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**GLAMORGAN SPRING BAY  
COUNCIL**

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# **Glamorgan Spring Bay Council Annual Report 2014/2015 – Part B**

## **Annual Financial Report Local Government Model**

**For the Year Ended 30 June 2015**

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# FINANCIAL STATEMENTS

Notes to the financial report for the year ended 30 June 2015



27th September 2015

Certification of the Financial Report

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



GENERAL MANAGER

# FINANCIAL STATEMENTS

Notes to the financial report for the year ended 30 June 2015

## BUDGET VARIANCE REPORT FOR FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2015

### REVENUE

- (1) **Grants received:** 26% (\$595k) **over budget variance** due to prepayment of federal assistance grants received from the Government in advance at the end of June not expected or budgeted
- (2) **Interest received:** 26% (\$29k) **below budget variance** mainly attributable to lower interest rates, cash at bank and low outstanding rates debtors
- (3) **Net gain/loss on assets:** 96% (\$966k) **below budget variance**, no properties sold as budgeted
- (4) **Other Income:** 13% (\$211k) **over budget variance**, includes \$346k from MAST for boat ramp in Triabunna not budgeted actually makes the variance 8% below budget or (\$134K). This has occurred because Eldercare rent is now taken directly to reserve \$52k and the budget included transfer of subdivision fees that didn't eventuate and are always difficult to budget \$100K
- (5) **Statutory Fees and Fines:** 26% (\$75k) **over budget variance** mainly due to one large development
- (6) **User Fees:** 16% (\$158k) **below budget variance** as in 5 and related to building fees

**Total Revenue: 2% or (\$285k) below budget variance**

### EXPENSES

- (1) **Depreciation:** 14% (\$300k) **below budget variance**. Infrastructure depreciation actual not know until year end.
- (2) **Finance Costs:** 45% (\$81k) **below budget variance**. Budget allowed for Solis borrowings
- (3) **Materials and Services:** 13 %(\$694k) **above budget variance**. Locum Doctor Bicheno not budgeted \$326k. Land tax almost doubled \$25K. Materials approximately \$50k over budget due to purchases related to extra NRM grants and the Tasman Highway contract. Street lighting \$20k above budget. \$30k extra stock for visitor centre related to sales. \$15k extra in postage related to rates notice errors reimbursed by contractor. Maintenance buildings and property \$40k over budget mainly due to wind damage and major plumbing problems. Other minor variances
- (4) **Net gain/loss on assets:** (\$168k) **above budget variance**. Amount not known until year end with disposal of infrastructure assets.
- (5) **Other Expenses:** 24% (\$37k) **above budget variance**. Audit costs and Councillor training above budget.

**Total Expenses: 4% or (\$532k) above budget variance.**

# Glamorgan Spring Bay Council

## Financial Report

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|   | <b>Note</b> | <b>2015</b>    | <b>2014</b>    |
|---|-------------|----------------|----------------|
|   |             | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Assets</b>                                 |             |                |                |
| <b>Current assets</b>                         |             |                |                |
| Cash and cash equivalents                     | 20          | 2,183          | 1,869          |
| Trade and other receivables                   | 21          | 258            | 346            |
| Inventories                                   | 22          | 34             | 34             |
| Other assets                                  | 23          | 132            | 106            |
| <b>Total current assets</b>                   |             | <b>2,607</b>   | <b>2,355</b>   |
| <b>Non-current assets</b>                     |             |                |                |
| Trade and other receivables                   | 21          | 35             | 40             |
| Investment in water corporation               | 19          | 32,044         | 30,567         |
| Property, infrastructure, plant and equipment | 24          | 89,005         | 76,179         |
| <b>Total non-current assets</b>               |             | <b>121,084</b> | <b>106,786</b> |
| <b>Total assets</b>                           |             | <b>123,691</b> | <b>109,141</b> |
| <b>Liabilities</b>                            |             |                |                |
| <b>Current liabilities</b>                    |             |                |                |
| Trade and other payables                      | 25          | 1,655          | 1,028          |
| Trust funds and deposits                      | 26          | 36             | 46             |
| Deferred Income                               | 26          | 30             | -              |
| Provisions                                    | 27          | 596            | 506            |
| Interest-bearing loans and borrowings         | 28          | 1,149          | 326            |
| <b>Total current liabilities</b>              |             | <b>3,466</b>   | <b>1,905</b>   |
| <b>Non-current liabilities</b>                |             |                |                |
| Provisions                                    | 27          | 250            | 157            |
| Interest-bearing loans and borrowings         | 28          | 1,695          | 1,661          |
| <b>Total non-current liabilities</b>          |             | <b>1,945</b>   | <b>1,817</b>   |
| <b>Total liabilities</b>                      |             | <b>5,411</b>   | <b>3,722</b>   |
| <b>Net Assets</b>                             |             | <b>118,280</b> | <b>105,418</b> |
| <b>Equity</b>                                 |             |                |                |
| Accumulated surplus                           |             | 74,202         | 62,861         |
| Reserves                                      | 29          | 44,078         | 42,557         |
| <b>Total Equity</b>                           |             | <b>118,279</b> | <b>105,418</b> |

The above statement should be read in conjunction with the accompanying notes.

|  | Note   | Budget<br>2015<br>\$'000 | Actual<br>2015<br>\$'000 | Actual<br>2014<br>\$'000 |
|--|--------|--------------------------|--------------------------|--------------------------|
| <b>Income from continuing operations</b>   |        |                          |                          |                          |
| <b>Recurrent Income</b>  |        |                          |                          |                          |
| Rates and charges  | 3      | 6,553                    | 6,542                    | 6,323                    |
| Statutory fees and fines   | 4      | 293                      | 368                      | 276                      |
| User fees  | 5      | 992                      | 834                      | 891                      |
| Grants   | 6      | 1,720                    | 2,491                    | 1,297                    |
| Contributions - cash   | 7      | 55                       | 54                       | 41                       |
| Interest   | 8      | 111                      | 81                       | 130                      |
| Other income   | 9      | 2,634                    | 1,498                    | 1,420                    |
| Investment revenue from water corporation  | 11, 19 | 621                      | 621                      | 413                      |
|  |        | <b>12,979</b>            | <b>12,490</b>            | <b>10,791</b>            |
| <b>Capital income</b>  |        |                          |                          |                          |
| Capital grants received specifically for new or upgraded assets                    | 6      | 536                      | 360                      | 658                      |
| Contributions - non-monetary assets  | 7      | -                        | 347                      | 486                      |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment       | 10     | -                        | (134)                    | (331)                    |
| Initial recognition at fair value of Property, infrastructure, plant and equipment | 12     | -                        | 10,169                   | -                        |
|  |        | <b>536</b>               | <b>10,741</b>            | <b>813</b>               |
| <b>Total income from continuing operations</b>                                     |        | <b>13,515</b>            | <b>23,231</b>            | <b>11,604</b>            |
| <b>Expenses from continuing operations</b>   |        |                          |                          |                          |
| Employee benefits  | 13     | (3,897)                  | (3,911)                  | (3,287)                  |
| Materials and services   | 14     | (5,143)                  | (5,686)                  | (5,409)                  |
| Impairment of debts  | 15     | (3)                      | (2)                      | (5)                      |
| Depreciation and amortisation  | 16     | (2,141)                  | (1,991)                  | (1,952)                  |
| Finance costs  | 17     | (180)                    | (99)                     | (78)                     |
| Other expenses   | 18     | (151)                    | (189)                    | (181)                    |
|  |        | <b>(11,515)</b>          | <b>(11,879)</b>          | <b>(10,912)</b>          |
| <b>Total expenses from continuing operations</b>                                   |        | <b>(11,515)</b>          | <b>(11,879)</b>          | <b>(10,912)</b>          |
| <b>Operating result from continuing operations</b>                                 |        | <b>2,000</b>             | <b>11,352</b>            | <b>692</b>               |
| <b>Operating result from discontinued operations</b>                               |        | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |
| <b>Net operating result for the year</b>   |        | <b>2,000</b>             | <b>11,352</b>            | <b>692</b>               |
| <b>Other comprehensive income</b>  |        |                          |                          |                          |
| <b>Items that will not be reclassified to surplus or deficit</b>                   |        |                          |                          |                          |
| Net asset revaluation increment(decrement) reversals                               | 29     | -                        | 34                       | 1,733                    |
|  |        | <b>-</b>                 | <b>34</b>                | <b>1,733</b>             |
| <b>Items that may be reclassified subsequently to surplus or deficit</b>           |        |                          |                          |                          |
| Financial assets available for sale reserve  |        |                          |                          |                          |
| — Fair Value adjustment on Available for Sale Assets                               | 29     | -                        | 1,477                    | (7,274)                  |
|  |        | <b>-</b>                 | <b>1,477</b>             | <b>(7,274)</b>           |
| <b>Total Other Comprehensive Income</b>  |        | <b>-</b>                 | <b>1,511</b>             | <b>(5,541)</b>           |
| <b>Total Comprehensive result</b>  |        | <b>2,000</b>             | <b>12,862</b>            | <b>(4,849)</b>           |

The above statement should be read in conjunction with the accompanying notes.

|   | Note | 2015<br>Inflows/<br>(Outflows)<br>\$'000 | 2014<br>Inflows/<br>(Outflows)<br>\$'000 |
|---|------|--|--|
| <b>Cash flows from operating activities</b>                         |      |  |  |
| Rates   |      | 6,787                                    | 6,427                                    |
| Statutory fees and fines  |      | 372                                      | -  |
| User charges and other fines (inclusive of GST)                     |      | 906                                      | 3,040                                    |
| Grants (inclusive of GST)   |      | 2,564                                    | 1,427                                    |
| Developer contributions (inclusive of GST)                          |      | 43                                       | -  |
| Interest  |      | 88                                       | 133                                      |
| Investment revenue from water corporation                           |      | 621                                      | 413                                      |
| Other receipts (inclusive of GST)                                   |      | 1,456                                    | -  |
| Net GST refund/payment  |      | 668                                      | -  |
| Payments to suppliers (inclusive of GST)                            |      | (6,321)                                  | (6,214)                                  |
| Payments to employees (including redundancies)                      |      | (2,986)                                  | (3,513)                                  |
| Finance costs   |      | (100)                                    | (78)                                     |
| Other payments  |      | (597)                                    | -  |
| <b>Net cash provided by (used in) operating activities</b>          | 30   | <b>3,501</b>                             | <b>1,635</b>                             |
| <b>Cash flows from investing activities</b>                         |      |  |  |
| Payments for property, infrastructure, plant and equipment          |      | (4,428)                                  | (3,136)                                  |
| Proceeds from sale of property, infrastructure, plant and equipment |      | 15                                       | 31                                       |
| Payments from (for) investment property                             |      | -  | 411                                      |
| Capital grants (inclusive of GST)                                   |      | 364                                      | 658                                      |
| <b>Net cash provided by (used in) investing activities</b>          |      | <b>(4,049)</b>                           | <b>(2,036)</b>                           |
| <b>Cash flows from financing activities</b>                         |      |  |  |
| Proceeds from interest bearing loans and borrowings                 |      | 1,000                                    | 500                                      |
| Repayment of interest bearing loans and borrowings                  |      | (137)                                    | (115)                                    |
| <b>Net cash provided by (used in) financing activities</b>          |      | <b>863</b>                               | <b>385</b>                               |
| Net increase (decrease) in cash and cash equivalents                |      | 315                                      | (16)                                     |
| Cash and cash equivalents at the beginning of the financial year    |      | 1,868                                    | 1,884                                    |
| <b>Cash and cash equivalents at the end of the financial year</b>   | 31   | <b>2,183</b>                             | <b>1,868</b>                             |

The above statement should be read in conjunction with the accompanying notes.

**Glamorgan Spring Bay Council**  
**2014-2015 Financial Report**

|  | Note | Total<br>2015<br>\$'000 | Accumulated<br>Surplus<br>2015<br>\$'000 | Asset<br>Revaluation<br>Reserve<br>2015<br>\$'000 | Fair<br>Value<br>Reserve<br>2015<br>\$'000 | Other<br>Reserves<br>2015<br>\$'000 |
|--|------|-------------------------|--|---|--|-------------------------------------|
| <b>2015</b>  |      |                         |  |   |  |                                     |
| Balance at beginning of the financial year           |      | 105,417                 | 62,860                                   | 48,541  | (6,982)                                    | 998                                 |
| Surplus / (deficit) for the year                     |      | 11,352                  | 11,352                                   |   | -  |                                     |
| Other Comprehensive Income:                          |      | -                       |  |   | -  |                                     |
| Financial assets available for sale reserve          |      |                         |  |   |  |                                     |
| — Fair Value adjustment on Available for Sale Assets | 19   | 1,477                   | -  | -   | 1,477                                      | -                                   |
| Net asset revaluation increment(decrement) reversals | 29   | 34                      | -  | 34  |  |                                     |
| Transfers between reserves                           |      | -                       | (10)                                     | -   | -  | 10                                  |
| <b>Balance at end of the financial year</b>          |      | <b>118,279</b>          | <b>74,202</b>                            | <b>48,575</b>                                     | <b>(5,505)</b>                             | <b>1,008</b>                        |

|  |    | Total<br>2014<br>\$'000 | Accumulated<br>Surplus<br>2014<br>\$'000 | Asset<br>Revaluation<br>Reserve<br>2014<br>\$'000 | Fair<br>Value<br>Reserve<br>2015<br>\$'000 | Other<br>Reserves<br>2014<br>\$'000 |
|--|----|-------------------------|--|---|--|-------------------------------------|
| <b>2014</b>  |    |                         |  |   |  |                                     |
| Balance at beginning of the financial year           |    | 110,272                 | 62,243                                   | 46,808  | 292  | 929                                 |
| Surplus / (deficit) for the year                     |    | 686                     | 686                                      |   | -  |                                     |
| Other Comprehensive Income:                          |    | -                       |  |   | -  |                                     |
| Financial assets available for sale reserve          |    | -                       |  |   |  |                                     |
| — Fair Value adjustment on Available for Sale Assets | 19 | (7,274)                 | -  | -   | (7,274)                                    | -                                   |
| Net asset revaluation increment(decrement) reversals | 29 | 1,733                   | -  | 1,733   |  |                                     |
| Transfers between reserves                           |    | -                       | (69)                                     | -   |  | 69                                  |
| <b>Balance at end of the financial year</b>          |    | <b>105,417</b>          | <b>62,860</b>                            | <b>48,541</b>                                     | <b>(6,982)</b>                             | <b>998</b>                          |

The above statement should be read with the accompanying notes.



## **Introduction**

- (a) The Glamorgan Spring Bay Council was established on 7th July 1860 and is a body corporate with perpetual succession and a common seal.  
Council's main office is located at 9 Melbourne Street, Triabunna
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
  - to represent and promote the interests of the community;
  - provide for the peace, order and good government in the municipality.

## **Statement of compliance**

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).

## **Note 1 Significant accounting policies**

### **(a) Basis of accounting**

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), 1(i), 1(k), 1(o), 1(p), 1(q), 1(v), 1(w), 1(x) and 1(y).

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.

Details of entities not included in this financial report based on their materiality are detailed in note 40.

### **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.

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(o).

*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 33.

*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 notes 1(g) and in note 26.

*Investment in water corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 1(f) and in note 24.

*Landfill / Tip Rehabilitation*

Council operates no landfill sites

**(b) Adoption of new and amended accounting standards**

- (i) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures and the relevant amending standards, AASB 2013-8 Amendments to Australian Accounting Standards- Australian Implementation Guidance for Not-for-Profit Entities - Control Structured Entities, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards, AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and other amendments (effective from 1 January 2014).

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council has undertaken an assessment and no material changes to the composition of Council's accounts are anticipated from the application of the new standard.

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

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

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

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

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

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

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and other amendments provides guidance on amendments to AASB 10, AASB 11, and AASB 12 to simplify transition and provide relief from the disclosures in respect of unconsolidated structure entities on transition to the suite of consolidation standards. Also, provides guidance on the additional amendments to AASB 10 and related standards to revise their application paragraphs, so that they apply mandatorily to not-for-profit entities.

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

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

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

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

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

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

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

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

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

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

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

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

**(v) Interpretation 21 Levies**

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

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

**(c) Pending Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (v) AASB 2014-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (effective from 1 January 2016)

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

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

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

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

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



**(d) Revenue recognition**

*Rates, grants and contributions*

Rates, grants and contributions (including developer contributions) are recognised as revenues when 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 6. 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.

Unreceived contributions over which Council has control are recognised as receivables.

*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 Statutory fees and fines*

Fees and fines (including parking 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 the 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.

*Dividends*

Dividend 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 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 remaining values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.

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:

|  | <b>Period</b> |
|--|---------------|
| Land improvements                              | 50 years      |
| Buildings                                      |               |
| buildings                                      | 50 years      |
| building improvements                          | 25-50 years   |
| Plant and Equipment                            |               |
| plant, machinery and equipment                 | 2-12 years    |
| fixtures, fittings and furniture               | 6-10 years    |
| computers and telecommunications               | 2-5 years     |
| leased plant and equipment                     | 2-5 years     |
| Roads  |               |
| road pavements and seals                       | 10-15 years   |
| road substructure                              | 90 years      |
| road formation and earthworks                  | 100 years     |
| road kerb, channel and minor culverts          | 70 years      |
| Bridges  |               |
| bridges deck                                   | 15-80 years   |
| bridges substructure                           | 15-80 years   |
| Other Infrastructure                           |               |
| footpaths and cycleways                        | 70 years      |
| drainage                                       | 75 years      |
| recreational, leisure and community facilities | 15 years      |
| waste management                               | 10 years      |
| parks, open space and streetscapes             | 15 years      |
| off street car parks                           | 15 years      |
| Intangible assets                              |               |
| intangible assets                              | 2-5 years     |



*Repairs and maintenance*

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

*Borrowing costs*

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period, (2013-14, \$0).

Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

**(f) Recognition and measurement of assets**

*Acquisition and Recognition*

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

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.

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.

The following classes of assets have been recognised in note 24.

In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

|  | <b>Threshold<br/>\$'000</b> |
|--|-----------------------------|
| Land   |                             |
| land   | 10                          |
| land under roads                               | 10                          |
| land improvements                              | 10                          |
| Buildings                                      |                             |
| buildings                                      | 10                          |
| building improvements                          | 10                          |
| leasehold building improvements                | 10                          |
| heritage buildings                             | 10                          |
| Plant and Equipment                            |                             |
| plant, machinery and equipment                 | 5                           |
| fixtures, fittings and furniture               | 5                           |
| computers and telecommunications               | 5                           |
| leased plant and equipment                     | 5                           |
| Roads  |                             |
| road pavements and seals                       | 10                          |
| road substructure                              | 10                          |
| road formation and earthworks                  | 10                          |
| road kerb, channel and minor culverts          | 10                          |
| Bridges  |                             |
| bridges deck                                   | 10                          |
| bridges substructure                           | 10                          |
| bridges other                                  |                             |
| Other Infrastructure                           |                             |
| footpaths and cycleways                        | 10                          |
| drainage                                       | 10                          |
| recreational, leisure and community facilities | 10                          |
| waste management                               | 10                          |
| parks, open space and streetscapes             | 10                          |
| off street car parks                           | 10                          |
| Intangible assets                              |                             |
| intangible assets                              | 5                           |

### Revaluation

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

|  |            |
|--|------------|
| 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, medical equipment, marine infrastructure, parks and open space, IT, 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 uses the latest Valuer General valuations in revaluing 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 37, Financial Instruments.

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 as part of Road Infrastructure

### (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 three months or less, net of outstanding bank overdrafts.

**(h) Trade and other receivables**

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

**(i) Financial assets**

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**(j) Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service. Other inventories are measured at the lower of cost and net realisable value.

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.

**(k) 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 date. At 30 June 2015, Council held a 2.07% (2014: 2.07%) 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 Comprehensive Income to a Financial assets available for sale Reserve each year. (refer note 29)

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

Council has derived returns from the corporation as disclosed at note 11.

**(l) Investments**

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

**(m) Accounting for investments in associates**

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**(n) 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 26).

**(o) Employee benefits**

**(i) Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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.

**(ii) 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.

**(iii) 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.

**(iii) 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.

**Defined benefit plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e as an expense when it becomes payable.

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

*Defined contribution plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(p) Interest bearing liabilities**

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.

**(q) Leases**

*Finance leases as lessee*

Not applicable

*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 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. At balance date, leasehold improvements are not applicable.

**(r) 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.

**(s) Taxation**

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll 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.

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

**(t) 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 Statement of Profit or Loss and Other Comprehensive Income, 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.

**(u) Rounding**

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

**(v) 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 liabilities 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.



**(w) 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 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.

**(x) Financial guarantees**

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

**(y) 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 46. Council has determined, based upon materiality that Information Centres & East Coast Health as defined in note 46 are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees in preparing the information disclosed in relation to significant business activities.

**(z) 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.

**(aa) Budget**

The estimated revenue and expense amounts in the Statement of Profit or Loss and Other Comprehensive Income represent actual budget amounts and are not audited.



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 2 Functions/Activities of the Council**

*Revenue, expenditure and assets attributable to each function as categorised in (c) below:*

|                                      | Grants | Other  | Total Revenue | Total Expenditure | Surplus/ (Deficit) | Assets  |
|--------------------------------------|--------|--------|---------------|-------------------|--------------------|---------|
| <b>Government and administration</b> |        |        |               |                   |                    |         |
| 2014 - 2015                          | 641    | 5,936  | 6,577         | 2,501             | 4,076              | 5,199   |
| 2013 - 2014                          | 227    | 2,285  | 2,512         | 2,296             | 216                | 4,587   |
| <b>Roads, streets and bridges</b>    |        |        |               |                   |                    |         |
| 2014 - 2015                          | 1,590  | 10,223 | 11,813        | 2,082             | 9,731              | 60,339  |
| 2013 - 2014                          | 1,021  | 2,551  | 3,572         | 1,955             | 1,617              | 53,241  |
| <b>Drainage</b>                      |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 0      | 0             | 117               | -117               | 2,763   |
| 2013 - 2014                          | 0      | 270    | 270           | 115               | 155                | 2,438   |
| <b>Waste management</b>              |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 1,099  | 1,099         | 1,046             | 53                 | 988     |
| 2013 - 2014                          | 0      | 1,004  | 1,004         | 1,093             | -89                | 872     |
| <b>Environmental health</b>          |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 22     | 22            | 154               | -132               | 0       |
| 2013 - 2014                          | 110    | 156    | 266           | 148               | 118                | 0       |
| <b>Planning services</b>             |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 138    | 138           | 327               | -189               | 18      |
| 2013 - 2014                          | 0      | 260    | 260           | 288               | -28                | 16      |
| <b>Building control</b>              |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 172    | 172           | 169               | 3                  | 0       |
| 2013 - 2014                          | 0      | 132    | 132           | 132               | 0                  | 0       |
| <b>Community amenities</b>           |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 6      | 6             | 377               | -371               | 0       |
| 2013 - 2014                          | 97     | 208    | 305           | 163               | 142                | 0       |
| <b>Community services</b>            |        |        |               |                   |                    |         |
| 2014 - 2015                          | 23     | 8      | 31            | 350               | -319               | 402     |
| 2013 - 2014                          | 77     | 408    | 485           | 314               | 171                | 355     |
| <b>Recreation facilities</b>         |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 363    | 363           | 399               | -36                | 2,993   |
| 2013 - 2014                          | 0      | 428    | 428           | 378               | 50                 | 2,641   |
| <b>Economic development</b>          |        |        |               |                   |                    |         |
| 2014 - 2015                          | 0      | 0      | 0             | 23                | -23                | 38,557  |
| 2013 - 2014                          | 404    | 1,879  | 2,283         | 1,861             | 422                | 34,021  |
| <b>Other - not attributable</b>      |        |        |               |                   |                    |         |
| 2014 - 2015                          | 597    | 2,413  | 3,010         | 4,333             | -1,323             | 12,432  |
| 2013 - 2014                          | 19     | 69     | 87            | 2,169             | -2,082             | 10,970  |
| <b>Total</b>                         |        |        |               |                   |                    |         |
| 2014 - 2015                          | 2,851  | 20,380 | 23,231        | 11,879            | 11,352             | 123,691 |
| 2013 - 2014                          | 1,955  | 9,650  | 11,604        | 10,912            | 692                | 109,141 |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**(b)** *Reconciliation of Assets from note 2 with the Statement of Financial Position at 30 June:*

|                    | <b>2015</b>    | <b>2014</b>    |
|--------------------|----------------|----------------|
| Current assets     | 2,607          | 2,355          |
| Non-current assets | 121,084        | 106,786        |
|                    | <b>123,691</b> | <b>109,141</b> |

**(c)** *Governance and administration*

Operation and maintenance of council chambers, administration offices, and councillors.

*Roads, streets and bridges*

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

*Drainage*

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works, flood mitigation and agriculture.

*Waste Management*

Collection, handling, processing and disposal of all waste materials.

*Environmental Health/Environmental Management*

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries.

Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

*Planning Services*

Administration of the town planning scheme, subdivisions and urban and rural renewal programs.

*Building control*

The development and maintenance of building constructions standards.

*Community amenities*

Operation and maintenance of housing for aged persons and persons of limited means, Civic Centre, Council halls (excluding indoor sports complexes).

*Community services*

Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Child Care Centre, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

*Recreation facilities*

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

*Economic development*

Maintenance and marketing of tourist facilities, property development and operation of caravan parks.

*Other - not attributable*

Rates and charges and work not attributed elsewhere.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015   | 2014   |
|--|--------|--------|
|  | \$'000 | \$'000 |

**Note 3 Rates and charges**

Council uses AAV as the basis of valuation of all properties within the municipality. The AAV of a property is its Assessed Annual value as determined by the valuer general.

The valuation base used to calculate general rates for 2014-2015 was \$68,427,310 million (2013-2014 \$68,268,746 million). The 2014-2015 rate in the AAV dollar was \$0.073509 (2013-2014, \$0.072068).

|  |              |              |
|--|--------------|--------------|
| Residential                              | 3,615        | 3,408        |
| Commercial                               | 647          | 850          |
| Industrial                               | 65           | 60           |
| Farm/Rural                               | 586          | 455          |
| Supplementary rates and rate adjustments | -            | (1)          |
| Fire Levy                                | 292          | 281          |
| Garbage charge                           | 1,010        | 974          |
| Special rates and charges (Medical Levy) | 248          | 218          |
| Special rates and charges (Caravan Fees) | 79           | 79           |
| <b>Total rates and charges</b>           | <b>6,542</b> | <b>6,323</b> |

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2011, and the valuation will be first applied in the rating year commencing 1 July 2011.

**Note 4 Statutory fees and fines**

|                                       |            |            |
|---------------------------------------|------------|------------|
| Infringements and costs               | 0          | 1          |
| Town planning fees                    | 136        | 114        |
| Land information certificates         | 75         | 62         |
| Permits                               | 157        | 99         |
| <b>Total statutory fees and fines</b> | <b>368</b> | <b>276</b> |

**Note 5 User fees**

|                             |            |            |
|-----------------------------|------------|------------|
| Visitor centre turnover     | 626        | 636        |
| Registration fees           | 11         | 10         |
| Waste Transfer Station fees | 89         | 106        |
| Marina and wharf fees       | 79         | 107        |
| Other fees and charges      | 30         | 31         |
| <b>Total user fees</b>      | <b>834</b> | <b>891</b> |

**Ageing analysis of contractual receivables**

Please refer to note 37 for the ageing analysis of contractual receivables.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Note 6 Grants</b>   |                |                |
| Grants were received in respect of the following :                         |                |                |
| <b>Summary of grants</b>   |                |                |
| Federally funded grants  | 2,788          | 1,594          |
| State funded grants  | 63             | 360            |
| Others   | 0              | 0              |
| <b>Total</b>   | <b>2,851</b>   | <b>1,955</b>   |
| <br><b>Grants - Recurrent</b>  |                |                |
| Commonwealth Government Financial Assistance Grants - General Purpose      | 641            | 227            |
| Commonwealth Government Financial Assistance Grants - Roads                | 1289           | 463            |
| Commonwealth Government - training subsidy                                 | -              | 0              |
| State Grants   | 4              | 3              |
| Rural Primary Health Services  | 404            | 404            |
| Transport  | 1              | 13             |
| Natural Resource Management  | 133            | 110            |
| Other-NBN  | 20             | 77             |
| <b>Total recurrent grants</b>  | <b>2,491</b>   | <b>1,297</b>   |
| <br><b>Capital grants received specifically for new or upgraded assets</b> |                |                |
| Commonwealth Government - roads to recovery                                | 300            | 301            |
| State Government Bridges   |                | 260            |
| State Government Halls   | 13             | 97             |
| Other  | 47             | -              |
| <b>Total capital grants</b>  | <b>360</b>     | <b>658</b>     |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|                                       | 2015<br>\$'000 | 2014<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Note 7 Contributions</b>           |                |                |
| <b>(a) Cash</b>                       |                |                |
| Roads                                 | 22             | 17             |
| Drainage                              | 3              | 4              |
| Parks, open space and streetscapes    | 29             | 16             |
| Parking                               | -              | 4              |
| <b>Total</b>                          | <b>54</b>      | <b>41</b>      |
| <b>(b) Non-monetary assets</b>        |                |                |
| Roads                                 | -              | 486            |
| Parks, open space and streetscapes    | 347            | -              |
| <b>Total</b>                          | <b>347</b>     | <b>486</b>     |
| <b>Total contributions</b>            | <b>401</b>     | <b>527</b>     |
| <b>Note 8 Interest</b>                |                |                |
| Interest on rates                     | 21             | 30             |
| Interest on cash and cash equivalents | 60             | 100            |
| <b>Total</b>                          | <b>81</b>      | <b>130</b>     |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Note 9 Other income</b>  |                |                |
| Other rent  | 1              | 54             |
| Other - Miscellaneous   | 408            | 277            |
| Change in committee accounts  | 20             | (3)            |
| Medical Income Received   | 724            | 689            |
| Pension Remissions  | 228            | 237            |
| Reimbursements  | 117            | 164            |
| <b>Total other income</b>   | <u>1,498</u>   | <u>1,420</u>   |
| <b>Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>       |                |                |
| Proceeds of sale  | 34             | 31             |
| Write down value of assets disposed   | (168)          | (362)          |
| <b>Total</b>  | <u>(134)</u>   | <u>(331)</u>   |
| <b>Note 11 Investment revenue from water corporation</b>  |                |                |
| Dividend revenue received   | 621            | 413            |
| <b>Total investment revenue from water corporation</b>  | <u>621</u>     | <u>413</u>     |
| <b>Note 12 Initial recognition at fair value of Property, infrastructure, plant and equipment</b> |                |                |
| Assets taken up - Land under roads  | 10,169         | -              |
| <b>Total initial recognition at fair value</b>  | <u>10,169</u>  | <u>-</u>       |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Note 13 Employee benefits</b>           |                |                |
| Wages and salaries                         | 3,007          | 2,461          |
| Workers compensation                       | 83             | 63             |
| Annual leave and long service leave        | 248            | 319            |
| Superannuation                             | 486            | 408            |
| Fringe benefits tax                        | 23             | 21             |
| Sick Leave                                 | 70             | 56             |
| Payroll Tax                                | 169            | 121            |
| Other Leave - Compassionate, Maternity etc | 5              | 20             |
| Staff Training                             | 25             | 32             |
| Public Holiday Cost                        | 110            | 104            |
| Uniforms & Personal Protection Equipment   | 20             | 18             |
| Miscellaneous Costs                        | 17             | 11             |
| Redundancy                                 | -              | -              |
| Sub-total                                  | 4,263          | 3,633          |
| Less amounts capitalised                   | (352)          | (346)          |
| <b>Total employee benefits</b>             | <b>3,911</b>   | <b>3,287</b>   |
| <b>Note 14 Materials and services</b>      |                |                |
| Contract payments                          | 1,911          | 1,790          |
| Building maintenance                       | 123            | 101            |
| Plant and equipment maintenance            | 111            | 39             |
| Utilities                                  | 236            | 262            |
| Consultants                                | -              | -              |
| Rural Primary Health Service               | 404            | 427            |
| Other                                      | 2,901          | 2,791          |
| <b>Total materials and services</b>        | <b>5,686</b>   | <b>5,409</b>   |
| <b>Note 15 Impairment of receivables</b>   |                |                |
| Parking fine debtors                       | -              | -              |
| Rates debtors                              | -              | -              |
| Other debtors                              | 2              | 5              |
| <b>Total impairment of receivables</b>     | <b>2</b>       | <b>5</b>       |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Note 16 Depreciation and amortisation</b>          |                |                |
| <i>Property</i>                                       |                |                |
| Land improvements                                     | -              | -              |
| Buildings   | -              | -              |
| Buildings at Valuation                                | 35             | 33             |
| Buildings at Cost                                     | 94             | 92             |
| Building improvements                                 | 9              | 5              |
| Leasehold improvements                                | 0              | -              |
| Heritage buildings                                    | 31             | 25             |
| <i>Plant and Equipment</i>                            |                |                |
| Plant, machinery and equipment                        | 168            | 315            |
| Fixtures, fittings and furniture                      | 8              | 7              |
| Computers and telecommunications                      | 106            | 95             |
| Medical Equipment                                     | 4              | 3              |
| Motor vehicles (not plant)                            | 109            | 132            |
| Miscellaneous Equipment                               | 118            |                |
| <i>Infrastructure</i>                                 |                |                |
| Roads   | 849            | 800            |
| Bridges   | 129            | 129            |
| Footpaths and cycleways                               | 170            | 160            |
| Drainage  | 59             | 57             |
| Recreational, leisure and community facilities        | -              | -              |
| Parks, open space and streetscapes                    | 71             | 68             |
| Off street car parks                                  | -              | -              |
| Marine Infrastructure                                 | 31             | 32             |
| <i>Intangible assets</i>                              |                |                |
| Intangible assets                                     | -              | -              |
| <b>Total depreciation and amortisation</b>            | <b>1,991</b>   | <b>1,952</b>   |
| <b>Note 17 Finance costs</b>                          |                |                |
| Bank overdraft charges                                | -              | -              |
| Interest - Borrowings                                 | 99             | 78             |
| Interest - Finance leases                             | -              | -              |
| <b>Total</b>  | <b>99</b>      | <b>78</b>      |
| Less capitalised borrowing costs on qualifying assets | -              | -              |
| <b>Total finance costs</b>                            | <b>99</b>      | <b>78</b>      |
| Rate used to capitalise finance costs                 | -              | -              |



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Note 18 Other expenses</b>                            |                |                |
| External auditors' remuneration (Tasmanian Audit Office) | 33             | 27             |
| Internal auditors' remuneration                          | -              | -              |
| Councillors' allowances                                  | 151            | 148            |
| Operating lease rentals                                  | 5              | 6              |
| Impairment losses  | -              | -              |
| Other  | -              | -              |
| <b>Total other expenses</b>                              | <b>189</b>     | <b>181</b>     |

**Note 19 Investment in water corporation**

|   |               |               |
|---|---------------|---------------|
| Opening Balance                                     | 30,567        | 37,841        |
| Change in fair value of investment                  | -             | -             |
| Fair Value adjustments on Available-for-Sale Assets | 1,477         | (7,274)       |
| <b>Total investment in water corporation</b>        | <b>32,044</b> | <b>30,567</b> |

Council has derived returns from the water corporation as disclosed at note 11.

**Note 20 Cash and cash equivalents**

|  |              |              |
|--|--------------|--------------|
| Cash on hand                           | 2            | 2            |
| Cash at bank                           | 1,139        | 529          |
| Money market call account              | 11           | 6            |
| Bank bills                             | 1,032        | 1,332        |
| <b>Total cash and cash equivalents</b> | <b>2,183</b> | <b>1,869</b> |

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. These include:

|   |              |            |
|---|--------------|------------|
| - Trust funds and deposits (note 26)                | 65           | 46         |
| - Leave provisions (note 27)                        | 846          | 663        |
| - Resort and recreation reserve funds (note 29)     | 257          | 238        |
| <b>Restricted funds</b>                             | <b>1,168</b> | <b>947</b> |
| <b>Total unrestricted cash and cash equivalents</b> | <b>1,015</b> | <b>922</b> |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Note 21 Trade and other receivables</b>       |                |                |
| <b>Current</b>                                   |                |                |
| Rates debtors                                    | 11             | 239            |
| Parking infringement debtors                     | -              | -              |
| Provision for impairment - parking infringements | -              | -              |
| Loans and advances to community organisations    | -              | -              |
| Other debtors                                    | 208            | 107            |
| Provision for impairment - other debtors         | -              | -              |
| Net GST receivable                               | 39             | -              |
| <b>Total</b>                                     | <u>258</u>     | <u>346</u>     |
| <b>Non-current</b>                               |                |                |
| Loans and advances to community organisations    | 35             | 40             |
| <b>Total</b>                                     | <u>35</u>      | <u>40</u>      |
| <b>Total trade and other receivables</b>         | <u>293</u>     | <u>386</u>     |
| <b>Note 22 Inventories</b>                       |                |                |
| Inventories held for distribution                | -              | -              |
| Inventories held for sale                        | 34             | 34             |
| <b>Total inventories</b>                         | <u>34</u>      | <u>34</u>      |
| <b>Note 23 Other assets</b>                      |                |                |
| <b>Current</b>                                   |                |                |
| Prepayments                                      | 76             | 57             |
| Accrued income                                   | 57             | 31             |
| Other  | (1)            | 18             |
| <b>Total</b>                                     | <u>132</u>     | <u>106</u>     |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 24 Property, infrastructure, plant and equipment**

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Summary</b>                          |                |                |
| at cost                                 | 24,403         | 21,572         |
| Less accumulated depreciation           | 5,520          | 5,123          |
|   | <u>18,883</u>  | <u>16,449</u>  |
| at fair value as at 30 June             | 102,305        | 91,123         |
| Less accumulated depreciation           | 32,182         | 31,393         |
|   | <u>70,122</u>  | <u>59,730</u>  |
| <b>Total</b>                            | <u>89,005</u>  | <u>76,179</u>  |
| <b>Property</b>                         |                |                |
| <b>Land</b>                             |                |                |
| at cost                                 | 6,821          | 6,721          |
|   | <u>6,821</u>   | <u>6,721</u>   |
| <b>Land public open space</b>           |                |                |
| at cost                                 | 639            | 639            |
|   | <u>639</u>     | <u>639</u>     |
| <b>Land improvements</b>                |                |                |
| at cost                                 | -              | -              |
| Less accumulated depreciation           | -              | -              |
|   | <u>-</u>       | <u>-</u>       |
| <b>Total Land</b>                       | <u>7,460</u>   | <u>7,360</u>   |
| <b>Buildings</b>                        |                |                |
| at fair value as at 30 June             | 4,677          | 4,677          |
| Less accumulated depreciation           | 938            | 845            |
|   | <u>3,739</u>   | <u>3,832</u>   |
| <b>Buildings</b>                        |                |                |
| at cost as at 30 June                   | 2,639          | 1,753          |
| Less accumulated depreciation           | 213            | 177            |
|   | <u>2,426</u>   | <u>1,576</u>   |
| <b>Building improvements</b>            |                |                |
| at cost                                 | 514            | 412            |
| Less accumulated depreciation           | 15             | 6              |
|   | <u>499</u>     | <u>406</u>     |
| <b>Heritage Buildings</b>               |                |                |
| at cost                                 | 1,244          | 1,244          |
| Less accumulated amortisation           | 160            | 135            |
|   | <u>1,085</u>   | <u>1,110</u>   |
| <b>Heritage buildings</b>               |                |                |
| at fair value as at 30 June             | 310            | 310            |
| Less accumulated depreciation           | 72             | 66             |
|   | <u>238</u>     | <u>244</u>     |
| <b>Total Buildings</b>                  | <u>7,987</u>   | <u>7,168</u>   |
| <b>Total Property</b>                   | <u>15,447</u>  | <u>14,528</u>  |
| <b>Plant and Equipment</b>              |                |                |
| <b>Plant, machinery and equipment</b>   |                |                |
| at cost                                 | 2,020          | 2,014          |
| Less accumulated depreciation           | 1,406          | 1,394          |
|   | <u>614</u>     | <u>620</u>     |
| <b>Fixtures, fittings and furniture</b> |                |                |
| at cost                                 | 1,015          | 1,016          |
| Less accumulated depreciation           | 996            | 988            |
|   | <u>19</u>      | <u>28</u>      |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

| <b>Note 24</b> | <b>Property, infrastructure, plant and equipment (cont.)</b> | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> |
|----------------|--|------------------------|------------------------|
|                | <b>Medical Equipment</b>                                     |                        |                        |
|                | at cost  | 27                     | 23                     |
|                | Less accumulated depreciation                                | 10                     | 6                      |
|                |  | <u>17</u>              | <u>17</u>              |
|                | <b>IT Equipment</b>  |                        |                        |
|                | at cost  | 732                    | 694                    |
|                | Less accumulated amortisation                                | 367                    | 261                    |
|                |  | <u>365</u>             | <u>433</u>             |
|                | <b>Motor Vehicles (Not Plant)</b>                            |                        |                        |
|                | at cost  | 946                    | 861                    |
|                | Less accumulated depreciation                                | 631                    | 652                    |
|                |  | <u>315</u>             | <u>209</u>             |
|                | <b>Misc. Equipment</b>                                       |                        |                        |
|                | at cost  | 1,393                  | 1,346                  |
|                | Less accumulated depreciation                                | 1,097                  | 980                    |
|                |  | <u>296</u>             | <u>366</u>             |
|                | <b>Total Plant and Equipment</b>                             | <u>1,626</u>           | <u>1,674</u>           |
|                | <b>Infrastructure</b>  |                        |                        |
|                | <b>Roads</b>   |                        |                        |
|                | at fair value as at 30 June                                  | 63,611                 | 63,046                 |
|                | Less accumulated depreciation                                | 22,236                 | 21,586                 |
|                |  | <u>41,375</u>          | <u>41,460</u>          |
|                | <b>Bridges</b>   |                        |                        |
|                | at fair value as at 30 June                                  | 7,460                  | 7,187                  |
|                | Less accumulated depreciation                                | 2,091                  | 2,277                  |
|                |  | <u>5,369</u>           | <u>4,910</u>           |
|                | <b>Footpaths and cycleways</b>                               |                        |                        |
|                | at fair value as at 30 June                                  | 10,909                 | 10,751                 |
|                | Less accumulated depreciation                                | 4,070                  | 3,907                  |
|                |  | <u>6,840</u>           | <u>6,845</u>           |
|                | <b>Drainage</b>  |                        |                        |
|                | at fair value as at 30 June                                  | 5,168                  | 5,152                  |
|                | Less accumulated depreciation                                | 2,775                  | 2,713                  |
|                |  | <u>2,393</u>           | <u>2,438</u>           |
|                | <b>Marine Infrastructure</b>                                 |                        |                        |
|                | at cost  | 3,330                  | 1,432                  |
|                | Less accumulated depreciation                                | 262                    | 231                    |
|                |  | <u>3,068</u>           | <u>1,201</u>           |
|                | <b>Parks, Open Space, Streetscapes</b>                       |                        |                        |
|                | at cost  | 2,440                  | 1,792                  |
|                | Less accumulated depreciation                                | 365                    | 294                    |
|                |  | <u>2,075</u>           | <u>1,498</u>           |
|                | <b>Land Under Roads</b>                                      |                        |                        |
|                | at fair value as at 30 June                                  | 10,169                 | -                      |
|                |  | <u>10,169</u>          | <u>-</u>               |
|                | <b>Total Infrastructure</b>                                  | <u>71,289</u>          | <u>58,352</u>          |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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|                |  |               |               |
|----------------|--|---------------|---------------|
| <b>Note 24</b> | <b>Property, infrastructure, plant and equipment (cont.)</b> | <b>2015</b>   | <b>2014</b>   |
|                |  | <b>\$'000</b> | <b>\$'000</b> |
|                | <i><b>Works in progress</b></i>                              |               |               |
|                | Buildings at cost  | 513           | 1,024         |
|                | Roads at cost  | 27            | 56            |
|                | Bridges at cost  | -             | 151           |
|                | Parks, Open Space, Streetscapes at cost                      | 81            |               |
|                | Marine Infrastructure at cost                                | 23            | 394           |
|                | <b>Total Works in progress</b>                               | <b>643</b>    | <b>1,625</b>  |
|                | <b>Total property, infrastructure, plant and equipment</b>   | <b>89,005</b> | <b>76,179</b> |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 24 Property, plant and equipment, infrastructure (cont.)**

**Reconciliation of property, plant and equipment and infrastructure**

| 2015   | Balance at<br>beginning of<br>financial year | Acquisition of<br>assets | Initial<br>recognition at<br>fair value | Revaluation<br>increments<br>(decrements)<br>(note 29) | Depreciation and<br>amortisation<br>(note 16) | Written down<br>value of<br>disposals | Impairment<br>losses<br>recognised in<br>profit or loss<br>(a) | Transfers      | Balance at<br>end of<br>financial year |
|--|--|--------------------------|---|--|---|---------------------------------------|--|----------------|--|
|  | \$'000                                       | \$'000                   | \$'000                                  | \$'000   | \$'000  | \$'000                                | \$'000   | \$'000         | \$'000                                 |
| <b>Property</b>  |  |                          |   |  |   |                                       |  |                |  |
| Land   | 6,721  | 100                      | -                                       | -  | -   | -                                     | -  | -              | 6,821                                  |
| Land public open space                                     | 639  | -                        | -                                       | -  | -   | -                                     | -  | -              | 639                                    |
| Land improvements  | -  | -                        | -                                       | -  | -   | -                                     | -  | -              | -                                      |
| <b>Total Land</b>  | <b>7,360</b>                                 | <b>100</b>               | <b>-</b>                                | <b>-</b>   | <b>-</b>                                      | <b>-</b>                              | <b>-</b>   | <b>-</b>       | <b>7,460</b>                           |
| Buildings fair value                                       | 3,832  | -                        | -                                       | -  | 35  | -                                     | -  | (58)           | 3,739                                  |
| Buildings Cost   | 1,576  | -                        | -                                       | -  | 94  | -                                     | -  | 944            | 2,426                                  |
| Building improvements                                      | 406  | 102                      | -                                       | -  | 9   | -                                     | -  | -              | 499                                    |
| Heritage Buildings at Cost                                 | 1,110  | -                        | -                                       | -  | 25  | -                                     | -  | -              | 1,085                                  |
| Heritage buildings fair value                              | 244  | -                        | -                                       | -  | 6   | -                                     | -  | -              | 238                                    |
| <b>Total Buildings</b>                                     | <b>7,168</b>                                 | <b>102</b>               | <b>-</b>                                | <b>-</b>   | <b>169</b>                                    | <b>-</b>                              | <b>-</b>   | <b>886</b>     | <b>7,987</b>                           |
| <b>Total Property</b>                                      | <b>14,528</b>                                | <b>202</b>               | <b>-</b>                                | <b>-</b>   | <b>169</b>                                    | <b>-</b>                              | <b>-</b>   | <b>886</b>     | <b>15,447</b>                          |
| <b>Plant and Equipment (Cost)</b>                          |  |                          |   |  |   |                                       |  |                |  |
| Plant, machinery and equipment                             | 620  | 162                      | -                                       | -  | 168   | -                                     | -  | -              | 614                                    |
| Fixtures, fittings and furniture                           | 28   | -                        | -                                       | -  | 8   | 1                                     | -  | (1)            | 18                                     |
| Computers and telecommunications                           | 433  | 38                       | -                                       | -  | 106   | -                                     | -  | -              | 365                                    |
| Medical Equipment  | 17   | 4                        | -                                       | -  | 4   | -                                     | -  | -              | 17                                     |
| Motor Vehicles   | 209  | 246                      | -                                       | -  | 109   | 31                                    | -  | -              | 315                                    |
| Miscellaneous Equipment                                    | 366  | 48                       | -                                       | -  | 118   | -                                     | -  | -              | 296                                    |
| <b>Total plant and equipment</b>                           | <b>1,674</b>                                 | <b>498</b>               | <b>-</b>                                | <b>-</b>   | <b>513</b>                                    | <b>32</b>                             | <b>-</b>   | <b>(1)</b>     | <b>1,626</b>                           |
| <b>Infrastructure</b>                                      |  |                          |   |  |   |                                       |  |                |  |
| Roads  | 41,460                                       | 881                      | -                                       | 16   | 849   | 162                                   | -  | 29             | 41,375                                 |
| Bridges  | 4,910  | 431                      | -                                       | 6  | 129   | -                                     | -  | 151            | 5,369                                  |
| Footpaths&Cycleways  | 6,845  | 161                      | -                                       | 9  | 170   | 5                                     | -  | -              | 6,840                                  |
| Drainage   | 2,438  | 11                       | -                                       | 3  | 59  | -                                     | -  | -              | 2,393                                  |
| Land Under Roads   | -  | -                        | 10,169                                  | -  | -   | -                                     | -  | -              | 10,169                                 |
| Recreational, leisure and community facilities             | -  | -                        | -                                       | -  | -   | -                                     | -  | -              | -                                      |
| Parks, open space and streetscapes                         | 1,498  | 648                      | -                                       | -  | 71  | -                                     | -  | -              | 2,075                                  |
| Aerodromes   | -  | -                        | -                                       | -  | -   | -                                     | -  | -              | -                                      |
| Off street car parks                                       | -  | -                        | -                                       | -  | -   | -                                     | -  | -              | -                                      |
| Marine infrastructure                                      | 1,201  | 1,504                    | -                                       | -  | 31  | -                                     | -  | 394            | 3,068                                  |
| <b>Total infrastructure</b>                                | <b>58,352</b>                                | <b>3,636</b>             | <b>10,169</b>                           | <b>34</b>  | <b>1,309</b>                                  | <b>167</b>                            | <b>-</b>   | <b>574</b>     | <b>71,289</b>                          |
| <b>Works in progress</b>                                   |  |                          |   |  |   |                                       |  |                |  |
| buildings  | 1,024  | 374                      | -                                       | -  | -   | -                                     | -  | (886)          | 512                                    |
| roads  | 56   | -                        | -                                       | -  | -   | -                                     | -  | (29)           | 27                                     |
| parks, open space, streetscapes at cost                    | -  | 81                       | -                                       | -  | -   | -                                     | -  | -              | 81                                     |
| bridges  | 151  | -                        | -                                       | -  | -   | -                                     | -  | (151)          | (0)                                    |
| marine infrastructure                                      | 394  | 23                       | -                                       | -  | -   | -                                     | -  | (394)          | 23                                     |
| <b>Total works in progress</b>                             | <b>1,625</b>                                 | <b>478</b>               | <b>-</b>                                | <b>-</b>   | <b>-</b>                                      | <b>-</b>                              | <b>-</b>   | <b>(1,460)</b> | <b>643</b>                             |
| <b>Total property, plant and equipment, infrastructure</b> | <b>76,179</b>                                | <b>4,814</b>             | <b>10,169</b>                           | <b>34</b>  | <b>1,991</b>                                  | <b>199</b>                            | <b>-</b>   | <b>(1)</b>     | <b>89,005</b>                          |

**(a) Impairment losses**

Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income under other expenses.

Reversals of impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income under other revenue.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Note 25 Trade and other payables</b> |                |                |
| Trade payables                          | 1,522          | 812            |
| Net GST payable                         | -              | -              |
| Accrued expenses                        | 134            | 216            |
| <b>Total trade and other payables</b>   | <u>1,655</u>   | <u>1,028</u>   |

**Note 26 Trust funds and deposits**

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Refundable building deposits          | -         | -         |
| Refundable contract deposits          | 36        | 46        |
| Refundable tender deposits            | -         | -         |
| Refundable civic facilities deposits  | -         | -         |
| Retention amounts                     | -         | -         |
| Deferred Income                       | 30        | -         |
| <b>Total trust funds and deposits</b> | <u>65</u> | <u>46</u> |

Bonds held are funds deposited by developers to cover the cost of works that council may have to carry out.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 27 Provisions**

|   | Annual leave | Long service leave | Landfill restoration | Other         | Total         |
|---|--------------|--------------------|----------------------|---------------|---------------|
|   | \$ '000      | \$ '000            | \$ '000              | \$ '000       | \$ '000       |
| <b>2015</b>   |              |                    |                      |               |               |
| Balance at beginning of the financial year  | 319          | 307                | -                    | 37            | 663           |
| Additional provisions   | 229          | 202                | -                    | -             | 431           |
| Amounts used  | (220)        | (28)               | -                    | -             | (248)         |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | -            | -                  | -                    | -             | -             |
| Transfer  | 19           | 18                 | -                    | (37)          | -             |
| Balance at the end of the financial year  | <u>347</u>   | <u>499</u>         | <u>-</u>             | <u>37</u>     | <u>846</u>    |
| <b>2014</b>   |              |                    |                      |               |               |
| Balance at beginning of the financial year  | 316          | 383                | -                    | 43            | 742           |
| Additional provisions   | 239          | 7                  | -                    | -             | 246           |
| Amounts used  | (236)        | (83)               | -                    | (6)           | (324)         |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | -            | -                  | -                    | -             | -             |
| Balance at the end of the financial year  | <u>319</u>   | <u>307</u>         | <u>-</u>             | <u>37</u>     | <u>663</u>    |
|   |              |                    |                      | <b>2015</b>   | <b>2014</b>   |
| <b>(a) Employee benefits</b>  |              |                    |                      | <b>\$'000</b> | <b>\$'000</b> |
| <b>(i) Current</b>  |              |                    |                      |               |               |
| Annual leave  |              |                    |                      | 347           | 319           |
| Long service leave  |              |                    |                      | 249           | 159           |
| Superannuation  |              |                    |                      | -             | -             |
| Other   |              |                    |                      | -             | 28            |
|   |              |                    |                      | <u>596</u>    | <u>506</u>    |
| <b>(ii) Non-current</b>   |              |                    |                      |               |               |
| Long service leave  |              |                    |                      | 250           | 148           |
| Superannuation  |              |                    |                      | -             | -             |
| Other   |              |                    |                      | -             | 9             |
|   |              |                    |                      | <u>250</u>    | <u>157</u>    |
| Aggregate carrying amount of employee benefits:   |              |                    |                      |               |               |
| Current   |              |                    |                      | 596           | 506           |
| Non-current   |              |                    |                      | 250           | 157           |
|   |              |                    |                      | <u>846</u>    | <u>663</u>    |



**Notes to the Financial  
For the Year Ended 30**

|   | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Note 28 Interest-bearing loans and borrowings</b>                |               |               |
| <i>Current:</i>   |               |               |
| Bank overdraft  | -             | -             |
| Borrowings - secured  | 1,149         | 326           |
|   | <u>1,149</u>  | <u>326</u>    |
| <i>Non-current</i>  |               |               |
| Borrowings - secured  | 1,695         | 1,661         |
|   | <u>1,695</u>  | <u>1,661</u>  |
| <b>Total</b>  | <u>2,845</u>  | <u>1,986</u>  |
| Borrowings are secured over Council Assets.                         |               |               |
| The maturity profile for Council's borrowings is:                   |               |               |
| Not later than one year   | 1,149         | 216           |
| Later than one year and not later than five years                   | 607           | 552           |
| Later than five years   | 1,089         | 1,218         |
| <b>Total</b>  | <u>2,845</u>  | <u>1,986</u>  |
| Aggregate carrying amount of interest-bearing loans and borrowings: |               |               |
| Current   | 1,149         | 326           |
| Non-current   | 1,695         | 1,661         |
| <b>Total interest-bearing loans and borrowings</b>                  | <u>2,845</u>  | <u>1,986</u>  |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 29 Reserves**

|  | Balance at<br>beginning of<br>reporting year | Increment    | (decrement) | Balance at end of<br>reporting year |
|--|--|--------------|-------------|-------------------------------------|
|  | \$'000                                       | \$'000       | \$'000      | \$'000                              |
| <b>(a) Asset revaluation reserve</b>   |  |              |             |                                     |
| <b>2015</b>                            |  |              |             |                                     |
| <b>Property</b>                        |  |              |             |                                     |
| Land                                   | 260  | -            | -           | 260                                 |
| Buildings                              | 5,051  | -            | -           | 5,051                               |
|  | <b>5,311</b>                                 | <b>-</b>     | <b>-</b>    | <b>5,311</b>                        |
| <b>Infrastructure</b>                  |  |              |             |                                     |
| Roads                                  | 30,372                                       | 16           | -           | 30,388                              |
| Bridges                                | 3,111  | 6            | -           | 3,117                               |
| Footpaths and cycleways                | 3,956  | 9            | -           | 3,965                               |
| Drainage                               | 1,446  | 3            | -           | 1,449                               |
| Other infrastructure Marina/Parks      | 4,345  | -            | -           | 4,345                               |
|  | <b>43,230</b>                                | <b>34</b>    | <b>-</b>    | <b>43,264</b>                       |
| <b>Total asset revaluation reserve</b> | <b>48,541</b>                                | <b>34</b>    | <b>-</b>    | <b>48,575</b>                       |
| <b>2014</b>                            |  |              |             |                                     |
| <b>Property</b>                        |  |              |             |                                     |
| Land                                   | 260  | -            | -           | 260                                 |
| Buildings                              | 4,848  | 203          | -           | 5,051                               |
|  | <b>5,108</b>                                 | <b>203</b>   | <b>-</b>    | <b>5,311</b>                        |
| <b>Infrastructure</b>                  |  |              |             |                                     |
| Roads                                  | 29,019                                       | 1,353        | -           | 30,372                              |
| Bridges                                | 3,146  | (35)         | -           | 3,111                               |
| Footpaths and cycleways                | 3,795  | 161          | -           | 3,956                               |
| marine infrastructure                  | 1,395  | 51           | -           | 1,446                               |
| Other infrastructure Marina/Parks      | 4,345  | -            | -           | 4,345                               |
|  | <b>41,700</b>                                | <b>1,530</b> | <b>-</b>    | <b>43,230</b>                       |
| <b>Total asset revaluation reserve</b> | <b>46,808</b>                                | <b>1,733</b> | <b>-</b>    | <b>48,541</b>                       |

|                                  | Balance at<br>beginning of<br>reporting year | Increment | (decrement)    | Balance at end of<br>reporting year |
|----------------------------------|--|-----------|----------------|-------------------------------------|
|                                  | \$'000                                       | \$'000    | \$'000         | \$'000                              |
| <b>2015</b>                      |  |           |                |                                     |
| <b>Available-for-sale assets</b> |  |           |                |                                     |
| Investment in water corporation  | (6,982)                                      | -         | 1,477          | (5,505)                             |
| <b>Total fair value reserve</b>  | <b>(6,982)</b>                               | <b>-</b>  | <b>1,477</b>   | <b>(5,505)</b>                      |
| <b>2014</b>                      |  |           |                |                                     |
| <b>Available-for-sale assets</b> |  |           |                |                                     |
| Investment in water corporation  | 292  | -         | (7,274)        | (6,982)                             |
| <b>Total fair value reserve</b>  | <b>292</b>                                   | <b>-</b>  | <b>(7,274)</b> | <b>(6,982)</b>                      |

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

|                                    | Balance at<br>beginning of<br>reporting year | Transfer from<br>accumulated<br>surplus | Transfer to<br>accumulated<br>surplus | Balance at end of<br>reporting year |
|------------------------------------|--|---|---------------------------------------|-------------------------------------|
| (c) Other reserves                 | \$'000                                       | \$'000                                  | \$'000                                | \$'000                              |
| <b>2015</b>                        |  |   |                                       |                                     |
| Reserve Investments - Restricted   | 238  | 19                                      | -                                     | 257                                 |
| Reserve Investments - Unrestricted | 760  | -                                       | 9                                     | 751                                 |
| <b>Total Other reserves</b>        | <b>998</b>                                   | <b>19</b>                               | <b>9</b>                              | <b>1,008</b>                        |
| <b>2014</b>                        |  |   |                                       |                                     |
| Reserve Investments - Restricted   | 221  | 17                                      | -                                     | 238                                 |
| Reserve Investments - Unrestricted | 708  | 52                                      | -                                     | 760                                 |
| <b>Total Other reserves</b>        | <b>929</b>                                   | <b>69</b>                               | <b>-</b>                              | <b>998</b>                          |

The resort and recreation reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.

|                       | 2015<br>\$'000 | 2014<br>\$'000 |
|-----------------------|----------------|----------------|
| <b>Total Reserves</b> | <b>44,078</b>  | <b>42,557</b>  |

**Note 30 Reconciliation of cash flows from operating activities to surplus (deficit)**

|  |              |              |
|--|--------------|--------------|
| Surplus/Deficit  | 11,352       | 692          |
| Initial recognition at fair value of Property, infrastructure, plant and equipment | (10,169)     | -            |
| Contributions - non-monetary assets  | (347)        | (486)        |
| Depreciation/amortisation  | 1,991        | 1,952        |
| (Profit)/loss on disposal of property, plant and equipment, infrastructure         | 134          | 331          |
| Impairment losses  | 2            | 5            |
| Capital grants received specifically for new or upgraded assets                    | (360)        | (658)        |
| <i>Change in assets and liabilities:</i>   |              |              |
| Decrease/(increase) in trade and other receivables                                 | 93           | 62           |
| Decrease/(increase) in other assets  | (26)         | 22           |
| Increase/(decrease) in trade and other payables                                    | 628          | 19           |
| Increase/(decrease) in provisions  | 183          | (79)         |
| Increase/(decrease) in other liabilities   | 20           | (191)        |
| <b>Net cash provided by/(used in) operating activities</b>                         | <b>3,501</b> | <b>1,635</b> |

**Note 31 Reconciliation of cash and cash equivalents**

|  |              |              |
|--|--------------|--------------|
| Cash and cash equivalents (see note 20)                  | 2,183        | 1,869        |
| Less bank overdraft                                      | -            | -            |
| <b>Total reconciliation of cash and cash equivalents</b> | <b>2,183</b> | <b>1,869</b> |

**Note 32 Financing arrangements**

|                          |           |           |
|--------------------------|-----------|-----------|
| Bank overdraft           | 50        | 50        |
| Used facilities          | -         | -         |
| <b>Unused facilities</b> | <b>50</b> | <b>50</b> |

## Notes to the Financial Report For the Year Ended 30 June 2015

### Note 33 Superannuation

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

For the year ended 30 June 2014 the Council contributed 16.00% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

Net Investment Return 7.0% 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 Clause 1.9.2 of the Scheme Trust Deed, there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved. Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.
- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits. The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 33 Superannuation (cont.)**

- During the reporting period the amount of contributions paid to defined benefits schemes was \$0.00 (2013-14, \$0) and the amount paid to accumulation schemes was \$485,784.83 (2103-14, \$408,610.17)
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$00.00
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Favourable investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

| <b>Fund</b>   | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Accumulation funds</b>                                       |               |               |
| Employer contributions to TASPLAN                               | 168           | 129           |
| Employer contributions to QUADRANT                              | 236           | 211           |
| Employer contributions to Other Funds                           | 82            | 33            |
|   | <hr/> 486     | <hr/> 373     |
| Employer contributions payable to TASPLAN at reporting date     | -             | 12            |
| Employer contributions payable to QUADRANT at reporting date    | -             | 18            |
| Employer contributions payable to Other Funds at reporting date | -             | 5             |
|   | <hr/> -       | <hr/> 35      |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Note 34 Commitments</b>  |                |                |
| <i><b>Capital Expenditure Commitments</b></i>   |                |                |
| Marine Infrastructure   | -              | 684            |
| <b>Total Capital expenditure commitments</b>  | <u>-</u>       | <u>684</u>     |
| <i><b>Contractual commitments</b></i>   |                |                |
| Contractual commitments at end of financial year but not recognised in the financial report are as follows: |                |                |
| Garbage collection contract (expires 3 August 2015)   | 770            | 723            |
| <b>Total contractual commitments</b>  | <u>770</u>     | <u>723</u>     |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>Note 35 Operating leases</b>  |                |                |
| <b>(a) Operating lease commitments</b>   |                |                |
| Glamorgan Spring Bay Council as lessee   |                |                |
| The only lease Council has is a photocopier operating lease  |                |                |
| At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities): |                |                |
| Not later than one year  | 6              | 6              |
| Later than one year and not later than five years  | 13             | 19             |
| Later than five years  | -              | -              |
|  | <u>19</u>      | <u>25</u>      |

**Note 36 Contingent liabilities and contingent assets**

**Contingent liabilities**

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.

Council operates no landfill sites.

**Guarantees for loans to other entities**

- -

Nil

**Contingent assets**

Developer contributions to be received in respect of estates currently under development total \$0.00 (2013-14, \$0.00).

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 37 Financial Instruments**  
**(a) Accounting Policy, terms and conditions**

**Recognised**

**financial  
instruments**

Note

Accounting Policy

Terms and Conditions

**Financial assets**

**Cash and cash  
equivalents**

20

Cash on hand and at bank and money market call account are valued at face value.

On call deposits returned a floating interest rate of 2.00% (2.50% in 2013-14). The interest rate at balance date was 2.00% (2.75%).

Interest is recognised as it accrues.

Funds returned fixed interest rate of between 2.75% (3.25%), and 3.45% (3.55% ) net of fees.

Investments and bills are valued at cost.

Investments are held to maximise interest returns of surplus cash.

Interest revenues are recognised as they accrue.

Managed funds are measured at market value.

**Trade and other receivables**

**Other debtors**

21

Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.

General debtors are unsecured and arrears attract an interest rate of 0% (0%). Credit terms are based on 30 days.

**Financial Liabilities**

**Trade and other  
payables**

25

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**

28

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.

Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 4.84% (5.14% in 2013-14).

Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.

As at balance date, the Council had finance leases with an average lease term of 5 years. The weighted average rate implicit in the lease is 0% (0%).

**Bank overdraft**

20

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 and is repayable on demand. Interest rates on utilised overdraft were 9.18% (9.68%) . The interest rate as at balance date was 9.18% (9.68%).



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 37 Financial Instruments (cont.)**

**(b) Interest Rate Risk**

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

**2015**

|   | Weighted<br>average<br>interest rate | Floating<br>interest<br>rate<br>\$'000 | Fixed interest maturing in: |                                |                                | Non-interest<br>bearing<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------------|--|-----------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------|
|   |                                      |  | 1 year or<br>less<br>\$'000 | Over 1 to 5<br>years<br>\$'000 | More than 5<br>years<br>\$'000 |                                   |                 |
| <b>Financial assets</b>                   |                                      |  |                             |                                |                                |                                   |                 |
| Cash and cash equivalents                 | 1.26%                                | 1,031                                  | 1,032                       | -                              | -                              | 118                               | 2,183           |
| Other financial assets                    | 3.16%                                | -                                      | -                           | -                              | -                              | -                                 | -               |
| Trade and other receivables               | 0.00%                                | -                                      | -                           | -                              | -                              | 258                               | 258             |
| Investment in water corporation           | -                                    | -                                      | -                           | -                              | -                              | 32,044                            | 32,044          |
| <b>Total financial assets</b>             |                                      | <b>1,031</b>                           | <b>1,032</b>                | <b>-</b>                       | <b>-</b>                       | <b>32,420</b>                     | <b>34,485</b>   |
| <b>Financial liabilities</b>              |                                      |  |                             |                                |                                |                                   |                 |
| Trade and other payables                  | -                                    | -                                      | -                           | -                              | -                              | 1,655                             | 1,655           |
| Trust funds and deposits                  | -                                    | -                                      | -                           | -                              | -                              | 65                                | 65              |
| Interest-bearing loans and borrowings     | 4.84%                                | -                                      | 1,149                       | 607                            | 1,089                          | -                                 | 2,845           |
| <b>Total financial liabilities</b>        |                                      | <b>-</b>                               | <b>1,149</b>                | <b>607</b>                     | <b>1,089</b>                   | <b>1,721</b>                      | <b>4,565</b>    |
| <b>Net financial assets (liabilities)</b> |                                      | <b>1,031</b>                           | <b>(117)</b>                | <b>(607)</b>                   | <b>(1,089)</b>                 | <b>30,699</b>                     | <b>29,920</b>   |

**2014**

|   | Weighted<br>average<br>interest rate | Floating<br>interest<br>rate<br>\$'000 | Fixed interest maturing in: |                                |                                | Non-interest<br>bearing<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------------|--|-----------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------|
|   |                                      |  | 1 year or<br>less<br>\$'000 | Over 1 to 5<br>years<br>\$'000 | More than 5<br>years<br>\$'000 |                                   |                 |
| <b>Financial assets</b>                   |                                      |  |                             |                                |                                |                                   |                 |
| Cash and cash equivalents                 | 1.39%                                | 535                                    | 1,332                       | -                              | -                              | 2                                 | 1,869           |
| Other financial assets                    | 3.71%                                | -                                      | -                           | -                              | -                              | -                                 | -               |
| Trade and other receivables               | 0.00%                                | -                                      | -                           | -                              | -                              | 346                               | 346             |
| Investment in water corporation           | -                                    | -                                      | -                           | -                              | -                              | 30,567                            | 30,567          |
| <b>Total financial assets</b>             |                                      | <b>535</b>                             | <b>1,332</b>                | <b>-</b>                       | <b>-</b>                       | <b>30,915</b>                     | <b>32,782</b>   |
| <b>Financial liabilities</b>              |                                      |  |                             |                                |                                |                                   |                 |
| Trade and other payables                  | -                                    | -                                      | -                           | -                              | -                              | 1,028                             | 1,028           |
| Trust funds and deposits                  | -                                    | -                                      | -                           | -                              | -                              | 46                                | 46              |
| Interest-bearing loans and borrowings     | 5.53%                                | -                                      | 216                         | 552                            | 1,218                          | -                                 | 1,986           |
| <b>Total financial liabilities</b>        |                                      | <b>-</b>                               | <b>216</b>                  | <b>552</b>                     | <b>1,218</b>                   | <b>1,073</b>                      | <b>3,060</b>    |
| <b>Net financial assets (liabilities)</b> |                                      | <b>535</b>                             | <b>1,116</b>                | <b>(552)</b>                   | <b>(1,218)</b>                 | <b>29,842</b>                     | <b>29,722</b>   |

**Not Applicable**

**Reclassification of Financial Assets**

Council has reclassified the following financial assets

At cost or amortised cost, rather than at fair value

At fair value, rather than at cost or amortised cost

**2015  
\$'000**

**2014  
\$'000**

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 37 Financial Instruments (cont.)**

**(c) Fair Value**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

| Financial Instruments                 | Total carrying amount as per |                | Aggregate net fair value |                |
|---------------------------------------|------------------------------|----------------|--------------------------|----------------|
|                                       | 2015<br>\$'000               | 2014<br>\$'000 | 2015<br>\$'000           | 2014<br>\$'000 |
| <i>Financial assets</i>               |                              |                |                          |                |
| Cash and cash equivalents             | 2,183                        | 1,869          | 2,183                    | 1,869          |
| Other financial assets                | 0                            | 0              | 0                        | 0              |
| Trade and other receivables           | 258                          | 346            | 258                      | 346            |
| Investment in water corporation       | 32,044                       | 30,567         | 32,044                   | 30,567         |
| <b>Total financial assets</b>         | <b>34,485</b>                | <b>32,782</b>  | <b>34,485</b>            | <b>32,782</b>  |
| <i>Financial liabilities</i>          |                              |                |                          |                |
| Trade and other payables              | 1,655                        | 1,028          | 1,655                    | 1,028          |
| Trust funds and deposits              | 65                           | 46             | 65                       | 46             |
| Interest-bearing loans and borrowings | 2,845                        | 1,986          | 2,845                    | 1,986          |
| <b>Total financial liabilities</b>    | <b>4,565</b>                 | <b>3,060</b>   | <b>4,565</b>             | <b>3,060</b>   |

**(d) Credit Risk**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

**(e) Risks and mitigation**

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993*. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liq parks, open space, streetscapes at cost
- diversification by credit rating, financial institution and investment product,
- monitoring of r marine infrastructure
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**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 has exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- 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, receivable balance 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 36.

**Credit quality of contractual financial assets that are neither past due nor impaired**

|   | Financial<br>Institutions<br>(AAA credit<br>rating) | Government<br>agencies<br>(BBB credit<br>rating) | Other<br>(min BBB credit<br>rating) | Total        |
|---|---|--|-------------------------------------|--------------|
| <b>2015</b>                               |   |  |                                     |              |
| Cash and cash equivalents                 | 2,183   | -  | -                                   | 2,183        |
| Trade and other receivables               | -   | -  | 258                                 | 258          |
| Investments and other financial assets    | -   | -  | -                                   | -            |
| <b>Total contractual financial assets</b> | <b>2,183</b>  | <b>-</b>   | <b>258</b>                          | <b>2,441</b> |

|   |              |          |          |              |
|---|--------------|----------|----------|--------------|
| <b>2014</b>                               |              |          |          |              |
| Cash and cash equivalents                 | 1,869        | -        | -        | 1,869        |
| Trade and other receivables               | 346          | -        | -        | 346          |
| Investments and other financial assets    | -            | -        | -        | -            |
| <b>Total contractual financial assets</b> | <b>2,215</b> | <b>-</b> | <b>-</b> | <b>2,215</b> |

**Movement in Provisions for Impairment of Trade and Other Receivables**

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| Balance at the beginning of the year                          | 0              | 4              |
| New Provisions recognised during the year                     | -              | -              |
| Amounts already provided for and written off as uncollectible | 2              | (4)            |
| Amounts provided for but recovered during the year            | -              | -              |
| Balance at end of year  | <b>2</b>       | <b>-</b>       |

**Ageing of Trade and Other Receivables**

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| Current (not yet due)                      | 129            | 71             |
| Past due by up to 30 days                  | 35             | 1              |
| Past due between 31 and 180 days           | 45             | 20             |
| Past due between 181 and 365 days          | 2              | 13             |
| Past due by more than 1 year               | 47             | 2              |
| <b>Total Trade &amp; Other Receivables</b> | <b>258</b>     | <b>107</b>     |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$0.00 (2013-14: \$0.00) were impaired. The amount of the provision raised against these debtors was \$0.00 (2013-14: \$0.00). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

**Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of

The table below lists the contractual maturities for Financial Liabilities

These amounts represent the discounted cash flow payments (ie principal only).

| 2015                                  | 6 mths  | 6-12   | 1-2    | 2-5    | >5     | Contracted | Carrying |
|---------------------------------------|---------|--------|--------|--------|--------|------------|----------|
|                                       | or less | months | years  | years  | years  | Cash Flow  | Amount   |
|                                       | \$'000  | \$'000 | \$'000 | \$'000 | \$'000 | \$'000     | \$'000   |
| Trade and other payables              | 1,655   | -      | -      | -      | -      | 1,655      | 1,655    |
| Trust funds and deposits              | -       | 8      | 3      | 25     | -      | 36         | 36       |
| Interest-bearing loans and borrowings | 1,074   | 75     | 314    | 293    | 1,089  | 2,845      | 2,845    |
| Total financial liabilities           | 2,729   | 83     | 317    | 318    | 1,089  | 4,536      | 4,536    |

| 2014                                  | 6 mths  | 6-12     | 1-2      | 2-5      | >5     | Contracted | Carrying |
|---------------------------------------|---------|----------|----------|----------|--------|------------|----------|
|                                       | or less | months   | years    | years    | years  | Cash Flow  | Amount   |
|                                       | \$'000  | \$'000   | \$'000   | \$'000   | \$'000 | \$'000     | \$'000   |
| Trade and other payables              | 1,028   | -        | -        | -        | -      | 1,028      | 1,028    |
| Trust funds and deposits              | -       | 16       | 4        | 25       | -      | 45         | 45       |
| Interest-bearing loans and borrowings | \$70.00 | \$146.00 | \$232.00 | \$320.00 | 1,218  | 1,986      | 1,986    |
| Total financial liabilities           | 1,098   | 162      | 236      | 345      | 1,218  | 3,059      | 3,059    |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

|                               |        | Interest rate risk |        |                   |        |
|-------------------------------|--------|--------------------|--------|-------------------|--------|
|                               |        | -2 %               |        | +1%               |        |
|                               |        | -200 basis points  |        | +100 basis points |        |
|                               |        | Profit             | Equity | Profit            | Equity |
| 2015                          | \$'000 | \$'000             | \$'000 | \$'000            | \$'000 |
| <b>Financial assets:</b>      |        |                    |        |                   |        |
| Cash and cash equivalents     | 1,031  | (21)               | (21)   | 10                | 10     |
| Trade and other receivables   | 293    | (6)                | (6)    | 3                 | 3      |
| <b>Financial liabilities:</b> |        |                    |        |                   |        |
| Interest-bearing loans        | 2,845  | 57                 | 57     | (28)              | (28)   |

|                               |        | Interest rate risk |        |                   |        |
|-------------------------------|--------|--------------------|--------|-------------------|--------|
|                               |        | -2 %               |        | +1%               |        |
|                               |        | -200 basis points  |        | +100 basis points |        |
|                               |        | Profit             | Equity | Profit            | Equity |
| 2014                          | \$'000 | \$'000             | \$'000 | \$'000            | \$'000 |
| <b>Financial assets:</b>      |        |                    |        |                   |        |
| Cash and cash equivalents     | 535    | (11)               | (11)   | 5                 | 5      |
| Trade and other receivables   | 386    | (8)                | (8)    | 4                 | 4      |
| <b>Financial liabilities:</b> |        |                    |        |                   |        |
| Interest-bearing loans        | 1,986  | 40                 | 40     | (20)              | (20)   |

**(g) 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 (ie prices) or indirectly (ie 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  |
|---|---------|---------|---------|--------|
| <b>30 June 2015</b>   |         |         |         |        |
| Available for sale financial assets   | -       | -       | 32,044  | 32,044 |
| Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income | -       | -       | -       | -      |
| Financial assets held for trading   | -       | -       | -       | -      |
| Derivative financial assets   | -       | -       | -       | -      |
| There were no transfers between Level 1 and Level 2 in the period.                                    |         |         |         |        |

|   | Level 1 | Level 2 | Level 3 | Total  |
|---|---------|---------|---------|--------|
| <b>30 June 2014</b>   |         |         |         |        |
| Available for sale financial assets   | -       | -       | 30,567  | 30,567 |
| Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income | -       | -       | -       | -      |
| Financial assets held for trading   | -       | -       | -       | -      |
| Derivative financial assets   | -       | -       | -       | -      |
| There were no transfers between Level 1 and Level 2 in the period.                                    |         |         |         |        |

| Reconciliation of Level 3 Fair Value Movements          | 2015   | 2014    |
|---|--------|---------|
| Opening balance   | 30,567 | 37,841  |
| Investment on transfer of assets                        | -      | -       |
| Gains (losses) recognised in Other Comprehensive Income | -      | -       |
| Change in fair value movement in Tas Water              | 1,477  | (7,274) |
| Closing balance   | 32,044 | 30,567  |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 38 Events occurring after balance date**

(a) Nil

**Note 39 Related party transactions**

**(i) Responsible Persons (2014/2015)**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

|                     |                   | Remuneration<br>\$,000 | Reimbursements<br>\$,000 |
|---------------------|-------------------|------------------------|--------------------------|
| <b>Mayor</b>        | Michael Kent      | 22                     | 1                        |
| <b>Deputy Mayor</b> | Cheryl Arnol      | 17                     | 1                        |
| <b>Councillors</b>  | Jennifer Crawford | 14                     | 0                        |
|                     | Bertrand Cadart   | 20                     | 11                       |
|                     | Greg Raspin       | 6                      | 1                        |
|                     | Britt Steiner     | 6                      | 1                        |
|                     | Jenny Woods       | 10                     | 1                        |
|                     | Debbie Wisby      | 6                      | 2                        |
|                     | Chelsea Lee-Brown | 3                      | 2                        |
|                     | Craig Johnstone   | 3                      | 0                        |
|                     | Michael Davis     | 4                      | 0                        |
|                     | Michael Fama      | 3                      | 0                        |
|                     | Richard Parker    | 3                      | 0                        |

Note: All elected representatives terms expire Oct 2017

|               |            |           |
|---------------|------------|-----------|
| <b>Totals</b> | <b>117</b> | <b>20</b> |
|---------------|------------|-----------|

|                        |               |             |             |
|------------------------|---------------|-------------|-------------|
| <b>General Manager</b> | David Metcalf | <b>171</b>  |             |
|                        |               | <b>2015</b> | <b>2014</b> |

|  |     |     |
|--|-----|-----|
| Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements included above amounted to: | 137 | 148 |
|--|-----|-----|

|   |     |     |
|---|-----|-----|
| Total Remuneration for the reporting year for senior management positions included above amounted to: | 171 | 168 |
|---|-----|-----|

(iii) In accordance with s84(2)(b) of the *Local Government Act 1993*, no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

**Note 40 Special committees and other activities ( Not in at balance date considered not material)**

| Committee       | Opening Balance<br>\$ | Revenue<br>\$ | Expenditure<br>\$ | Closing Balance<br>\$ |
|-----------------|-----------------------|---------------|-------------------|-----------------------|
| Bicheno War     | 9,503                 | -             | -                 | 9,503                 |
| Cranbrook Hall  | 1,194                 | 24            | -                 | 1,218                 |
| Coles Bay Hall  | 6,829                 | 1,022         | 633               | 7,218                 |
| Invest          | 7,464                 | 572           | -                 | 8,035                 |
| Orford Hall     | 7,488                 | 376           | -                 | 7,864                 |
| Buckland Hall   | 3,686                 | 1,986         | 2,725             | 2,948                 |
| Triabunna Hall  | 1,919                 | 627           | 1,294             | 1,252                 |
| Health Centre   | 22,085                | 14,612        | 9,741             | 26,956                |
| Health Centre - | 35,616                | 1,179         | -                 | 36,795                |
|                 | 95,783                | 20,398        | 14,392            | 101,789               |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 41 Significant Business Activities**

The operating capital and competitive neutrality costs of the Council's significant business activities

|  | Information Centres |             | East Coast Health |              |
|--|---------------------|-------------|-------------------|--------------|
|  | 2015                | 2014        | 2015              | 2014         |
|  | \$'000              | \$'000      | \$'000            | \$'000       |
| <b>Revenue</b>                                 |                     |             |                   |              |
| Rates  | -                   | 137         | 248               | 438          |
| User Charges                                   | 626                 | 636         | 724               | 753          |
| Grants   | -                   | -           | 404               | 424          |
| Interest                                       | -                   | -           | -                 | 1            |
| Other  | 16                  | 11          | 32                | -            |
| <b>Total Revenue</b>                           | <b>642</b>          | <b>784</b>  | <b>1,408</b>      | <b>1616</b>  |
| <b>Expenditure</b>                             |                     |             |                   |              |
| <b>Direct</b>                                  |                     |             |                   |              |
| Employee Costs                                 | 304                 | 297         | 376               | 128          |
| Materials and Contacts                         | 527                 | 505         | 1,274             | 1387         |
| Interest                                       | -                   | -           | -                 | -            |
| Utilities                                      | 5                   | 2           | 11                | 7            |
| <b>Indirect</b>                                |                     |             |                   |              |
| Engineering & Administration                   | -                   | -           | -                 | -            |
| <b>Total Expenses</b>                          | <b>836</b>          | <b>804</b>  | <b>1,661</b>      | <b>1,522</b> |
| <b>Notional cost of free services received</b> |                     |             |                   |              |
| <b>Capital Costs</b>                           |                     |             |                   |              |
| Depreciation and amortisation                  | 5                   | 9           | 66                | 57           |
| Opportunity cost of capital                    | -                   | -           | -                 | -            |
| <b>Total Capital Costs</b>                     | <b>5</b>            | <b>9</b>    | <b>66</b>         | <b>57</b>    |
| <b>Competitive neutrality adjustments</b>      |                     |             |                   |              |
| Rates and land tax                             | 2                   | 1           | 4                 | 4            |
| Loan guarantee fees                            | -                   | -           | -                 | -            |
|  | <b>2</b>            | <b>1</b>    | <b>4</b>          | <b>4</b>     |
| <b>Calculated Surplus/(Deficit)</b>            | <b>(201)</b>        | <b>(30)</b> | <b>(323)</b>      | <b>33</b>    |
| Tax Equivalent rate                            | -                   | -           | -                 | -            |
| Taxation equivalent                            | -                   | -           | -                 | -            |
| <b>Competitive neutrality costs</b>            |                     |             |                   |              |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

| Note | 42 | Management indicators  | Benchmark  | 2015<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2012<br>\$'000 |
|------|----|--|------------|----------------|----------------|----------------|----------------|
|      |    | <b>(a) Underlying surplus or deficit</b>   |            |                |                |                |                |
|      |    | Recurrent income* less   |            | 12,490         | 11,461         | 10,498         | 10,280         |
|      |    | recurrent expenditure  |            | 11,879         | 11,243         | 11,215         | 9,847          |
|      |    | Underlying surplus/deficit   | \$0.00     | 611            | 218            | -717           | 433            |
|      |    | * Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.   |            |                |                |                |                |
|      |    | Benchmark achieved.  |            |                |                |                |                |
|      |    | <b>(b) Underlying surplus ratio</b>  |            |                |                |                |                |
|      |    | <u>Underlying surplus or deficit</u>   |            | 611            | 218            | -717           | 433            |
|      |    | Recurrent income*  |            | 12,490         | 11,461         | 10,498         | 10,280         |
|      |    | Underlying surplus ratio %   | 0%         | 5%             | 2%             | -7%            | 4%             |
|      |    | This ratio serves as an overall measure of financial operating effectiveness.  |            |                |                |                |                |
|      |    | Benchmark achieved.  |            |                |                |                |                |
|      |    | <b>(c) Net financial liabilities</b>   |            |                |                |                |                |
|      |    | Liquid assets less   |            | 2,441          | 2,214          | 2,693          | 2,308          |
|      |    | total liabilities  |            | 5,411          | 3,722          | 3,089          | 1,973          |
|      |    | Net financial liabilities  | \$0.00     | -2,970         | -1,508         | -396           | 335            |
|      |    | 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. |            |                |                |                |                |
|      |    | Refer Note 42(d).  |            |                |                |                |                |
|      |    | <b>(d) Net financial liabilities ratio</b>   | Benchmark  |                |                |                |                |
|      |    | <u>Net financial liabilities</u>   |            | -2,970         | -1,508         | -396           | 335            |
|      |    | Recurrent income*  |            | 12,490         | 10,498         | 10,280         | 10,280         |
|      |    | Net financial liabilities ratio %  | 0% - (50%) | -24%           | -14%           | -4%            | 3%             |
|      |    | This ratio indicates the net financial obligations of Council compared to its recurrent income.  |            |                |                |                |                |
|      |    | Within Benchmark.  |            |                |                |                |                |



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

| Note | 42 | Management indicators (cont.)   | 2015<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2012<br>\$'000 |
|------|----|---|----------------|----------------|----------------|----------------|
|      |    | <b>(e) Asset consumption ratio</b>  |                |                |                |                |
|      |    | An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council. |                |                |                |                |
|      |    | <i>Roads</i>  |                |                |                |                |
|      |    | <u>Depreciated replacement cost</u>   | 41,375         | 41,460         | 40,118         | 28,171         |
|      |    | Current replacement cost  | 63,611         | 63,046         | 60,705         | 44,679         |
|      |    | Asset consumption ratio %   | 40% - 60%      | 65%            | 66%            | 66%            |
|      |    | <i>Bridges</i>  |                |                |                |                |
|      |    | <u>Depreciated replacement cost</u>   | 5,369          | 4,910          | 4,715          | 3,595          |
|      |    | Current replacement cost  | 7,460          | 7,187          | 6,881          | 6,160          |
|      |    | Asset consumption ratio %   | 40% - 60%      | 72%            | 68%            | 69%            |
|      |    | <i>Footpaths&amp;Cycleways</i>  |                |                |                |                |
|      |    | <u>Depreciated replacement cost</u>   | 6,840          | 6,845          | 6,501          | 4,098          |
|      |    | Current replacement cost  | 10,909         | 10,751         | 10,126         | 6,500          |
|      |    | Asset consumption ratio %   | 40% - 60%      | 63%            | 64%            | 64%            |
|      |    | This ratio indicates the level of service potential available in Council's existing asset base.   |                |                |                |                |
|      |    | N/A equals Not Available.   |                |                |                |                |
|      |    | Benchmark achieved.   |                |                |                |                |

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 42 Management indicators (cont.)**

**(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.

*Transport Infrastructure*

|  |         |              |              |              |              |
|--|---------|--------------|--------------|--------------|--------------|
| <u>Projected capital funding outlays**</u> |         | <u>2,333</u> | <u>2,007</u> | <u>2,149</u> | <u>1,906</u> |
| Projected capital expenditure funding***   |         | 2,333        | 2,007        | 2,149        | 1,906        |
| Asset renewal funding ratio %              | 90-100% | 100%         | 100%         | 100%         | 100%         |

*Buildings*

|  |         |            |            |            |            |
|--|---------|------------|------------|------------|------------|
| <u>Projected capital funding outlays**</u> |         | <u>415</u> | <u>424</u> | <u>613</u> | <u>502</u> |
| Projected capital expenditure funding***   |         | 415        | 424        | 613        | 502        |
| Asset renewal funding ratio %              | 90-100% | 100%       | 100%       | 100%       | 100%       |

*Drainage*

|  |         |            |            |            |            |
|--|---------|------------|------------|------------|------------|
| <u>Projected capital funding outlays**</u> |         | <u>225</u> | <u>275</u> | <u>185</u> | <u>197</u> |
| Projected capital expenditure funding***   |         | 225        | 275        | 185        | 197        |
| Asset renewal funding ratio %              | 90-100% | 100%       | 100%       | 100%       | 100%       |

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

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

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

**(g) Asset sustainability ratio**

|  |      |              |              |              |              |
|--|------|--------------|--------------|--------------|--------------|
| <u>Capex on replacement/renewal of existing assets</u> |      | <u>4,038</u> | <u>1,625</u> | <u>1,136</u> | <u>1,531</u> |
| Annual depreciation expense                            |      | 1,991        | 1,952        | 2,045        | 1,959        |
| Asset sustainability ratio %                           | 100% | 203%         | 83%          | 56%          | 78%          |

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

Average ratio is 83%, not significantly below Benchmark.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 42 Management indicators (cont.)**  
**(g) Asset sustainability ratio**

|                    | Capital<br>renewal<br>expenditure | Capital new<br>/upgrade<br>expenditure | Total<br>Capital<br>Expenditure |
|--------------------|-----------------------------------|--|---------------------------------|
|                    | \$'000                            | \$'000                                 | \$'000                          |
| By asset class     |                                   |  |                                 |
| Land               |                                   | 100                                    | 100                             |
| Other fixed assets | 2,176                             | 2,152                                  | 4,328                           |
| <b>Total</b>       | <b>2,176</b>                      | <b>2,252</b>                           | <b>4,428</b>                    |

## Notes to the Financial Report For the Year Ended 30 June 2015

### Note 43 Fair Value Measurements

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

- Investment property
- Investment in water corporation
- Property, infrastructure plant and equipment
  - Land
  - Buildings, including footpaths & cycleways
  - Roads
  - Bridges
  - Other infrastructure

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

#### (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 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

#### As at 30 June 2015

|  | Note | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|--|------|-------------------|-------------------|-------------------|-----------------|
| Investment in water corporation        | 19   |                   |                   | 32,044            | 32,044          |
| Land                                   | 24   |                   | 7,460             |                   | 7,460           |
| Buildings                              | 24   |                   | 7,987             |                   | 7,987           |
| Roads, including footpaths & cycleways | 24   |                   |                   | 58,384            | 58,384          |
| Bridges                                | 24   |                   |                   | 5,369             | 5,369           |
| Parks, open space and streetscapes     | 24   |                   |                   | 2,075             | 2,075           |
| Drainage                               | 24   |                   |                   | 2,393             | 2,393           |
| Marine infrastructure                  | 24   |                   |                   | 3,068             | 3,068           |

#### Non-recurring fair value measurements

Assets held for sale

|   |   |   |
|---|---|---|
| - | - | - |
| - | - | - |

#### Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 43 Fair Value Measurements (cont.)**

**(b) Highest and best use**

AASB 13 requires the fair value of non-financial assets to be calculated based on their "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 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 property and investment in water corporation**

Refer to Notes 24 and 19 respectively for details of valuation techniques used to derive fair values.

**Land**

*Land held for sale*

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the approach described in the preceding paragraph.

*Land under roads*

Council recognised the value of land under roads it controls at fair value as part of Road Infrastructure

**Buildings**

Where Council buildings are of a specialist nature (eg heritage buildings) 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. The gross current values have been derived from reference to market data for recent projects and costing guides. The average cost of construction used to calculate the gross current value of Council's buildings was \$2,500/sqm for heritage buildings.

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

**Note 43 Fair Value Measurements (cont.)**

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and 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.

## Notes to the Financial Report For the Year Ended 30 June 2015

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### Note 43 Fair Value Measurements (cont.)

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 and residual values are disclosed in Note 1(f)

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

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

#### Roads, including footpaths & cycleways

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads and rural roads are managed in segments. 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 x cms for high traffic areas and y cms for lower traffic locations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

#### Bridges

A full valuation of bridges assets was undertaken by independent valuers, Brighton Council and TasSpan, effective 30 June 2015. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

#### Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 30 June 2015. 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.

#### Other Infrastructure

Other infrastructure is not deemed to be significant in terms of Council's Statement of Financial Position.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 43 Fair Value Measurements (cont.)**

**(d) Unobservable inputs and sensitivities**

| Asset / liability category*            | Carrying amount (at fair value)<br>\$'000 | Key unobservable inputs *      | Expected range of inputs         | Description of how changes in inputs will affect the fair value |
|--|---|--------------------------------|----------------------------------|---|
| Land                                   | 7,460                                     | Valuer General estimated value | \$5.39 to \$149 per square metre | Market conditions will effect land value                        |
| Buildings                              | 7,987                                     | Rate per square metre          | \$1,450 per sq metre             | The higher the useful life the higher the fair value            |
| Roads, including footpaths & cycleways | 48,215                                    | Rate per square metre          | \$40.00 to \$110.00 per sq metre | The higher the residual value the higher the fair value         |
| Bridges                                | 5,369                                     | Component value                | \$3,300 per sq metre             | The higher the component value the higher the fair value        |
| Drainage                               | 2,393                                     | Rate per metre                 | \$100 - \$200 per metre          | The higher the rate the higher the fair value                   |

\*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**(e) Changes in recurring level 3 fair value measurements**

The changes in level 3 assets with recurring fair value measurements are detailed in note 24 (Property, infrastructure, plant and equipment). Heritage buildings, which are classified as level 3 are separately disclosed in note 24. There have been no transfers between level 1, 2 or 3 measurements during the year.

**(f) Valuation processes**

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

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

**(g) 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 37)

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 37 is provided by Tascorp (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).

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 44 Material Budget Variations**

Council's original budget was adopted by the Council on 24th June 2015. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained on the variance Tab

**Revenues**

**1 Rates and charges**

The changes are minimal compare to the budget. Forecasts have been accurately performed.

**2 Grants**

The 26% variance is mainly due to 1/2 Year Federal Assistance Grant received in June 2015.

**3 User fees**

Approximately \$70k additional in building fees related to one development (a similar amount has been booked in income)

**4 Interest**

Interest changes are mainly due due to the amount of dollars in bank as well as reduction in outstanding rates.

**5 Statutory fees and fines revenue**

The statutory fees and fines revenue have been impacted by a approximately \$70k additional in building fees related to one development.

**6 Other income**

The Budget included transfers of subdiviion fees that didn't eventuate. Furthermore, other revenue have been reallocated.

**Expenses**

**1 Materials and services**

The Contractor Services are above budget because of unbudgeted helathcare services. Furthermore, the Land Tax has almost doubled, which was not budgeted. Some materials purchases have been over budget. Those expenses mainly related to the Tasman Highway Contract. The maintenance buildings and property due to wind damage has not been budgeted.

**2 NET (GAIN)/LOSS ON ASSETS**

Amount not known until year end from disposal of infrastructure assets

**3 Depreciation and amortisation**

Infrastructure depreciation expenses has been misstated in the budget.

**4 FINANCE COSTS**

Unbudgeted additional loans to finance the Marina building have been underestimated.

**5 Other expenses**

The other expenses variance are mainly due to the audit costs and the councillor trainings.



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### **Certification of the Financial Report**

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

David Metcalf  
General Manager



Date : 27/09/2015

