**1,776,575**
Net cash provided by (used in) investing activities		**(2,759,412)**	**(2,363,083)**
Cash flows from financing activities			
Financial liabilities		494,600	(5,400)
Net cash (used in) financing activities		**494,600**	**(5,400)**
Net Increase in Cash Held		(537,651)	3,241,619
Cash at beginning of year		8,585,075	5,343,456
Cash at end of year	**14**	**8,047,424**	**8,585,075**

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

CONTENTS

INTRODUCTION

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

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

b The functions of the Council include:

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

Basis of Reporting

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

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

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015)
The completion of AASB project to remove Australian guidance on materiality from Australian Accounting Standards with the issue of the final amending standard to effect the withdrawal of AASB 1031 Materiality. Guidance on materiality is now located in AASB 101 Presentation of Financial Statements.

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

(c) Pending Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)
The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation and subtotals, the ordering of notes and the identification of significant accounting policies.

Council have not early adopted this standard, there will be no impact on Council's accounting policies in the current financial year.

AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)
Under AASB 2014-3 business combination accounting is required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 Business Combinations.

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

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

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

AASB 2014-9 Amendments to Australian Accounting Standards - Equity method in Separate Financial Statements (effective from 1 January 2016)
Under this amendment, the use of the equity method in separate financial statements in accounting for associates, joint ventures and subsidiaries is allowed.

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

AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)
Amendments to existing accounting standards, particularly in relation to:
IFRS 5 - guidance on changes in method of disposal;
IFRS 7 - clarifies 'continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34;
IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and
IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

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

AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (effective from 1 July 2016)
The amendment extends the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities.

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

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities (effective from 1 July 2016)
The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

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

AASB 1057 Application of Australian Accounting Standards, AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs (effective from 1 January 2016)
The AASB has reissued most of its Standards (and Interpretations) that incorporate IFRSs to make editorial changes. The editorial changes will enable the AASB to issue Australian versions of IFRS more efficiently. As part of the reissuance, the AASB has moved t he

application paragraphs that identify the reporting entities and general purpose financial statements to which the pronouncements apply to a new Standard, AASB 1057 Application of Australian Accounting Standards. However, the technical application requirements have not been amended.

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

AASB 9 Financial Instruments and the relevant amending standards (effective from 1 January 2018)
AASB 9 is one of a series of amendments that are expected to replace AASB 139 Financial Instruments: Recognition and Measurement. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.
Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.
Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

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

AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective from 1 January 2018)

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

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

AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-9 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB 128 (effective 1 January 2018)
AASB 2014-10 amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a 'business' under AASB 3 Business Combinations (whether housed in a subsidiary or not).
AASB 2015-10: the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Deferring the effective date indefinitely in the Australian jurisdiction may have unintended legal consequences given AASBs are legislative instruments. Accordingly, the AASB has deferred the effective date of the amendments to 1 January 2018.

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

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.

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

Disclosure Initiative - Amendments to AASB 107 (effective from 1 January 2017)

Amendments to AASB 107 will see the introduction of additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).

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

(d) <u>Revenue Recognition</u>

Rates, grants and contributions

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

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

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

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

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

Non-monetary contributions

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

User fees and fines

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

Sale of property, plant and equipment, infrastructure

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

Rent

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

Interest

Interest is recognised progressively as it is earned.

Distributions

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

Operating leases as lessor

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

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

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

(e) Expense Recognition

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

Employee benefits

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

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

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

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

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

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

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

	2016	2015
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, (2014/15, $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 2016, Council held a 2.81% (2015: 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 Profit or Loss and Other Comprehensive Income represent amended budget figures and are not subject to audit.

Notes to and forming part of the Financial Report
For the year ended 30 June 2016

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).

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	2,348,035	2,379,153	389,542	1,755,774	641,578	274,971	17,001,990
%	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	849,879	7,482,203	13,656,753
TOTAL	1,356,550	2,353,746	374,462	128,328	1,433,553	409,738	1,773,260	849,879	8,191,469	16,870,985
%	8.0	14.0	2.2	0.8	8.5	2.4	10.5	5.0	48.6	100.0
SURPLUS/(DEFICIT) FOR YEAR										(131,005)
ASSETS (Note 2(b))	61,452,831	94,903,312	169,964	28,339,080	2,520,389	0	0	16,485,979	291,963	204,163,518

2016 BUDGET	CORPORATE SERVICES	TRANSPORT	DEVELOPMENT SERVICES	PARKS AND RECREATION	COMM SERVICES	FIRE LEVY	WASTE MGT	DRAINAGE SERVICES	OTHER - NOT ATTRIBUTABLE	TOTAL
EXPENSES $	2,818,535	5,083,200	1,117,064	2,343,168	2,146,581	389,540	1,722,766	872,364	260,636	16,753,854
%	16.8	30.3	6.7	14.0	12.8	2.3	10.3	5.2	1.6	100.0
REVENUES $										
GRANTS	0	2,420,488	0	0	88,372	0	0	0	1,536,932	4,045,792
OTHER	1,760,920	0	271,347	120,136	1,088,378	405,891	1,769,451	843,039	7,403,254	13,662,416
TOTAL	1,760,920	2,420,488	271,347	120,136	1,176,750	405,891	1,769,451	843,039	8,940,186	17,708,208
%	9.9	13.7	1.5	0.7	6.6	2.3	10.0	4.8	50.5	100.0
SURPLUS/(DEFICIT) FOR YEAR										954,354

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

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:-

	2016 $	2015 $
Current Assets	9,749,616	10,099,486
Non-Current Assets	194,413,902	192,852,485
	204,163,518	**202,951,971**

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.

	Actual 2016 $	Actual 2015 $

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 2016 $	Actual 2015 $
General rate	7,482,203	7,201,128
Waste service charges	1,717,665	1,636,384
Fire levies	394,156	379,476
Stormwater service charges	849,879	842,962
Total Rates and Charges	**10,443,902**	**10,059,950**

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

4. USER CHARGES

	Actual 2016 $	Actual 2015 $
Childcare	1,070,178	978,984
Building and Development	226,971	188,530
Property Certificates	99,277	96,131
Other	607,952	712,400
Total User Charges	**2,004,378**	**1,976,045**

Ageing analysis of contractual receivables

Please refer to note 32 for the ageing analysis of contractual receivables.

5. GRANTS

Grants were received in respect of the following:

	Actual 2016 $	Actual 2015 $
Grants - Operating		
Roads		
Commonwealth Government Grant – General Purpose	709,266	2,386,795
Commonwealth Government Grants – Roads	598,758	1,797,661
Commonwealth Government Grants – Bridges	37,677	129,186
Heavy Vehicle Funding	58,935	58,935
Family and Children	129,311	172,833
Other	22,000	1,950
Total Operating grants	**1,555,947**	**4,547,360**
Grants - Capital		
Community Services		
Recreation	0	320,000
	0	**320,000**
Roads		
Roads to Recovery	1,118,285	391,372
Blackspot Funding	290,000	0
Somerset CBD	250,000	0
	1,658,285	**391,372**
Total Capital Grant Revenue	**1,658,285**	**711,372**
Total Grants Revenues	**3,214,232**	**5,258,732**

Government funds received in relation to pensioner rates of $537,550 (2015:$532,009) were treated as rate revenue in the Statement of Profit or Loss and Other Comprehensive Income.

During 2014/15 The Australian Commonwealth Government announced that they would bring forward the first two payments of the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. This has impacted the Statement of Profit or Loss and Other Comprehensive Income with the early receipt of 2015-16 instalments resulting in the surplus/(deficit) being higher in 2014-15 by $1,425,738 and lower by that amount in 2015-16. Additional Roads to Recovery funding of $726,913 was received in this year.

	Actual 2016 $	Actual 2015 $
Total Grants Revenues		
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - Roads to Recovery	1,118,285	391,372
Recreation	0	320,000
Blackspot Funding	290,000	0
Somerset CBD	250,000	0
	1,658,285	**711,372**
Total Capital Grant Revenue	**1,658,285**	**711,372**
Recurrent Grants	1,555,947	4,547,360
Capital Grants	1,658,285	711,372
Total Grants Revenues	**3,214,232**	**5,258,732**

6. INVESTMENT REVENUE FROM WATER COPORATION

Dividend revenue received	571,342	621,574
Tax equivalent received	158,271	209,989
Guarantee fee received	68,563	65,458
Total investment revenue from water corporation	**798,176**	**897,021**

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	234,593	168,182
Less: Written down value of assets disposed	(685,762)	(590,252)
Net Gain/(Loss) on disposal	**(451,169)**	**(422,070)**

The majority of this loss ($250,889) was the write off of Transport assets upon replacement and loss of bridges due to flooding ($144,487) refer to Note 18.

	Actual 2016 $	Actual 2015 $

8. EMPLOYEE COSTS

	Actual 2016 $	Actual 2015 $
Wages, Salaries and Allowances	4,704,213	4,387,694
Workers Compensation	190,721	232,621
Superannuation Expenses	568,138	532,406
Annual, Sick and Long Service Leave	896,499	858,028
Other Employee Expenses	336,462	270,468
Total Direct Employee Costs	**6,696,033**	**6,281,217**
Less Amounts Capitalised	**526,659**	**443,800**
Net Employee Costs	**6,169,374**	**5,837,417**

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.

9. MATERIALS AND CONTRACTS

	Actual 2016 $	Actual 2015 $
Contract payments	2,524,313	2,502,650
Waste Disposal	464,522	456,753
Insurance	304,012	334,658
Fuel	232,215	298,994
Electricity	358,828	363,405
Water and Sewerage	170,635	148,714
Other Materials and Services	1,631,956	1,616,965
Total Materials and Contracts	**5,686,481**	**5,722,139**

10. DEPRECIATION AND AMORTISATION

	Actual 2016 $	Actual 2015 $
Land Improvements	268,981	266,552
Buildings	330,366	327,170
Furniture and Fittings	60,281	72,057
Plant and Equipment	387,995	348,129
Roads	2,245,383	2,280,196
Bridges	364,630	382,523
Drainage Works	365,649	360,654
Intangible Assets	52,273	70,400
	4,075,558	**4,107,681**

11. BORROWING COSTS

	Actual 2016 $	Actual 2015 $
Interest	**128**	**0**

	Actual 2016 $	Actual 2015 $

12. OTHER EXPENSES

Audit Services - External Audit *	30,435	39,563
- Other Audit Services	1,050	750
Community Assistance Grants	40,682	46,117
Councillor's Allowances (refer to note 31)	173,049	174,756
	245,216	**261,186**

* includes base audit fee of $25,210 (2014 -15 $25,090)

13. INVESTMENT IN WATER CORPORATION

Opening Balance	43,508,804	43,162,274
Fair value adjustments on Available-for-Sale Assets	740,603	346,530
	44,249,407	**43,508,804**

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

14. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash	2,420	2,470
Trading Account	575,653	2,309,409
Road Accident - Trust Account	10,744	11,047
Short Term Deposits	7,458,607	6,262,149
	8,047,424	**8,585,075**

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. This includes coverage of future commitments for infrastructure renewals, liabilities and reserve funds.

Council has a 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**

15. CURRENT ASSETS - RECEIVABLES

Rates and Charges	374,883	398,575
Other Debtors	473,592	334,528
	848,475	**733,103**

Council had $380,541 in rates received in advance for 2015/16 (2014/15 $314,746).

	Actual 2016 $	Actual 2015 $

16. CURRENT ASSETS - INVENTORIES

	Actual 2016 $	Actual 2015 $
Stores and Material	95,091	99,165
Post Office Stock	4,808	4,129
Wonders of Wynyard	7,754	10,084
	107,653	**113,378**

17. CURRENT ASSETS - OTHER

	Actual 2016 $	Actual 2015 $
Accrued Income	69,251	106,647
Prepayments	117,008	91,283
Security Deposits	5,000	5,000
Payment for purchase of land not yet settled	444,623	0
	635,882	**202,930**

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

The purchased land has not settled at year end. Settlement and land titles will be issued next year

18. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Actual 2016 $	Actual 2015 $
Land		
At Fair Value	23,910,257	23,676,166
At Cost	142,362	*0*
Work in Progress	0	*0*
	24,052,619	**23,676,166**

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.

	Actual 2016 $	Actual 2015 $
Land Improvements		
At Cost	8,411,707	8,319,036
Less Accumulated Depreciation	(2,962,570)	(2,693,589)
Work in Progress	84,483	3,782
	5,533,620	**5,629,229**
Buildings		
At Fair Value	12,413,810	12,413,810
At Cost	1,051,043	779,755
Less Accumulated Depreciation	(1,580,025)	(1,249,659)
Work in Progress	18,409	55,251
	11,903,237	**11,999,157**

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

	Actual 2016 $	Actual 2015 $
Furniture and Fittings		
At Cost	1,367,013	1,241,299
Less Accumulated Depreciation	(1,142,088)	(1,081,807)
Work in Progress	23,526	15,117
	248,451	**174,609**

	Actual 2016 $	Actual 2015 $
Plant and Equipment		
At Cost	5,090,578	4,866,393
Less Accumulated Depreciation	(2,031,653)	(2,041,772)
	3,058,925	**2,824,621**
Roads		
At Cost	3,827,334	1,990,198
At Fair Value	130,741,246	131,966,082
Less Accumulated Depreciation	(60,187,369)	(58,969,417)
Work in progress	665,002	0
	75,046,213	**74,986,863**

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

Bridges		
At Fair Value	22,989,509	24,140,746
At Cost	1,428,962	461,093
Less Accumulated Depreciation	(10,833,448)	(11,355,677)
Work in progress	166,479	75,201
	13,751,502	**13,321,363**

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

Drainage Assets		
At Fair Value	28,202,105	28,358,525
At Cost	1,176,803	891,709
Less Accumulated Depreciation	(12,893,928)	(12,607,819)
Work in progress	0	0
	16,484,980	**16,642,415**

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	**150,079,547**	**149,254,423**
Reconciliations:		
Land		
Carrying amount at beginning of year	23,676,166	19,263,486
Additions	497,180	0
Initial asset recognition adjustment	(120,727)	0
Recognition of assets	0	4,412,680
Carrying amount at end of year	**24,052,619**	**23,676,166**
Land Improvements		
Carrying amount at beginning of year	5,629,229	5,457,588
Additions	173,372	438,194
Depreciation	(268,981)	(266,553)
Carrying amount at end of year	**5,533,620**	**5,629,229**
Buildings		
Carrying amount at beginning of year	11,999,157	12,148,529
Additions	234,446	177,798
Disposals	0	0

	Actual 2016 $	Actual 2015 $
Depreciation	(330,366)	(327,170)
Carrying amount at end of year	**11,903,237**	**11,999,157**
Furniture and Fittings		
Carrying amount at beginning of year	174,609	181,970
Additions	134,123	64,696
Disposals	0	0
Depreciation	(60,281)	(72,057)
Carrying amount at end of year	**248,451**	**174,609**
Plant and Equipment		
Carrying amount at beginning of year	2,824,621	2,576,839
Additions	854,885	792,939
Disposals	(232,586)	(197,028)
Depreciation	(387,995)	(348,129)
Carrying amount at end of year	**3,058,925**	**2,824,621**
Roads		
Carrying amount at beginning of year	74,986,865	55,066,500
Additions	2,502,137	1,690,076
Disposals	(130,998)	(231,698)
Depreciation	(2,245,383)	(2,280,196)
Derecognition of Assets	0	(21,511)
Recognition of assets	0	19,876,292
Impairment	(66,408)	0
Revaluation	0	887,402
Carrying amount at end of year	**75,046,213**	**74,986,865**
Bridges		
Carrying amount at beginning of year	13,321,363	13,368,513
Additions	1,059,147	397,105
Depreciation	(364,630)	(382,523)
Disposals	(264,378)	(61,732)
Carrying amount at end of year	**13,751,502**	**13,321,363**
Drainage		
Carrying amount at beginning of year	16,642,415	25,475,638
Additions	285,094	550,477
Derecognition	0	(3,968)
Disposals	(57,799)	(99,792)
Depreciation	(365,649)	(360,654)
Impairment	(19,081)	0
Revaluation	0	(8,919,286)
Carrying amount at end of year	**16,484,980**	**16,642,415**
Summary of Recognised and Derecognised Assets:		
Recognition of Assets		
Earthworks	0	19,807,806
Land Under Roads	0	4,412,680
Other	0	68,486
	0	24,288,972
Derecognition of Assets		
Other	0	(3,968)
Transport Assets	0	(21,511)
	0	**(25,479)**

	Actual 2016 $	Actual 2015 $
19. NON CURRENT ASSETS – INTANGIBLE ASSETS		
At Cost	544,619	544,619
Less Accumulated Amortisation	(510,570)	(458,297)
Work in progress	50,100	0
	84,149	**86,322**
Reconciliation		
Carrying amount at beginning of year	86,322	128,349
Additions	50,100	28,372
Amortisation	(52,273)	(70,399)
Carrying amount at end of year	**84,149**	**86,322**
20. NON CURRENT ASSETS – RECEIVABLES		
Debtors - Long Term	**800**	**2,936**
21. CURRENT LIABILITIES - PAYABLES		
Trade and Other Payables		
Trade Creditors	1,242,689	1,164,188
Total Trade and Other Payables		
	1,242,689	**1,164,188**
Trust Funds & Deposits	124,601	107,309
Total Payables	**1,367,290**	**1,271,497**
22. CURRENT LIABILITIES – FINANCIAL LIABILITIES		
Secured Loans	**49,136**	**5,400**
23. CURRENT LIABILITIES - PROVISIONS		
Provisions for Annual Leave	522,716	524,430
Provision for Long Service Leave	1,037,438	832,092
Employee benefits - On-costs	202,484	193,400
Provision for Banked Employee Time	36,816	28,092
Purchased Leave	20,286	17,257
	1,819,740	**1,595,271**
24. NON CURRENT LIABILITIES – FINANCIAL LIABILITIES		
Secured Loans	**456,714**	**5,850**

Security for Borrowings

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

	Actual 2016 $	Actual 2015 $

25. NON CURRENT LIABILITES - PROVISIONS

Provision for Long Service Leave	100,286	109,001
Employee benefits - on-costs	9,427	11,140
Provision for Gravel Pit Rehabilitation	189,923	186,192
	299,636	**306,333**
Movement in Provision for Gravel Pit Rehabilitation		
Opening balance	186,192	181,007
Contributions received	3,731	5,185
Rehabilitation Works	0	0
	189,923	**186,192**

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

Assumed rate of increase in wage and salary rates	2.0%
Discount rate	1.751%
Settlement term (years)	7
Number of employees at year end	80

26. RESERVES

Composition:		
Asset Acquisition	154,018	154,018
Public Open Space	144,511	139,453
Bridge Replacement Reserve	696,000	696,000
Asset Revaluation	48,269,778	48,475,994
Financial Assets available for Sale Reserve	4,946,429	4,205,826
	54,210,736	**53,671,291**
Movements:		
Asset Acquisition		
Balance at the beginning of the financial year	154,018	154,018
Amount transferred from accumulated surplus	0	0
Amount transferred to accumulated surplus	0	0
Balance at the end of the financial year	**154,018**	**154,018**
Public Open Space		
Balance at the beginning of the financial year	139,453	139,453
Amount transferred from accumulated surplus	5,058	0
Amount transferred to accumulated surplus	0	0
Balance at the end of the financial year	**144,511**	**139,453**
Bridge Replacement Reserve		
Balance at the beginning of the financial year	696,000	696,000
Amount transferred from accumulated surplus	0	0
Amount transferred to accumulated surplus	0	0
Balance at the end of the financial year	**696,000**	**696,000**
Asset Revaluation - Council		
Balance at the beginning of the financial year	48,475,994	56,507,879
Revaluation Assets	(206,216)	(8,031,885)
Balance at the end of the financial year	**48,269,778**	**48,475,994**
Financial Assets available for Sale Reserve		
Balance at the beginning of the financial year	4,205,826	3, 859,296
Fair Value Adjustment	740,603	346,530
Balance at the end of the financial year	**4,946,429**	**4,205,826**

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 2016 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.

27. RECONCILIATION OF SURPLUS/(DEFICIT) FOR YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Actual 2016 $	Actual 2015 $
Surplus/(Deficit) for Year	**(131,005)**	**26,047,609**
Items not involving Cash		
Depreciation expense	4,075,558	4,107,681
Donated assets	0	0
Recognition of assets	0	(24,288,972)
Derecognition of assets	0	25,479
	4,075,558	**(20,155,812)**
Change in Operating Assets and Liabilities		
Receivables and other Assets	(498,896)	299,566
Payables	20,908	359,912
Provisions	271,614	247,982
Inventories	(5,725)	(2,832)
	(212,099)	**904,628**
Investing Activity		
Loss/(Profit) on disposal of Non-Current Assets	451,168	422,070
Distributions from Water Corporation	(798,176)	(897,021)
Capital Grants	(1,658,285)	(711,372)
	(2,005,293)	**(1,186,323)**
Cash flows from Operating Activities	**1,727,161**	**5,610,102**

	Actual 2016 $	Actual 2015 $

28. CONTINGENT ASSETS & LIABILITIES

Council holds bank guarantees for the following:

Building frontage, landscaping/subdivision	73,319	48,846

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 (2014/15 $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.

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

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

29. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Not later than one year	1,428,263	567,747

(b) Finance Lease Commitments

Council held no finance lease commitments as at 30 June 2016.

(c) Operating Lease Commitments

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

Not later than one year	13,494	15,245
Later than one year and not later than five years	14,836	28,331

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

(d) Operating Expense Commitments

Not later than one year	737,099	625,298

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 makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2016 the Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was $66,310,000, the value of vested benefits was $57,475,000, the surplus over vested benefits was $8,835,000, the value of total accrued benefits was $58,093,000, and the number of members was 187. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	7.0% p.a.
Salary Inflation	4.0% pa
Price Inflation	n/a

The actuarial review concluded that:

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

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

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

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

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

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

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

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

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

- Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.

- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

  The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

- The Fund is a defined benefit Fund.

- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

- During the reporting period the amount of contributions paid to defined benefits schemes was $0 (2014-15, $0). The amount of contributions paid to Quadrant/Tasplan during the reporting period was $454,786 (2014-15, $399,019) and the amount paid to 23 other superannuation funds was $$113,352 (2014-15, $133,386).

- 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 $579,500 .

- 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.

- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of $66.3 million and members' Vested Benefits were $57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

- As at 30 June 2015 the fund had 164 members and the total employer contributions and member contributions for the year ending 30 June 2015 were $2,083,883 and $325,833 respectively.

31. RELATED PARTY DISCLOSURE

	2016 $	2015 $
a) Allowances	173,049	174,756
b) Register of Interests –		

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

Cr. Robert Walsh (Mayor)	No Interest Declared
Cr. Mary Duniam (Deputy Mayor)	No Interest Declared
Cr. Maureen Bradley	No Interest Declared
Cr. Gary Bramich	No Interest Declared

Cr. Darren Fairbrother	No Interest Declared
Cr. Alwyn Friedersdorff	No Interest Declared
Cr Kevin Hyland	No Interest Declared
Cr. Stephen Wright	No Interest Declared

c) Key Management Personnel Remuneration

	Salary[1]	Other Benefits[2]	Superannuation[3]	Total
	$	$	$	$
M Stretton General Manager	171,246	17,600	21,973	210,819
T Bradley[5] Director Corporate & Community Services	107,851	16,200	13,849	137,900
D Summers[5] Director Infrastructure & Development Services	138,492	16,200	12,875	167,567
P Smith[4,5] Director Strategic & Financial Services	111,908	600	14,355	126,863
Total	**529,497**	**50,600**	**63,052**	**643,149**

[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] Other benefits includes; contractual notional allowances for vehicles, mobile phones.
[3] Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits were calculated using a notional cost base of 13.0% of actual salary (D Summers 9.5%).
[4] Director Strategic & Financial Services contract was not finalised until July 2016, therefore the annual salary does not take into account amendments to the salary under the new management structure. This remuneration will be reported in 2016/17 as a back payment.

Waratah-Wynyard Council undertook an organisational review in the second half of 2015 and implemented a management restructure in October 2015. Prior to this, the Council had four Executive Managers reporting to the General Manager. As a result of the restructure, the Executive Manager positions have been reduced to three Directors and the nature of the roles broadened and upgraded to create a stronger focus on strategic management of the organization.

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.

[5]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.
The remuneration disclosure provides the annual remuneration packages for all three Directors, but it is noted that Waratah-Wynyard Council employs the Directors of Finance and Strategic Services and Corporate and Community Services. Their full remuneration costs are reflected in employee costs in the financial statements, while the reimbursement of costs from Circular Head Council currently appears as revenue from reimbursement in the accounts.

Conversely, the Director of Infrastructure and Development is employed by Circular Head Council. His employee costs appear in the Circular Head Council financial statements, while the reimbursement of his costs by Waratah Wynyard is accounted for as a material and contracts expense.

32. 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 2016 was 1.25% (1.95% in 2014/2015). The weighted average interest rate return on term deposit investments at 30 June 2016 was 2.88% (2.69% in 2014/2015).
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.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 3.14% (0.00% in 2014/2015).
Bank Guarantees		Bank guarantees are given as security deposits for rehabilitation of mining leases it operates.	The cost is a flat 2% per annum. (2.00% in 2014/2015)
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:

	30 June 2016		30 June 2015	
Trade receivables	**Gross**	**Impairment**	**Gross**	**Impairment**
Not past due	389,223	0	258,807	0
Past due 0-30 days	26,221	0	26,236	0
Past due 31-60 days	7,869	0	11,701	0
Past due 61-90 days	26,209	0	9,551	0
More than 90 days	24,070	0	28,233	0
Total trade receivables	**473,592**	**0**	**334,528**	0
Rates receivable	**374,883**	**0**	**398,575**	0
Total receivables	**848,475**	**$0**	**733,103**	**$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 2016.

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 0.029% of the revenue of the preceding financial year (2015 – 0.0003%).

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 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**
30 June 2015					
Payables	1,271,497	-	-	1,271,497	1,271,497
Financial liabilities	5,400	5,850	-	11,250	11,250
Total	**1,276,897**	**5,850**	**-**	**1,282,747**	**1,282,747**

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:

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**		**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)						

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

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 2016	30 June 2015
Financial assets		
Cash at bank and on hand	586,397	2,320,456
Short term investments	7,458,607	6,262,149
Total	**8,045,004**	**8,582,605**
Financial liabilities		
Interest bearing liabilities	500,000	0
Total	**500,000**	**0**
Net Total	**7,545,004**	**8,582,605**

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 2015.

At 30 June 2016, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

	Surplus/(Deficit)		Equity	
	2015/16	2014/15	2015/16	2014/15
+ 1% (100 basis points)	75,450	85,826	75,450	85,826
- 0.5% (50 basis points)	(37,725)	(42,913)	(37,275)	(42,913)

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:

	30 June 2016		30 June 2015	
Fair Values	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
	$	$	$	$
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	588,817	588,817	2,322,926	2,322,926
Short term investments	7,458,607	7,458,607	6,262,149	6,262,149
Receivables	848,475	848,475	736,039	736,039
Investment in Water Corporation	44,249,407	44,249,407	43,508,804	43,508,804
Accrued revenue	69,251	69,251	106,647	106,647
	53,214,557	**53,214,557**	**52,936,565**	**52,936,565**
Financial liabilities				
Payables	1,367,290	1,367,290	1,271,497	1,271,497
Interest bearing liabilities	505,850	510,563	11,250	11,250
Other liabilities	0	0	0	0
	1,873,140	**1,877,853**	**1,282,747**	**1,282,747**
Net financial assets	**51,341,417**	**51,336,704**	**51,653,818**	**51,653,818**

Carrying amounts classified as:	30 June 2016	30 June 2015
	$	$
Financial assets		
Loans and receivables	917,726	842,686
Cash and cash equivalents	8,047,424	8,585,075
Available for Sale Financial Assets	44,249,407	43,508,804
	53,214,557	**52,936,565**
Financial Liabilities		
Financial liabilities measured at amortised cost	1,873,140	1,282,747
	1,873,140	**1,282,747**
Net financial assets / (liabilities)	**51,341,417**	**51,653,818**

(b) Fair value hierarchy

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

The different levels have been defined as follows:

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

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

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

Reconciliation of Level 3 Fair Value Movements

	2016 $	2015 $
Opening Balance	43,508,804	43,162,274
Gains (losses) recognised in other comprehensive income: Change in fair value movement in TasWater	740,603	346,530
Closing Balance	**44,249,407**	**43,508,804**

33 SIGNIFICANT BUSINESS ACTIVITIES

	Children's Services	
	2016 $	2015 $
REVENUE		
Direct		
Rates	-	-
User Charges	1,070,578	978,984
Contributions	-	-
Government Grants	129,311	172,833
Other	1,312	51
	1,201,201	**1,151,868**
EXPENDITURE		
Direct		
Employee Costs	994,234	971,072
Materials & Contracts	124,394	112,761
Interest	-	-
Other	-	-
	1,118,628	**1,083,833**
Indirect		
Indirect Expenditure	**68,967**	**71,120**
Capital Costs		
Depreciation	24,638	25,686
Opportunity Costs of Capital	37,817	38,681
	62,455	**64,367**
Competitive Neutrality Costs	**3,046**	**3,037**

34 MANAGEMENT INDICATORS

	Benchmark	2016 $'000	2015 $'000	2014 $'000	2013 $'000
(a) Underlying surplus or deficit					
Recurrent income* less		17,090	16,775	15,914	14,968
Recurrent expenditure		17,308	17,128	17,572	16,958
Underlying surplus/deficit	0	**(218)**	**(353)**	**(1,658)**	**(1,990)**
Reconciliation to Comprehensive Result					
Capital Grants		1,658	711	395	931
Financial Assistance Grant Offset**		(1,426)	1,426	(1,573)	1
Recognition of Assets		0	24,289	5,747	0
De-recognition of Assets		0	(25)	(1,669)	0
Contributions Non-Current Assets		0	0	93	1,341
Flood Damaged Assets***		(145)	0	0	0
Net Surplus (Deficit)	0	**(131)**	**26,048**	**1,335**	**283**
Other Comprehensive Income					
Fair Value Revaluation of NCA		(206)	(8,032)	6,223	0
Fair Value Adjustment on Available for Sale Assets		741	347	3,100	533
Comprehensive Result		**404**	**18,363**	**10,658**	**816**

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.
**Grants received in advance have been adjusted for purpose of underlying position to align with the year the grants are attributable to.
***Losses on disposal of flood damaged assets not considered recurrent expenditure.

(b) Underlying surplus ratio

	Benchmark	2016	2015	2014	2013
Underlying surplus or deficit		(218)	(353)	(1,658)	(1,990)
Recurrent income*		17,090	16,775	15,914	14,968
Underlying surplus ratio %	0%	(1%)	(2%)	(10%)	(13%)

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

(c) Net financial liabilities

	Benchmark	2016	2015	2014	2013
Liquid assets less		8,895	9,318	6,341	8,234
Total liabilities		3,993	3,184	2,632	2,747
Net financial liabilities	0	4,902	6,134	3,709	5,487

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

(d) Net financial liabilities ratio

	Benchmark	2016	2015	2014	2013
Net financial liabilities		4,902	6,134	3,709	5,487
Recurrent income*		17,090	16,775	15,914	14,968
Net financial liabilities ratio 0%	0 - (50%)	29%	37%	36%	37%

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

(e) Asset consumption ratio

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

	Benchmark	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Roads					
Depreciated replacement cost		75,046	74,987	55,067	50,865
Current replacement cost		135,234	133,956	112,424	101,242
Asset consumption ratio %	40%-80%	55%	56%	49%	50%
Buildings					
Depreciated replacement cost		11,903	11,999	12,149	13,048
Current replacement cost		13,483	13,194	13,071	13,727
Asset consumption ratio 0%	40%-80%	88%	91%	93%	95%
Bridges					
Depreciated replacement cost		13,752	13,321	13,369	11,954
Current replacement cost		24,585	24,677	24,425	22,132
Asset consumption ratio %	40%-80%	56%	54%	55%	54%
Drainage					
Depreciated replacement cost		16,485	16,642	25,478	25,544
Current replacement cost		29,379	29,250	44,904	44,605
Asset consumption ratio %	40%-80%	56%	57%	57%	57%

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

(f) Asset renewal funding ratio

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

	Benchmark	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Roads					
Projected capital funding outlays**		19,693	19,335	20,716	22,097
Projected capital expenditure funding***		19,693	23,743	25,435	26,124
Asset renewal funding ratio %	90%-100%	100%	81%	81%	85%
Buildings					
Projected capital funding outlays**		497	3,346	3,585	3,824
Projected capital expenditure funding***		497	4,991	5,547	5,547
Asset renewal funding ratio %	90%-100%	100%	67%	65%	69%
Bridges					
Projected capital funding outlays**		1,580	2,244	N/A	N/A
Projected capital expenditure funding***		1,580	2,244	N/A	N/A
Asset renewal funding ratio %	90%-100%	100%	100%	N/A	N/A
Drainage					
Projected capital funding outlays**		1,630	1,853	50	50
Projected capital expenditure funding***		1,630	1,853	0	0
Asset renewal funding ratio %	90%-100%	100%	100%	0	0

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

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

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

(g) Asset sustainability ratio

Capex on replacement/renewal of existing assets		3,676	3,179	3,501	2,173
Annual depreciation		4,076	4,108	4,080	3,964
Asset sustainability ratio %	100%	90%	77%	86%	55%

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	92	82	174
Buildings	110	125	235
Furniture	27	107	134
Plant	819	36	855
Roads	1,323	1,252	2,575
Bridges	1,059	0	1,059
Drainage	246	39	285
Intangibles	0	119	119
Total	3,676	1,760	5,436

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 2016.

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 2016	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Land	18		24,497		24,497
Buildings	18			11,903	11,903
Roads, including footpaths	18			74,980	74,980
Bridges	18			13,752	13,752
Drainage	18			16,485	16,485
			24,497	117,120	141,617
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.

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

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

Investment in water corporation

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

	2016 $	2015 $
Opening Balance	43,508,804	43,162,274
Gains (losses) recognised in other comprehensive income:	740,603	346,530
Closing Balance	**44,249,407**	**43,508,804**

Land

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

Land held for sale

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

Land under roads

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

Buildings

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

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

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

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

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

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

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation.

The 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).

Certification of the Financial Report

The financial report presents fairly the financial position of the Waratah-Wynyard Council as at 30 June 2016, 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.

obo Michael Stretton	Daniel Summers
General Manager	**Acting General Manager**

Date: 29th September 2016

Tasmanian
Audit Office

Independent Auditor's Report

To the Councillors of Waratah-Wynyard Council

Financial Report for the Year Ended 30 June 2016

Report on the Financial Report

I have audited the accompanying financial report of Waratah-Wynyard Council (Council), which comprises the statement of financial position as at 30 June 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

(a) presents fairly, in all material respects, its financial position as at 30 June 2016 and financial performance, cash flows and changes in equity for the year then ended

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

The Responsibility of the General Manager for the Financial Report

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

Auditor's Responsibility

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

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

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

My audit responsibility does not extend to the original budget figures included in the statements of profit or loss and other comprehensive income, the asset renewal funding ratio disclosed in note 33 (f), nor the Significant Business Activities disclosed in note 32 to the financial report and accordingly, I express no opinion on them.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements.

The *Audit Act 2008* 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.

Tasmanian Audit Office

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

Hobart
29 September 2016

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