

Upper Macquarie County Council

General purpose financial statements for the year ended 30 June 2015

Contents

| | Page |
|---|-------|
| General purpose financial statements | |
| Statement by Councillors and Management | A-9 |
| Income Statement | A-11 |
| Statement of Comprehensive Income | A-12 |
| Statement of Financial Position | A-16 |
| Statement of Changes in Equity | A-18 |
| Statement of Cash Flows | A-20 |
| Notes to the Financial Statements | A-23 |
| Auditors' reports | A-142 |

These financial statements are general purpose financial statements of Upper Macquarie County Council and its controlled entities and are presented in the Australian currency.

Upper Macquarie County Council is constituted under the Local Government Act 1993 and has its principal place of business at:

Upper Macquarie County Council
7 Lee Street
Kelso NSW 2795.

The financial statements were authorised for issue by the Council on *****. Council has the power to amend and reissue the financial statements.

Upper Macquarie County Council

General purpose financial statements for the year ended 30 June 2015

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993)

The attached General Purpose Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Statements:

- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on *****.

Councillor's Name
Chairperson

Councillor's Name
Deputy Chairperson

Roy Jennison
General Manager

Roy Jennison
Responsible Accounting Officer

Upper Macquarie County Council

Income statement for the year ended 30 June 2015

| Original budget(1) 2015 \$'000 | | Note s | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|--|-----------|--------------------------|--------------------------|
| | Income from continuing operations | | | |
| | <i>Revenue:</i> | | | |
| 0 | Rates and annual charges | 3a | 0 | 0 |
| 718 | User charges and fees | 3b | 495 | 302 |
| 24 | Interest and investment revenue | 3c | 25 | 27 |
| | Other revenues | 3d | 368 | 229 |
| 777 | Grants and contributions provided for operating purposes | 3e,f | 957 | 828 |
| 0 | Grants and contributions provided for capital purposes | 3e,f | 0 | 0 |
| | <i>Other Income:</i> | | | |
| 7 | Net gain from the disposal of assets | 5 | 14 | 11 |
| 0 | Net share of interests in joint ventures and associates using the equity method | 19 | 0 | 0 |
| <u>1526</u> | Total income from continuing operations | | <u>1859</u> | <u>1397</u> |
| | Expenses from continuing operations | | | |
| 538 | Employee benefits and on-costs | 4a | 493 | 471 |
| 0 | Borrowing costs | 4b | 0 | 0 |
| 691 | Materials and contracts | 4c | 1104 | 746 |
| 40 | Depreciation and amortisation | 4d | 43 | 43 |
| 0 | Impairment | 4d | 0 | 0 |
| 256 | Other expenses | 4e | 114 | 122 |
| 0 | Interest and investment losses | 3c | 0 | 0 |
| 0 | Net Loss from the disposal of assets | 5 | 0 | 0 |
| 0 | Net share of interests in joint ventures and associates using the equity method | 19 | 0 | 0 |
| <u>1525</u> | Total expenses from continuing operations | | <u>1754</u> | <u>1382</u> |
| <u>0</u> | Operating result from continuing operations | | <u>105</u> | <u>15</u> |
| <u>0</u> | Operating result from discontinued operations | 24 | <u>0</u> | <u>0</u> |
| <u>0</u> | Net operating result for the year | | <u>105</u> | <u>15</u> |
| | Attributable to: | | | |
| 0 | – Council | | 105 | 15 |
| <u>0</u> | – Non-controlling interests | | <u>0</u> | <u>0</u> |
| <u>0</u> | Net operating result for the year before grants and contributions provided for capital purposes | | <u>105</u> | <u>15</u> |

Note:

(1) Original budget as approved by Council – refer Note 16.

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

Upper Macquarie County Council

Statement of comprehensive income for the year ended 30 June 2015

| | Notes | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|-------|--------------------------|--------------------------|
| Net operating result for the year – from Income statement | | 105 | 15 |
| Other comprehensive income | | | |
| <i>Amounts which will not be reclassified subsequently to operating result</i> | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | 20b | 0 | 0 |
| Adjustment to correct prior period errors | 20d | 0 | 0 |
| <i>Amounts which will be reclassified subsequently to operating result when specific conditions are met</i> | | | |
| Gain (loss) on revaluation of available-for-sale investments | 20b | 0 | 0 |
| Realised available-for-sale investment gains recognised in revenue | 20b | 0 | 0 |
| Total other comprehensive income for the year | | 0 | 0 |
| Total comprehensive income for the year | | 105 | 15 |
| Attributable to | | | |
| – Council | | 105 | 15 |
| – Non-controlling interests | | 0 | 0 |

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Upper Macquarie County Council

Statement of financial position as at 30 June 2015

| | Notes | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6a | 1142 | 1097 |
| Investments | 6b | 0 | 0 |
| Receivables | 7 | 39 | 4 |
| Inventories | 8 | 39 | 47 |
| Other | 8 | 0 | 0 |
| Non-current assets classified as held for sale | 22 | 0 | 0 |
| Total current assets | | 1220 | 1148 |
| Non-current assets | | | |
| Investments | 6b | 0 | 0 |
| Receivables | 7 | 0 | 0 |
| Infrastructure, property, plant and equipment | 9 | 169 | 151 |
| Investments accounted for using equity method | 19 | 0 | 0 |
| Investment property | 14 | 0 | 0 |
| Intangible assets | 25 | 0 | 0 |
| Other | 8 | 0 | 0 |
| Total non-current assets | | 169 | 151 |
| Total assets | | 1389 | 1299 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 10 | 172 | 227 |
| Borrowings | 10 | 0 | 0 |
| Provisions | 10 | 47 | 46 |
| Total current liabilities | | 219 | 273 |
| Non-current liabilities | | | |
| Payables | 10 | 0 | 0 |
| Borrowings | 10 | 0 | 0 |
| Provisions | 10 | 285 | 246 |
| Total non-current liabilities | | 285 | 246 |
| Total liabilities | | 504 | 519 |
| Net assets | | 885 | 780 |
| EQUITY | | | |
| Retained earnings | 20 | 885 | 780 |
| Revaluation reserves | 20 | 0 | 0 |
| Council equity interest | | 0 | 0 |
| Non-controlling equity interest | | 0 | 0 |
| Total equity | | 885 | 780 |

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

Upper Macquarie County Council

Statement of cash flows for the year ended 30 June 2015

| | Notes | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| <i>Receipts:</i> | | | |
| Rates and annual charges | | 0 | 0 |
| User charges and fees | | 459 | 383 |
| Investment revenue and interest | | 24 | 27 |
| Grants and contributions | | 956 | 828 |
| Deposits and retentions received | | 0 | 0 |
| Other | | 368 | 230 |
| <i>Payments:</i> | | | |
| Employee benefits and on-costs | | (453) | (447) |
| Materials and contracts | | (1159) | (708) |
| Borrowing costs | | 0 | 0 |
| Deposits and retentions refunded | | 0 | 0 |
| Other | | (104) | (138) |
| Net cash provided (or used) in operating activities | 11(b) | 91 | 175 |
| Cash flows from investing activities | | | |
| <i>Receipts:</i> | | | |
| Sale of investments | | 0 | 0 |
| Sale of investment property | | 0 | 0 |
| Sale of real estate assets | | 0 | 0 |
| Sale of infrastructure, property, plant and equipment | | 65 | 38 |
| Sale of interests in joint ventures/associates | | 0 | 0 |
| Proceeds from Boundary adjustment | | 0 | 0 |
| Other | | 0 | 0 |
| <i>Payments:</i> | | | |
| Purchase of investments | | 0 | 0 |
| Purchase of investment property | | 0 | 0 |
| Purchase of infrastructure, property, plant and equipment | | (111) | (65) |
| Purchase of real estate | | 0 | 0 |
| Purchase of interests in joint ventures/associates | | 0 | 0 |
| Other | | 0 | 0 |
| Net cash provided by (or used in) Investing activities | | (46) | (27) |
| Cash flows from financing activities | | | |
| <i>Receipts:</i> | | | |
| Borrowings and advances | | 0 | 0 |
| Other | | 0 | 0 |
| <i>Payments:</i> | | | |
| Borrowings and advances | | 0 | 0 |
| Lease liabilities | | 0 | 0 |
| Other | | 0 | 0 |
| Net cash provided by (or used in) financing activities | | 0 | 0 |
| Net increase/(decrease) in cash and cash equivalents | | 45 | 148 |
| Cash and cash equivalents at beginning of reporting period | 11(a) | 1097 | 949 |
| Cash and cash equivalents at end of reporting period | 11(a) | 1142 | 1097 |

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Upper Macquarie County Council

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

| Contents of the notes to the financial statements | | Page |
|---|---|-------|
| Note 1 | Summary of significant accounting policies | A-24 |
| Note 2(a) | Functions or activities | A-44 |
| Note 2(b) | Components of functions or activities | A-45 |
| Note 3 | Income from continuing operations | A-47 |
| Note 4 | Expenses from continuing operations | A-55 |
| Note 5 | Gain or loss from disposal of assets | A-60 |
| Note 6(a) | Cash and cash equivalents | A-61 |
| Note 6(b) | Investments | A-63 |
| Note 6(c) | Restricted cash, cash equivalents and investments | A-66 |
| Note 7 | Receivables | A-68 |
| Note 8 | Inventories and other assets | A-71 |
| Note 9(a) | Infrastructure, property, plant and equipment | A-74 |
| Note 9(b) | Restricted infrastructure, property, plant and equipment | A-76 |
| Note 10(a) | Payables, borrowings and provisions | A-81 |
| Note 10(b) | Description of and movements in provisions | A-82 |
| Note 11 | Reconciliation of operating result to net cash movement from operating activities | A-88 |
| Note 12 | Commitments | A-90 |
| Note 13(a) | Statement of performance measures – consolidated results | A-92 |
| Note 13(b) | Statement of performance measures by fund | A-93 |
| Note 14 | Investment properties | A-97 |
| Note 15 | Financial risk management | A-99 |
| Note 16 | Material budget variations | A-106 |
| Note 17 | Statement of developer contributions | A-108 |
| Note 18 | Contingencies | A-113 |
| Note 19 | Interests in joint ventures and associates | A-116 |
| Note 20 | Revaluation reserves and retained earnings | A-119 |
| Note 21 | Results by fund | A-122 |
| Note 22 | Non-current assets classified as held for sale | A-125 |
| Note 23 | Events occurring after statement of financial position date | A-127 |
| Note 24 | Discontinued operation | A-129 |
| Note 25 | Intangible assets | A-131 |
| Note 26 | Reinstatement, rehabilitation and restoration liabilities | A-133 |
| Note 27 | Fair Value Measurement | A-136 |

Note: *Notes 1 to 20 and 27 are mandatory and must be presented in the order specified. Notes 21 to 26 need only be included if applicable. Notes 13(b) and 21 need only be included if Council has Water and Sewer Funds*

Note 1 Summary of significant accounting policies

AASB101(112)(a),(b) The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

AASB101(119)

(a) Basis of preparation

AASB1054(7)-(9)
(Revised)

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. NSW Council is a not for-profit entity for the purpose of preparing the financial statements.

(Revised)

(i) *New and amended standards adopted by Council*

AASB108(28)

Upper Macquarie County Council has not adopted any new or amended standards in the annual reporting period.

(Revised)

(ii) *Early adoption of standards*

Upper Macquarie County Council has not elected to apply any pronouncements before their operative date in the annual reporting period.

(iii) *Historical cost convention*

AASB101(117)(a)

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) *Critical accounting estimates and judgements*

AASB101(122),(125)

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Upper Macquarie County Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There have been no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

AASB101

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

AAS27

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

Note 1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges 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.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue is recognised when the 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 the Council and the amount of the contribution can be measured reliably.

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 reporting date, the unused grant or contribution is disclosed in Note 3(g). 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 reporting date.

(ii) User charges and fees

User charges and fees (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.

(i) Sale of plant, property, infrastructure and equipment

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

(ii) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(iii) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(iv) Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

(v) Other income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

AASB101(110)

(c) Principles of consolidation

(i) The Consolidated Fund

LGA s.409(1)

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

Note 1 Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

The following entities have been included as part of the Consolidated fund:

- General purpose operations

LGA s.411

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

AASB101(119)

(iii) Associates

AASB128(11),(13),
(35)

Associates are all entities over which the Council has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

AASB128(23)
(Revised)

AASB101(110)

(iv) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the activity are set out in Note 19.

Joint venture entities

AASB131(57)
(Revised)

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Details relating to the partnership are set out in note 19.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Note 1 Summary of significant accounting policies (continued)

AASB101(110)

(d) Leases

AASB117(20),(25)

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

AASB117(33)
UIG115(5)

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.

AASB117(39)

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

AASB101(110),(111)

(e) Acquisition of assets

AASB3(14),(24),(28)
AASB3(27)
AASB3(31)

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

AASB3(26)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

AASB101(110)

(f) Impairment of assets

AASB136(9),(10)

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

AASB101(110)

(g) Cash and cash equivalents

AASB107(6),(8),(46)

For Statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Note 1 Summary of significant accounting policies (continued)

AASB101(110)

(h) Receivables

AASB7(21)
AASB139(46)(a)

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

AASB7(21)

AASB7(B5)(d)

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

AASB101(110)

(i) Inventories

AASB101(110)

AASB102(9),(10),(25),
(36)(a)

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 1 Summary of significant accounting policies (continued)

AASB5(31),(32),(33)(a) A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Income statement.

AASB101(110) AASB7(21) (j) Investments and other financial assets

Classification

AASB139(45),(60) Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

AASB101(110) AASB101(57),(59) AASB139(9),(45) (i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

AASB139(9) (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the statement of financial position.

AASB139(9) (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

AASB139(9) AASB7(21),(B5)(b) (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

AASB139(38),(43)
AASB7(21),(B5)(c) Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

AASB139(46)(a) Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

AASB139(46),
(55)(a),(b)
AASB7(21),(85)(e) Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

Note 1 Summary of significant accounting policies (continued)

AASB101(110)
AASB7(21)

(k) Investments and other financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security (note Council's obligations under Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005).. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

AASB7(27)

Details on how the fair value of financial instruments is determined are disclosed in note 1(l).

Impairment

AASB139(58),(59)

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

AASB139(63)
(Revised)

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

OLG

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

AASB101(110)

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB132(92)

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

Note 1 Summary of significant accounting policies (continued)

AASB101(110)

(I) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date the following classes of IPPE were stated at their fair value:

- Buildings – Specialised/Non Specialised (Internal Valuation).
- Plant and equipment (as approximated by depreciated historical cost).

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised in profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income statement.

AASB116(12)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

AASB116(50),(73)(b)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

AASB116(73)(c)

| | | | |
|------------------------------------|--------------------|--------------------------|----------------|
| Office equipment | 5 – 10 years | Pumps and telemetry | 15 – 20 years |
| Office furniture | 10 – 20 years | Drains | 80 – 100 years |
| Vehicles and road making equipment | 5 – 8 years | Culverts | 50 – 80 years |
| Other plant and equipment | 5 – 15 years | Flood control structures | 80 – 100 years |
| Buildings – Masonry | 50 – 10 years 0 | Sealed roads – Surface | 20 years |
| – Other | 20 – 40 years | – Structure | 50 years |
| Playground equipment | 5 – 15 years | Unsealed roads | 20 years |
| Benches, seats etc | 10 – 20 years | Bridge – Concrete | 100 years |
| Dams and reservoirs | 80 – 10 years 0 | – Other | 50 years |
| Bores | 20 – 40 years | Bulk earthworks | Infinite |
| Reticulation pipes – PVC | 70 – 80 years | | |
| – Other | 25 – 75 years | | |

AASB116(51)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

AASB136(59)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1 Summary of significant accounting policies (continued)

| | |
|---------------------------------|---|
| AASB116(68),(71) AASB116(41) | Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. |
| AASB101(110) | (m) Payables |
| AASB132(60)(a),(60) (b) | These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. |
| AASB101(110) AASB7(21) | (n) Borrowings |
| AASB139(43),(47) (Revised) | Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. |
| AASB139(39),(41) | Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost. |
| AASB101(60) | Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. |
| AASB101(110) AASB123(29)(a) | (o) Borrowing costs |
| | Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. |
| AASB101(110) | (p) Provisions |
| AASB137(14),(24), (63) | Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. |
| | Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. |
| AASB137(36),(45), (47),(60) | Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. |

Note 1 Summary of significant accounting policies (continued)

(q) Employee benefits

(Revised)
AASB119(10),(11)

(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 and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(Revised)
AASB119(128)

(ii) Other long term employee benefit obligations^{60,61}

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.

AASB101(69)(d)

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.

AASB101(110)

(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

AASB119(54),(64)

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 is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 *Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB 119, because the assets to the Scheme are pooled together for all Councils.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2014 was \$XX. The last valuation of the Scheme was performed by Mr Michael Smith, BSc, FIA, FIAA on 20 June 2014 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$8,681.04. Councils expected contributions to the plan for the next annual reporting period is \$8,581.04.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$ 0.02% as at 30 June 2014.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Note 1 Summary of significant accounting policies (continued)

AASB119(44)

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.

(r) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(s) Intangible assets

AASB101(110)
(New)

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

Note 1 Summary of significant accounting policies (continued)

AASB101(110)

(t) Goods and Services Tax (GST)

UIG1031(6),(7)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

UIG1031(8),(9)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

UIG1031(10),(11)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

AASB108(30)
(Revised)

(u) New accounting standards and interpretations issued not yet effective

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

- (i) *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)*

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

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

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

- (ii) *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

- (iii) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014 for not-for-profit entities)*

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 does not expect the new standard to have a significant impact on its composition.

Note 1 Summary of significant accounting policies (continued)

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 re-measure 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.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2(a) Functions or activities

| Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b). | | | | | | | | | | | | | |
|---|-----------------------------------|--------------------|--------------------|-------------------------------------|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|---|--------------------|
| Functions/Activities | Income from continuing operations | | | Expenses from continuing operations | | | Operating results from continuing operations | | | Grants included in income from continuing operations | | Total assets held (current and non-current) | |
| | Original budget 2015 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 | Original budget 2015 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 | Original budget 2015 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 |
| Governance | 0 | 0 | 0 | 66 | 61 | 61 | (66) | (61) | (61) | | | | |
| Administration | | | | | | | | | | | | | |
| Public order safety | | | | | | | | | | | | | |
| Health | 1526 | 1820 | 1359 | 1459 | 1693 | 1321 | 66 | 128 | 38 | 420 | 303 | 1389 | 1299 |
| Environment | | | | | | | | | | | | | |
| Community services & education | | | | | | | | | | | | | |
| Housing & community amenities | | | | | | | | | | | | | |
| Water supplies | | | | | | | | | | | | | |
| Sewerage services | | | | | | | | | | | | | |
| Recreation & culture | | | | | | | | | | | | | |
| Fuel & energy | | | | | | | | | | | | | |
| Agriculture | | | | | | | | | | | | | |
| Mining, manufacturing & construction | | | | | | | | | | | | | |
| Transport & communication | | | | | | | | | | | | | |
| Economic affairs | | | | | | | | | | | | | |
| Total functions & activities | 1526 | 1820 | 1359 | 1615 | 1754 | 1382 | 0 | 67 | (23) | 420 | 303 | 1389 | 1299 |
| Shares of gains or losses in associates & joint ventures using the equity method | | | | | | | | | | | | | |
| General purpose income | | 39 | 38 | | | | | 38 | 38 | | | | |
| Net operating result for the year⁽¹⁾ | 1526 | 1859 | 1397 | 1615 | 1754 | 1382 | 0 | 105 | 15 | 420 | 303 | 1389 | 1299 |

Note:

(1) As reported on the Income statement

Note 2(b) Components of functions or activities

Details of the functions or activities reported on in Note 2(a) are as follows:

Governance

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

Administration

This includes corporate support and other support services.

Public order and safety

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

Health

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

Environment

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

Community services and education

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

Housing and community amenities

Housing, town planning, domestic waste management services, other waste management services, street other sanitation and garbage, urban stormwater drainage, environmental protection, public, cemeteries, public conveniences, other community amenities.

Water supplies

Sewerage services

Recreation and culture

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

Fuel and energy – Gas supplies

Agriculture

Mining, manufacturing and construction

Building control, abattoirs, quarries and pits, other.

Transport and communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, street lighting, other.

Economic Affairs

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Note 3 Income from continuing operations

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|-----------------------------------|-----------------------------------|
| (1) Rates and annual charges | 0 | 0 |
| Ordinary rates | 0 | 0 |
| Residential | 0 | 0 |
| Farmland | 0 | 0 |
| Business | 0 | 0 |
| Mining | 0 | 0 |
| Total ordinary rates | 0 | 0 |
| | | |
| Special rates | | |
| Water supply | 0 | 0 |
| Sewerage services | 0 | 0 |
| Environmental | 0 | 0 |
| Infrastructure | 0 | 0 |
| Drainage | 0 | 0 |
| Town improvement | 0 | 0 |
| Parking | 0 | 0 |
| Main-street | 0 | 0 |
| Tourism | 0 | 0 |
| Other (specify if material) | 0 | 0 |
| Total special rates | 0 | 0 |
| | | |
| Annual charges <i>(pursuant to s496, 496A, 496B, 501 & 611)</i> | | |
| Domestic waste management services | 0 | 0 |
| Water supply | 0 | 0 |
| Sewerage services | 0 | 0 |
| Drainage | 0 | 0 |
| Stormwater management services | 0 | 0 |
| Waste management services (not domestic) | 0 | 0 |
| Coastal Protection | 0 | 0 |
| Section 611 charges | 0 | 0 |
| Waste levy | 0 | 0 |
| Other (specify if material) | 0 | 0 |
| Total annual charges | 0 | 0 |
| | | |
| Total rates and annual charges | 0 | 0 |

Note 3 Income from continuing operations (continued)

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------|
| (2) User charges and fees | | |
| User charges | | |
| Domestic waste management services | 0 | 0 |
| Water supply services | 0 | 0 |
| Sewerage services | 0 | 0 |
| Drainage services | 0 | 0 |
| Waste management services (not domestic) | 0 | 0 |
| Other (specify if material) | 0 | 0 |
| Total user charges | <u>0</u> | <u>0</u> |
| Fees | | |
| Private works | 495 | 302 |
| RMS works (State Roads not controlled by Council) | 0 | 0 |
| Building services – Other | 0 | 0 |
| Planning and building – Regulatory | 0 | 0 |
| Inspection fees | 0 | 0 |
| s603 certificates | 0 | 0 |
| Registration fees | 0 | 0 |
| Parking fees | 0 | 0 |
| Caravan parks | 0 | 0 |
| Leisure centre | 0 | 0 |
| Child care | 0 | 0 |
| Aerodrome | 0 | 0 |
| Aged care | 0 | 0 |
| Quarry | 0 | 0 |
| Other (specify if material) | 0 | 0 |
| Total fees | <u>495</u> | <u>302</u> |
| Total user charges and fees | <u>495</u> | <u>302</u> |
| (3) Interest and Investment revenue (losses)⁽¹⁾ | | |
| Interest and Dividends | | |
| – Overdue rates and charges ⁽²⁾ | 0 | 0 |
| – Cash and Investments | 0 | 0 |
| – Other | 25 | 27 |
| Fair value adjustments | | |
| – Investments | 0 | 0 |
| – Other | 0 | 0 |
| Impairment losses | | |
| – Investments | 0 | 0 |
| – Other | 0 | 0 |
| Available for sale revaluation reserves realised | 0 | 0 |
| Premiums recognised on financial instrument transactions | | |
| – Interest free loan from State Government | 0 | 0 |
| Amortisation of discounts and premiums on financial instrument transactions | | |
| – Interest free loan provided | 0 | 0 |
| Other – Specify if material | 0 | 0 |
| Total interest and investment revenue (losses)⁽¹⁾ | <u>25</u> | <u>27</u> |

Note:

- (1) Where interest and investment revenue nets to an overall loss, this is carried to the interest and investment losses line on the Income statement.
- (2) Includes interest from special rates

Note 3 Income from continuing operations (continued)

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|-----------------------------------|--------------------------|
| (4) Other revenues | | |
| Fair value adjustments – investment properties | 0 | 0 |
| Reversal of IPPE revaluation decrements previously expensed | 0 | 0 |
| Parking fines | 0 | 0 |
| Other fines | 0 | 0 |
| Recycling income (non domestic) | 0 | 0 |
| Rental income: | | |
| – Investment property | 0 | 0 |
| – Other property | 0 | 0 |
| Insurance claims | 0 | 0 |
| Commissions and Agency fees | 0 | 0 |
| Computer Bureau income | 0 | 0 |
| Miscellaneous sales | 368 | 229 |
| Other charges for overdue rates and charges | 0 | 0 |
| Income relating to the Clean Energy Future Scheme | 0 | 0 |
| | <hr/> | <hr/> |
| | 368 | 229 |
| Other (specify if material) | 0 | 0 |
| Total other revenue | <hr/> 368 <hr/> | <hr/> 229 <hr/> |

Note 3 Income from continuing operations (continued)

| | Operating | | Capital | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2015 \$'000 | Actual 2014 \$'000 | Actual 2015 \$'000 | Actual 2014 \$'000 |
| (5) Grants | | | | |
| General purpose (Untied) | | | | |
| Financial assistance | 0 | 0 | 0 | 0 |
| Pensioner' rates subsidies: | | | | |
| – General | 0 | 0 | 0 | 0 |
| Special purpose | | | | |
| Pensioners' rate subsidies: | | | | |
| – Water | 0 | 0 | 0 | 0 |
| – Sewer | 0 | 0 | 0 | 0 |
| – DWM | 0 | 0 | 0 | 0 |
| Water supplies | 0 | 0 | 0 | 0 |
| Sewerage services | 0 | 0 | 0 | 0 |
| Community centres | 0 | 0 | 0 | 0 |
| Street lighting | 0 | 0 | 0 | 0 |
| Transport (Flood Works, Road to Recovery) | 0 | 0 | 0 | 0 |
| Clean energy future grants | 0 | 0 | 0 | 0 |
| NSW Rural Fire Services | 0 | 0 | 0 | 0 |
| Other (specify if material) | 420 | 304 | 0 | 0 |
| Total grants | 420 | 304 | 0 | 0 |
| Comprising: | | | 0 | 0 |
| – Commonwealth funding | 0 | 0 | 0 | 0 |
| – State funding | 303 | 225 | 0 | 0 |
| – Other funding | 117 | 79 | 0 | 0 |
| | 420 | 304 | 0 | 0 |
| (6) Contributions | | | | |
| Developer contributions: | 0 | 0 | 0 | 0 |
| – Section 94 | 0 | 0 | 0 | 0 |
| – Section 94A levies | 0 | 0 | 0 | 0 |
| – Planning agreements | 0 | 0 | 0 | 0 |
| RMS contributions (Regional/Local, Block Grants) | 0 | 0 | 0 | 0 |
| Section 64: | | | | |
| – Water | 0 | 0 | 0 | 0 |
| – Sewerage | 0 | 0 | 0 | 0 |
| – Stormwater | 0 | 0 | 0 | 0 |
| Dedications | 0 | 0 | 0 | 0 |
| Paving | 0 | 0 | 0 | 0 |
| Kerb and gutter | 0 | 0 | 0 | 0 |
| Other (specify if material) | 537 | 524 | 0 | 0 |
| Total contributions | 537 | 524 | 0 | 0 |
| Total grants and contributions | 957 | 828 | 0 | 0 |

Note 3 Income from continuing operations (continued)

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|-----------------------------------|--------------------------|
| (a) Restrictions relating to grants and contributions | | |
| Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner: | | |
| Grants and contributions recognised in the current period which have not been spent | 0 | 0 |
| Less: | | |
| Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period | 0 | 0 |
| Net increase/(decrease) in restricted grants and contributions | 0 | 0 |

Note 4 Expenses from continuing operations

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|-----------------------------------|--------------------------|
| • Employee benefits and on costs | | |
| Salaries and wages | 440 | 421 |
| Travelling | 0 | 0 |
| Employee leave entitlements | 61 | 54 |
| Superannuation | 52 | 50 |
| Workers' Compensation Insurance | 8 | 9 |
| FBT | (8) | 1 |
| Payroll tax | 0 | 0 |
| Training costs (excluding salaries) | 0 | 0 |
| Other (specify if material) | 0 | 0 |
| Less: Capitalised costs | (60) | (64) |
| Total employee costs expensed | 493 | 471 |
| | | |
| Number of FTE employees | 7.45 | 6.45 |
| | | |
| (7) Borrowing costs | | |
| Interest on overdrafts | 0 | 0 |
| Interest on loans | 0 | 0 |
| Interest on advances | 0 | 0 |
| Charges on finance leases | 0 | 0 |
| Other debts (specify if material) | 0 | 0 |
| Discounts recognised on financial instrument transactions: | | |
| – Interest free loan to Sporting Club | 0 | 0 |
| Amortisation of discounts and premiums: | | |
| – Remediation (Tip) | 0 | 0 |
| – Interest free loan received | 0 | 0 |
| – Other (specify) | 0 | 0 |
| Less: Capitalised costs | 0 | 0 |
| Total borrowing costs expensed | 0 | 0 |

Note 4 Expenses from continuing operations (continued)

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|-----------------------------------|-----------------------------------|
| (8) Materials and contracts | | |
| Raw materials and consumables | 435 | 301 |
| Contractor and consultancy costs (specify material contracts/ consultancies) | 669 | 445 |
| Remuneration of Auditors ⁽¹⁾ | | |
| Legal fees: | | |
| – Planning and development | 0 | 0 |
| – Other | 0 | 0 |
| Operating leases: | | |
| – Buildings | 0 | 0 |
| – Computers | 0 | 0 |
| – Motor vehicles | 0 | 0 |
| – Other | 0 | 0 |
| Other – (specify if material) | 0 | 0 |
| Total materials and contracts | 1104 | 746 |
| | | |
| ⁽¹⁾ During the year the following fees were paid or payable for services provided by the Council's auditor – Bennett Keogh & Associates: | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | 5 | 5 |
| Other assurance services: | | |
| – Audit of regulatory returns | 0 | 0 |
| – Due diligence services | 0 | 0 |
| Total remuneration for audit and other assurance services | 5 | 5 |
| | | |
| (ii) Taxation services | 0 | 0 |
| GST advice | 0 | 0 |
| Total remuneration for taxation services | 0 | 0 |
| | | |
| Total remuneration of Bennett Keogh & Associates | 5 | 5 |

| | Depn/Amor Actual 2015 \$'000 | Depn/Amor Actual 2014 \$'000 | Imp ⁽¹⁾ Actual 2015 \$'000 | Imp Actual 2014 \$'000 |
|--|---------------------------------------|---------------------------------------|--|---------------------------------|
| (b) Depreciation, amortisation and impairment | | | | |
| Intangibles – software | 0 | 0 | 0 | 0 |
| Plant and equipment | 43 | 43 | 0 | 0 |
| Office equipment | 0 | 0 | 0 | 0 |
| Furniture and fittings | 0 | 0 | 0 | 0 |
| Property, plant and equipment leased | 0 | 0 | 0 | 0 |
| Land improvements (depreciable) | 0 | 0 | 0 | 0 |
| Buildings – Non specialised | 0 | 0 | 0 | 0 |
| – Specialised | 0 | 0 | 0 | 0 |
| Other structures | 0 | 0 | 0 | 0 |
| Infrastructure: | | | | |
| – roads, bridges and footpaths | 0 | 0 | 0 | 0 |
| – stormwater drainage | 0 | 0 | 0 | 0 |
| – water supply network | 0 | 0 | 0 | 0 |
| – sewerage network | 0 | 0 | 0 | 0 |
| - other infrastructure | 0 | 0 | 0 | 0 |
| Other assets: | 0 | 0 | 0 | 0 |
| – heritage collections | 0 | 0 | 0 | 0 |
| – library books | 0 | 0 | 0 | 0 |
| – other (specify if material) | 0 | 0 | 0 | 0 |
| Tip asset | 0 | 0 | 0 | 0 |
| Less: Capitalised costs/Impairment reversals/ impairments offset against asset revaluation reserves ⁽¹⁾ | 0 | 0 | 0 | 0 |
| Total depreciation and total impairment | 43 | 43 | 0 | 0 |

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------|
| (c) Other expenses | | |
| Other expenses for the year including the following: | | |
| Revaluation decrements – IPPE | 0 | 0 |
| Bad and doubtful debts | 0 | 0 |
| Mayoral fee | 6 | 7 |
| Councillors' fees | 13 | 14 |
| Councillors' (incl. Mayor) expenses | 4 | 5 |
| Insurance | 29 | 28 |
| Street lighting | 0 | 0 |
| Electricity | 0 | 0 |
| Telephone | 14 | 13 |
| Contributions and donations | 0 | 0 |
| Planning levy | 0 | 0 |
| Waste levy | 0 | 0 |
| Emergency services levy (to include FRNSW, SES and RFS levies) | 0 | 0 |
| Other levies | 0 | 0 |
| Carbon tax expense | 0 | 0 |
| Other – (specify if material) | 48 | 55 |
| Total other expenses from continuing operations | 114 | 122 |

Note:

(1) Impairment losses for revalued assets are to be firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement. Show gross impairment and the amount of impairment offset against asset revaluation reserves.

Note 5 Gain or loss from the disposal of assets

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|-----------------------------------|--------------------------|
| Gain (or loss) on disposal of Infrastructure, Property, Plant and Equipment | | |
| Proceeds from disposal | 65 | 38 |
| Less: Carrying amount of assets sold | (51) | (27) |
| Gain (or loss) on disposal | 14 | 11 |
| | | |
| Gain (or loss) on disposal of Real Estate assets held for sale | | |
| Proceeds from sales | 0 | 0 |
| Less: Cost of sales | 0 | 0 |
| Gain (or loss) on disposal | 0 | 0 |
| | | |
| Gain (or loss) on disposal of Investment Property | | |
| Proceeds from disposal | 0 | 0 |
| Less: Carrying value of Investment Property | 0 | 0 |
| Gain (or loss) on disposal | 0 | 0 |
| | | |
| Gain (or loss) on disposal of Financial assets | | |
| Proceeds from disposal | 0 | 0 |
| Less: Carrying value of Financial assets | 0 | 0 |
| Gain (or loss) on disposal | 0 | 0 |
| | | |
| Net gain (or loss) from disposal of assets | 14 | 11 |

Note 6(a) Cash and cash equivalents

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--------------------------|-----------------------------------|--------------------------|
| Cash at bank and on hand | 95 | 105 |
| Deposits at call | 1047 | 992 |
| | 1142 | 1097 |

Note 6(b) Investments

The following financial assets are held as investments:

| | Actual 2015 | | Actual 2014 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Financial assets at fair value through Profit and Loss – Held for trading⁽¹⁾ | | | | |
| Held to maturity investments | 0 | 0 | 0 | 0 |
| Available for sale financial assets ⁽¹⁾ | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| Financial assets at fair value through Profit and Loss – Held for trading | | | | |
| At beginning of year | 0 | 0 | 0 | 0 |
| Revaluation to Income statement | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| At end of year | 0 | 0 | 0 | 0 |
| Comprising of: | | | | |
| – Managed funds | 0 | 0 | 0 | 0 |
| – FRNs | 0 | 0 | 0 | 0 |
| – Listed equity securities | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Held to maturity investments | | | | |
| At beginning of year | | | | |
| Amortisation of discounts and premiums | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfer to Current | 0 | 0 | 0 | 0 |
| At end of year | 0 | 0 | 0 | 0 |
| Comprising of: | | | | |
| – Term Deposits | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Available for sale financial assets | | | | |
| At beginning of year | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Revaluation to Equity | 0 | 0 | 0 | 0 |
| At end of year | 0 | 0 | 0 | 0 |
| Comprising of: | | | | |
| – Equity Linked Notes | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |

Note:

Refer to Note 27 Fair value measurement for information regarding the fair value of investments held.

Note 6(c) Restricted cash, cash equivalents and investments

| | Actual 2015 | | Actual 2014 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Total cash, cash equivalents and investments | 1142 | 0 | 1097 | 0 |
| External restrictions | 0 | 0 | 0 | 0 |
| Internal restrictions | 203 | 0 | 203 | 0 |
| Unrestricted | 939 | 0 | 894 | 0 |
| | 1142 | 0 | 1097 | 0 |

| | Opening balance \$'000 | Transfers to restrictions \$'000 | Transfers from restrictions \$'000 | Closing balance \$'000 |
|--|------------------------------|--|---|------------------------------|
| External restrictions | | | | |
| <i>Included in liabilities</i> | | | | |
| Specific purpose unexpended loans (A) | | | | |
| RMS advances (B) | | | | |
| Self-insurance claims (C) | | | | |
| Other (specify if material) | | | | |
| | 0 | 0 | 0 | 0 |
| <i>Other</i> | | | | |
| Developer contributions (D) | | | | |
| RMS contributions (E) | | | | |
| Specific purpose unexpended grants (F) | | | | |
| Water (G) | | | | |
| Sewerage (H) | | | | |
| Domestic waste management (I) | | | | |
| Stormwater management | | | | |
| Coastal protection | | | | |
| Other (specify if material) | | | | |
| Total external restrictions | 0 | 0 | 0 | 0 |
| Internal restrictions | | | | |
| Plant replacement | 25 | | | 25 |
| Infrastructure replacement | 0 | | | 0 |
| Employee leave entitlements | 109 | | | 109 |
| Carry-over works | 19 | | | 19 |
| Other | 50 | | | 50 |
| Total internal restrictions | 203 | 0 | 0 | 203 |
| Total restrictions | 203 | 0 | 0 | 203 |

- A Loan moneys which must be applied for the purposes for which the loans were raised.
B Advances by the Roads and Traffic Authority for works on the State's classified roads.
C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans.
E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
F Grants which are not yet expended for the purposes for which the grants were obtained. (See Note 1.)
G-I Water, Sewerage and Domestic Waste Management (DWM) funds are externally restricted assets which must be applied for the purposes for which they were raised.

Note 7 Receivables

| Purpose | Actual 2015 | | Actual 2014 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Rates and annual charges | 0 | 0 | 0 | 0 |
| Interest and extra charges | 0 | 0 | 0 | 0 |
| User charges and fees | 0 | 0 | 0 | 0 |
| Accrued revenues | 0 | 0 | 0 | 0 |
| Deferred debtors | 39 | 0 | 4 | 0 |
| Government grants and subsidies | 0 | 0 | 0 | 0 |
| Loan to Sporting Club | 0 | 0 | 0 | 0 |
| Other (specify if material) | 0 | 0 | 0 | 0 |
| Total | 39 | 0 | 4 | 0 |
| Less: Provision for impairment: | | | | |
| – Rates and annual charges | 0 | 0 | 0 | 0 |
| – Interest and extra charges | 0 | 0 | 0 | 0 |
| – User charges and fees | 0 | 0 | 0 | 0 |
| – Other (specify if material) | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Restricted receivables | | | | |
| Externally restricted receivables | | | | |
| Water supply | 0 | 0 | 0 | 0 |
| Sewerage services | 0 | 0 | 0 | 0 |
| Domestic waste management | 0 | 0 | 0 | 0 |
| Parking | 0 | 0 | 0 | 0 |
| Drainage | 0 | 0 | 0 | 0 |
| Town improvement | 0 | 0 | 0 | 0 |
| Other (specify if material) | 0 | 0 | 0 | 0 |
| Total externally restricted receivables | 0 | 0 | 0 | 0 |
| Unrestricted receivables | 39 | 0 | 4 | 0 |
| Total receivables | 39 | 0 | 4 | 0 |

Note 8 Inventories and other assets

| | Actual 2015 | | Actual 2014 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Inventories | | | | |
| Real estate (refer (i) below) | 0 | 0 | 0 | 0 |
| Stores and materials | 39 | 0 | 47 | 0 |
| Trading stock | 0 | 0 | 0 | 0 |
| Other (specify if material) | 0 | 0 | 0 | 0 |
| Total inventories | 39 | 0 | 47 | 0 |
| Real estate development | | | | |
| Residential | 0 | 0 | 0 | 0 |
| Industrial/Commercial | 0 | 0 | 0 | 0 |
| Other properties | 0 | 0 | 0 | 0 |
| Total real estate held for sale | 0 | 0 | 0 | 0 |
| <i>(Valued at the lower of cost and net realisable value)</i> | | | | |
| Represented by: | | | | |
| Acquisition costs | 0 | 0 | 0 | 0 |
| Development costs | 0 | 0 | 0 | 0 |
| Borrowing costs | 0 | 0 | 0 | 0 |
| Other holding costs | 0 | 0 | 0 | 0 |
| Other properties – Book value | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Less: Provision for Under Recovery | 0 | 0 | 0 | 0 |
| Total real estate held for sale | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| (b) Inventories not expected to be realised within the next 12 months | 0 | 0 | 0 | 0 |
| (c) Other assets | | | | |
| Prepayments | 0 | 0 | 0 | 0 |
| Other (specify if material) | 0 | 0 | 0 | 0 |
| Total other assets | 0 | 0 | 0 | 0 |

Note 8 Inventories and other assets (continued)

Externally restricted inventories and other assets

| | Actual 2015 | | Actual 2014 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Water | | | | |
| Stores and materials | 0 | 0 | 0 | 0 |
| Trading stock | 0 | 0 | 0 | 0 |
| Prepayments | 0 | 0 | 0 | 0 |
| Total water | 0 | 0 | 0 | 0 |
| Sewerage | | | | |
| Stores and materials | 0 | 0 | 0 | 0 |
| Trading stock | 0 | 0 | 0 | 0 |
| Prepayments | 0 | 0 | 0 | 0 |
| Total sewerage | 0 | 0 | 0 | 0 |
| DWM | | | | |
| Stores and materials | 0 | 0 | 0 | 0 |
| Trading stock | 0 | 0 | 0 | 0 |
| Prepayments | 0 | 0 | 0 | 0 |
| Total DWM | 0 | 0 | 0 | 0 |
| Other | | | | |
| Stores and materials | 0 | 0 | 0 | 0 |
| Trading stock | 0 | 0 | 0 | 0 |
| Prepayments | 0 | 0 | 0 | 0 |
| Total other | 0 | 0 | 0 | 0 |
| Total externally restricted inventories and other assets | 0 | 0 | 0 | 0 |
| Unrestricted inventories and other assets | 0 | 0 | 0 | 0 |
| Total inventories and other assets | 39 | 0 | 47 | 0 |

Note 9(a) Infrastructure, property, plant and equipment

By asset type

| | At 30 June 2014 | | | | Movements during year | | | | | At 30 June 2015 | | | |
|---|-----------------|-------------------------|---|---------------|-----------------------|-------------------------------|----------------------------------|---|--|-----------------|----------------------|---|---------------|
| | Cost \$'000 | Fair value \$'000 | Accum depn and impairment \$'000 | WDV \$'000 | Additions \$'000 | WDV of disposals \$'000 | Depn and impairment \$'000 | Transfer s/ Adjustm ents \$'000 | Revaluation increments/ (decrements) \$'000 | Cost \$'000 | Fair value \$'000 | Accum depn and impairment \$'000 | WDV \$'000 |
| Capital WIP | | - | - | | | | | | | | | | |
| Plant and equipment | 248 | 151 | 97 | 151 | 112 | 51 | 43 | 0 | 0 | 252 | 169 | 83 | 169 |
| Office equipment | - | | | | | | | | | | | | |
| Furniture and fittings | - | | | | | | | | | | | | |
| Leased plant and equipment | - | | | | | | | | | | | | |
| Land: | | | | | | | | | | | | | |
| – Operational land | - | | | | | | | | | | | | |
| – Community land | - | | | | | | | | | | | | |
| Land under roads: | | | | | | | | | | | | | |
| – Pre 1 July 2008 | - | | | | | | | | | | | | |
| – Post 1 July 2008 | - | | | | | | | | | | | | |
| Non deprec land improvements | - | | | | | | | | | | | | |
| Depreciable land improvements | - | | | | | | | | | | | | |
| Buildings – Non specialised | - | | | | | | | | | | | | |
| – Specialised | - | | | | | | | | | | | | |
| Other structures | - | | | | | | | | | | | | |
| Infrastructure: | | | | | | | | | | | | | |
| – Roads | - | | | | | | | | | | | | |
| - Bridges | | | | | | | | | | | | | |
| - Footpaths | | | | | | | | | | | | | |
| – Bulk Earthworks (non-deprec) | - | | | | | | | | | | | | |
| – Stormwater drainage | - | | | | | | | | | | | | |
| – Water supply network | - | | | | | | | | | | | | |
| – Sewerage network | - | | | | | | | | | | | | |
| - Swimming Pools | | | | | | | | | | | | | |
| - Other Open Space/Recreational assets | | | | | | | | | | | | | |
| - Other infrastructure | | | | | | | | | | | | | |
| Other assets: | | | | | | | | | | | | | |
| – Heritage collections | - | | | | | | | | | | | | |
| – Library books | - | | | | | | | | | | | | |
| – Other | - | | | | | | | | | | | | |
| Tip asset | - | | | | | | | | | | | | |
| Quarry asset | - | | | | | | | | | | | | |
| Other remediation assets | - | | | | | | | | | | | | |
| Totals | 248 | 151 | 97 | 151 | 112 | 51 | 43 | 0 | 0 | 252 | 169 | 83 | 169 |

Note 9(b) Restricted infrastructure, property, plant and equipment

Council has no restricted infrastructure, property, plant or equipment

Note 10(a) Payables, borrowings and provisions

| | Actual 2015 | | Actual 2014 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-current \$'000 | Current \$'000 | Non-current \$'000 |
| Payables | | | | |
| Goods and services | 21 | 0 | 10 | 0 |
| Accrued wages and salaries | 11 | 0 | 8 | 0 |
| Accrued expenses – Other | 4 | 0 | 4 | 0 |
| Payments received in advance | 134 | 0 | 203 | 0 |
| Deposits and retentions | 2 | 0 | 2 | 0 |
| Other payables (specify if material) | 0 | 0 | 0 | 0 |
| Total payables | 172 | 0 | 227 | 0 |
| Current payables not expected to be settled within the next 12 months | 0 | 0 | 0 | 0 |
| Borrowings | | | | |
| Bank overdraft | 0 | 0 | 0 | 0 |
| Loans: | | | | |
| – Secured ⁽¹⁾ | 0 | 0 | 0 | 0 |
| – Unsecured | 0 | 0 | 0 | 0 |
| Government advances | 0 | 0 | 0 | 0 |
| Ratepayers' advances | 0 | 0 | 0 | 0 |
| Finance lease liability | 0 | 0 | 0 | 0 |
| Deferred payment liabilities | 0 | 0 | 0 | 0 |
| Other (Specify if material) | 0 | 0 | 0 | 0 |
| Total interest bearing liabilities | 0 | 0 | 0 | 0 |
| Provisions⁽²⁾ | | | | |
| Annual leave | 37 | 189 | 36 | 152 |
| Sick leave | 0 | 0 | 0 | 0 |
| Long service leave | 10 | 96 | 10 | 94 |
| Gratuities | 0 | 0 | 0 | 0 |
| Self insurance – Workers compensation | 0 | 0 | 0 | 0 |
| – Public Liability | 0 | 0 | 0 | 0 |
| – Other | 0 | 0 | 0 | 0 |
| Asset remediation (Note 26) | 0 | 0 | 0 | 0 |
| Carbon tax | 0 | 0 | 0 | 0 |
| Other (Specify if material) | 0 | 0 | 0 | 0 |
| Total provisions | 47 | 285 | 46 | 246 |
| Current provisions not expected to be settled within the next 12 months | 0 | 0 | 0 | 0 |
| Liabilities relating to restricted assets | | | | |
| Domestic waste management | 0 | 0 | 0 | 0 |
| Water | 0 | 0 | 0 | 0 |
| Sewer | 0 | 0 | 0 | 0 |
| Self-insurance | 0 | 0 | 0 | 0 |
| Total restricted liabilities | 0 | 0 | 0 | 0 |
| Liabilities related to unrestricted assets | 47 | 285 | 46 | 246 |
| Total | 47 | 285 | 46 | 246 |

Notes:

(1) Loans are secured over the income of Council.

(2) Vested ELE is all carried as a current provision.

Note 10(b) Description of and movements in provisions

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

| Class of provision | Opening balance \$'000 | Increases in provision \$'000 | Payments \$'000 | Re-measurement \$'000 | Closing balance \$'000 |
|---------------------------|-----------------------------------|--|----------------------------|----------------------------------|-----------------------------------|
| Annual leave | 186 | 48 | 8 | 0 | 226 |
| Sick leave | 0 | 0 | 0 | 0 | 0 |
| Long service leave | 106 | 0 | 0 | 0 | 106 |
| Gratuities | 0 | 0 | 0 | 0 | 0 |
| Self-insurance | 0 | 0 | 0 | 0 | 0 |
| Asset remediation | 0 | 0 | 0 | 0 | 0 |
| Carbon tax | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Total | 292 | 48 | 8 | 0 | 332 |

Note 11 Reconciliation of operating result to net cash movement from operating activities

| | Notes | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|-------|--------------------------|--------------------------|
| (a) Reconciliation of cash assets | | | |
| Total cash and cash equivalents | 6a | 1142 | 1097 |
| Less: Bank overdraft | 10 | 0 | 0 |
| Balances as per cash flow statement | | <u>1142</u> | <u>1097</u> |
| (b) Reconciliation of net operating result to cash provided from operating activities | | | |
| Net operating result from Income statement | | 105 | 15 |
| Add: | | | |
| Depreciation and impairment | | 43 | 43 |
| Increase in provision for doubtful debts | | 0 | 0 |
| Increase in provision for leave entitlements | | 40 | 24 |
| Increase in other provisions | | 0 | 0 |
| Decrease in receivables | | 0 | 81 |
| Decrease in inventories | | 7 | 0 |
| Decrease in other current assets | | 0 | 0 |
| Share of loss in joint ventures | | 0 | 0 |
| Increase in payables | | 0 | 39 |
| Increase in accrued interest payable | | 0 | 0 |
| Increase in other liabilities | | 0 | 0 |
| Decrements from revaluations | | 0 | 0 |
| Loss on sale of assets | | 0 | 0 |
| Loss on boundary adjustment | | 0 | 0 |
| Amortisation of discounts and premiums recognised | | 0 | 0 |
| Other | | 0 | 0 |
| | | <u>195</u> | <u>202</u> |
| Less: | | | |
| Decrease in provision for doubtful debts | | 0 | 0 |
| Decrease in employee leave entitlements | | 0 | 0 |
| Decrease in other provisions | | 0 | 0 |
| Increase in receivables | | 36 | 0 |
| Increase in inventories | | 0 | 16 |
| Increase in other current assets | | 0 | 0 |
| Share of profit in joint ventures | | 0 | 0 |
| Decrease in payables | | 54 | 0 |
| Decrease in accrued interest payable | | 0 | 0 |
| Decrease in other current liabilities | | 0 | 0 |
| Reversal of previous revaluation decrements | | 0 | 0 |
| Non cash contributions and dedications | | 0 | 0 |
| Gain on sale of assets | | 14 | 11 |
| Fair value adjustments to investment property | | 0 | 0 |
| Fair value adjustments to financial assets at fair value through profit and loss | | 0 | 0 |
| Other | | 0 | 0 |
| Net cash provided from (or used in) operating activities from Statement of cash flows | | <u>91</u> | <u>175</u> |

Note 12 Commitments

| | Actual 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------------------|--------------------------|
| (a) Capital commitments (exclusive of GST) | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| – Buildings | 0 | 0 |
| – Plant and equipment | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |
| [Provide a description of the commitment in place]. | | |
| (b) Finance lease commitments | | |
| Commitments under finance leases at the reporting date are payable as follows: | | |
| – Not later than one year | 0 | 0 |
| – Later than one year and not later than 5 years | 0 | 0 |
| – Later than 5 years | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |
| Minimum lease payments | 0 | 0 |
| Less: Future finance charges | <u>0</u> | <u>0</u> |
| Lease liability | | |
| Representing lease liabilities: | | |
| – Current | 0 | 0 |
| – Non-current | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |
| [Provide a description of leases] | | |
| (c) Non-cancellable operating lease commitments | | |
| Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows: | | |
| – Not later than one year | 0 | 0 |
| – Later than one year and not later than 5 years | 0 | 0 |
| – Later than 5 years | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |
| (d) Repairs and maintenance: investment property | | |
| Contractual obligations for future repairs and maintenance | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |

Note 13(a) Statement of performance measures – Consolidated results

| | Amounts | Current year indicators | 2015 | 2014 |
|---|----------------|--|------|------|
| 1. Operating performance | | | | |
| Total continuing operating revenue ¹ excluding capital grants and contributions – operating expenses | | | 66 | (23) |
| <hr/> | | | | |
| Total continuing operating revenue ¹ excluding capital grants and contributions | | | 1820 | 1359 |
| 2. Own source operating revenue | | | | |
| Total continuing operating revenue ¹ less all grants and contributions | | | 863 | 531 |
| <hr/> | | | | |
| Total continuing operating revenue ¹ inclusive of capital grants and contributions | | | 1820 | 1359 |
| 3. Unrestricted current ratio | | | | |
| Current assets less all external restrictions | | | 1220 | 1148 |
| <hr/> | | | | |
| Current liabilities less specific purpose liabilities | | | 219 | 273 |
| 4. Debt service cover ratio | | | | |
| Operating results ¹ before capital excluding interest and depreciation/impairment/amortisation (EBTDA) | | | 0 | 0 |
| <hr/> | | | | |
| Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement) | | | 0 | 0 |
| 5. Rates and annual charges outstanding percentage | | | | |
| Rates and annual charges outstanding | | | 0 | 0 |
| <hr/> | | | | |
| Rates and annual charges collectible | | | 0 | 0 |
| 6. Cash expense cover ratio | | | | |
| Current year's cash and cash equivalents including term deposits | | } *12 | 1142 | 1097 |
| Payments from cash flow of operating and financing activities | | | 1716 | 1292 |

¹ Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures

Note 14 Investment properties

Council has no investment properties.

Note 15 Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the Finance Section under policies approved by the Council.

Council held the following financial instruments at reporting date:

| | Carrying value | | Fair value | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 1142 | 1097 | 1142 | 1097 |
| Receivables | 39 | 4 | 39 | 4 |
| Financial assets at fair value through profit or loss – Held for trading | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | 0 | 0 | 0 | 0 |
| Held-to-maturity investments | 0 | 0 | 0 | 0 |
| | <u>1181</u> | <u>1101</u> | <u>1181</u> | <u>1101</u> |
| Financial liabilities | | | | |
| Payables | 172 | 227 | 172 | 227 |
| Borrowings | 0 | 0 | 0 | 0 |
| | <u>172</u> | <u>227</u> | <u>172</u> | <u>227</u> |

Note:

Refer to Note 27 for fair value information.

Note 15 Financial risk management (continued)

(a) Cash and cash equivalents
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Section manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

The risks associated with the investments held are:

- Price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
- Interest rate risk – the risk that movements in interest rates could affect returns.
- Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

The impact on result for the year and equity of a reasonably possible movement in the price of investments held is shown below. The reasonably possible movement was determined based on historical movements and economic conditions in place at the reporting date.

| | 2015 | 2014 |
|---|---------------|--------|
| | \$'000 | \$'000 |
| Impact of a 10% ⁽¹⁾ movement in price of investments: | | |
| -Equity | 0 | 0 |
| -Income statement | 0 | 0 |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments: | | |
| -Equity | 0 | 0 |
| -Income statement | 0 | 0 |

Notes:

(1) Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents, managed funds, and FRNs.)

(2) Maximum impact.

Note 15 Financial risk management (continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

There are no significant concentrations of credit risk. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms. The profile of the Council's credit risk at reporting date was:

| | 2015 | 2014 |
|---|--------|--------|
| Percentage of Rates and Annual charges: | | |
| - Current | 0 | 0 |
| - Overdue debts | 0 | 0 |
| | \$'000 | \$'000 |
| Analysis of overdue debts | | |
| 0 - 30 Overdue | | |
| 30 - 60 Overdue | | |
| 60 - 90 Overdue | | |
| 90 days + Overdue | | |
| Percentage of Other Receivables: | | |
| - Current | 0% | 0% |
| - Overdue | 0% | 0% |
| Analysis of overdue debts | | |
| 0 - 30 overdue | 0 | 0 |
| 30 - 60 overdue | 0 | 0 |
| 60 - 90 overdue | 0 | 0 |
| 90 days + overdue | 0 | 0 |

Note 15 Financial risk management (continued)

(c) Payables Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below:

| 2015 \$'000 | Due within 1 year \$'000 | Due between 1 and 5 years \$'000 | Due after 5 years \$'000 | Total Contractual Cash flows \$'000 | Carrying values \$'000 |
|----------------|--------------------------------|--|--------------------------------|--|------------------------------|
| Payables | 172 | 0 | 0 | 172 | 172 |
| Borrowings | 0 | 0 | 0 | 0 | 0 |
| | 172 | 0 | 0 | 172 | 172 |

| 2014 \$'000 | Due within 1 year \$'000 | Due between 1 and 5 years \$'000 | Due after 5 years \$'000 | Total Contractual Cash flows \$'000 | Carrying values \$'000 |
|----------------|--------------------------------|--|--------------------------------|--|------------------------------|
| Payables | 227 | 0 | 0 | 227 | 227 |
| Borrowings | 0 | 0 | 0 | 0 | 0 |
| | 227 | 0 | 0 | 227 | 227 |

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate on a 4 year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The following interest rates were applicable to Council's borrowings at reporting date:

| | 30 June 2015 | | 30 June 2014 | |
|---------------------------|---|-------------------|---|-------------------|
| | Weighted average interest rate % | Balance \$'000 | Weighted average interest rate % | Balance \$'000 |
| Overdraft | 7.33 | 0 | 7.81 | 0 |
| Bank Loans | | | | |
| – Fixed | | 0 | | 0 |
| – Variable ⁽¹⁾ | | 0 | | 0 |
| | | 0 | | 0 |

Note:

(1) The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

Note 16 Material budget variations

Council's original budget was adopted by the Council on 20 June 2014. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions policy decisions, including new grant programs, changing economic activity, the weather, and by decisions made by the Council.

Note 17 Statement of developer contributions

Council has received no developer contributions, either in the reporting period or previously, and has no contribution plans.

Note 18 Contingencies

Contingent liabilities

Council has no contingent liabilities.

Note 19 Interests in joint ventures and associates

Council is not involved in any joint ventures.

Note 20 Revaluation reserves and retained earnings

| Notes | Actual 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------|
| (a) Retained earnings | | |
| Movements in retained earnings were as follows: | | |
| At beginning of year | 780 | 765 |
| Adjustment to correct prior period errors (Note 20(d)) | 0 | 0 |
| Net operating result for the year | 105 | 15 |
| At end of year | 885 | 780 |
| (b) Revaluation reserves | | |
| Infrastructure, property, plant and equipment revaluation reserve | 0 | 0 |
| Available-for-sale investments revaluation reserve | 0 | 0 |
| | 0 | 0 |
| Movements: | | |
| <i>Property, plant and equipment revaluation reserve</i> | | |
| At beginning of year | 0 | 0 |
| Revaluations (Note 9) | 0 | 0 |
| At end of year | 0 | 0 |
| <i>Available-for-sale investments revaluation reserve</i> | | |
| At beginning of year | 0 | 0 |
| Revaluation – gross | 0 | 0 |
| Transfer to net profit – gross | 0 | 0 |
| At end of year | 0 | 0 |
| (c) Nature and purpose of reserves | | |
| <i>(i) Infrastructure, property, plant and equipment revaluation reserve</i> | | |
| | 0 | 0 |
| The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. | | |
| <i>(ii) Available-for-sale investments revaluation reserve</i> | | |
| | 0 | 0 |
| Changes in fair value are taken to the available-for-sale investments revaluation reserve, as described in Note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired. | | |
| (d) Correction of errors in previous years | | |
| For example: | 0 | 0 |
| Community land not previously recognised | 0 | 0 |
| | 0 | 0 |

Notes:

(1) Adjusted to retained earnings.

Note 27 Fair Value Measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets
- Add details of other recurring assets

During the reporting period, the entity has also measured the following assets at fair value on a non-recurring basis.

- Non-current assets classified as held for sale

[Provide reasons for the non-recurring measurement, for example, the carrying amount of the non-current assets held for sale was higher than its fair value and therefore the assets were written down to fair value].

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:

| current year end | Note | Level 2 (\$) Significant observable inputs | Level 3 (\$) Significant unobservable inputs | Total (\$) |
|--|------|--|--|------------|
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Investments | | | | |
| -At fair value through profit or loss | | | | |
| - Available for sale | | | | |
| - Other | | | | |
| Financial liabilities | | | | |
| - | | | | |
| Investment properties | | | | |
| - | | | | |
| Infrastructure, Property, Plant and Equipment | | | | |
| - Equipment & Vehicles | | | | |
| other assets held at recurring fair value | | | | |
| | | | | |
| Non-recurring fair value measurements | | | | |
| Non-current assets held for sale | | | | |
| - | | | | |
| - Equipment & Vehicles | | | | |

Valuation Techniques

Level 2 measurements

Nil.

Level 3 measurements

- the valuation technique – Market observation of fair values;
- No change in the technique;

Reconciliation of movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

| | 2015 (\$) | Prior year (\$) |
|--|-----------|-----------------|
| Balance at 1 July | | |
| Total gains or losses for the period | 0 | 0 |
| Recognised in profit or loss - Realised – refer Note 5. | 0 | 0 |
| Recognised in profit or loss - Unrealised - refer Notes 3 and 4. | 0 | 0 |
| Recognised in other comprehensive income – Revaluation surplus | 0 | 0 |
| Other movements | 0 | 0 |
| Purchases | 0 | 0 |
| Sales | 0 | 0 |
| Transfers into level 3 | 0 | 0 |
| Transfers out of level 3 | 0 | 0 |
| Balance at 30 June | 0 | 0 |

Unobservable inputs and sensitivities

| Asset / liability category | Carrying amount (at fair value) | Key unobservable inputs* | Expected range of inputs | Description of how changes in inputs will affect the fair value |
|----------------------------|---------------------------------|--------------------------|--------------------------|---|
| | | | | |
| | | | | |

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

Transfers between levels of the hierarchy

The following assets / liabilities that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.

The Councils policy for determining when transfers into different levels of the hierarchy have occurred at [the date of the event or change in circumstances that caused the transfer / the beginning of the reporting period / the end of the reporting period] – delete as applicable.

Transfers from Level 2 to Level 3

| Asset / Liability | \$ |
|-------------------|----|
| | |
| | |

Upper Macquarie County Council

Special schedules for the year ended 2015

Contents

| | Page | |
|---|---|----|
| <i>Special Schedules (Not Audited)</i> | | |
| Special Schedule No. 1 | Net cost of services | 2 |
| Special Schedule No. 2(a) | Statement of long-term debt (all purpose) | 5 |
| Special Schedule No. 2(b) | Statement of internal loans (Section 410(3) LGA 1993) | 6 |
| Special Schedule No. 3 | Water Supply Income Statement | 7 |
| Special Schedule No. 4 | Water Supply – Statement of Financial Position | 8 |
| Special Schedule No. 5 | Sewerage Income Statement | 9 |
| Special Schedule No. 6 | Sewerage service – Statement of Financial Position | 10 |
| Special Schedule No. 7 | Report on Infrastructure Assets | 11 |
| Special Schedule No. 8 | Financial Projections | 14 |
| Special Schedule No. 9 | Permissible Income Calculation | 15 |

Upper Macquarie County Council

Special Schedule No. 1 Net cost of services for the year ended 2015 \$'000

| Function or Activity | Expenses from continuing operations \$'000 | Income from continuing operations (non capital) \$'000 | Income from continuing operations (capital) \$'000 | Net cost of services \$'000 |
|--|---|---|---|--------------------------------|
| Governance | 61 | 0 | 0 | 61 |
| Administration | | | | |
| Public Order & Safety | | | | |
| Fire Service Levy, Fire protection, Emergency services | | | | |
| Beach Control | | | | |
| Enforcement of Regs | | | | |
| Animal Control | | | | |
| Other | | | | |
| Total Public Order & Safety | | | | |
| Health | | | | |
| Environment | | | | |
| Noxious Plants and Insect/Vermin control | 1693 | 1820 | 0 | 127 |
| Other Environmental Protection | | | | |
| Solid Waste Management | | | | |
| Street Cleaning | | | | |
| Drainage | | | | |
| Stormwater Management | | | | |
| Total Environment | 1693 | 1820 | 0 | 127 |
| Community Services & Education | | | | |
| Administration & Education | | | | |
| Social protection (welfare) | | | | |
| Aged Persons and Disabled | | | | |
| Children's Services | | | | |
| Total Community Services & Education | | | | |
| Housing & Community Amenities | | | | |
| Public Cemeteries | | | | |
| Public Conveniences | | | | |
| Street Lighting | | | | |
| Town Planning | | | | |
| Other Community Amenities | | | | |
| Total Housing & Community Amenities | | | | |
| Water Supplies | | | | |
| Sewerage Services | | | | |

Net cost of services (continued)

| Function or Activity | Expenses from continuing operations \$'000 | Income from continuing operations (non capital) \$'000 | Income from continuing operations (capital) \$'000 | Net cost of services \$'000 |
|--|---|---|---|--------------------------------|
| Recreation & Culture | | | | |
| Public Libraries | | | | |
| Museums | | | | |
| Art Galleries | | | | |
| Community Centres and Halls | | | | |
| Performing Arts Venues | | | | |
| Other Performing Arts | | | | |
| Other Cultural Services | | | | |
| Sporting Grounds and Venues | | | | |
| Swimming Pools | | | | |
| Parks & Gardens (Lakes) | | | | |
| Other Sport & Recreation | | | | |
| Total Recreation & Culture | | | | |
| Fuel & Energy | | | | |
| Agriculture | | | | |
| Mining, Manufacturing & Construction | | | | |
| Building Control | | | | |
| Other Mining, Manufacturing & Construction | | | | |
| Total Mining, Manufacturing & Construction | | | | |
| Transport & Communication | | | | |
| Urban Roads (UR) - Local | | | | |
| Urban Roads - Regional | | | | |
| Sealed Rural Roads (SRR) - Local | | | | |
| Sealed Rural Roads (SRR) - Regional | | | | |
| Unsealed Rural Roads (URR) - Local | | | | |
| Unsealed Rural Roads (URR) - Regional | | | | |
| Bridges on UR - Local | | | | |
| Bridges on SRR - Local | | | | |
| Bridges on URR - Local | | | | |
| Bridges on Regional Roads | | | | |
| Parking Areas | | | | |
| Footpaths | | | | |
| Aerodromes | | | | |
| Other Transport & Communication | | | | |
| Total Transport & Communication | | | | |
| Economic Affairs | | | | |
| Camping Areas and Caravan Parks | | | | |
| Other Economic Affairs | | | | |
| Total Economic Affairs | | | | |
| Totals – Functions | | | | |
| General Purpose Revenues⁽²⁾ | | | | 39 |
| Share of interests in joint ventures and associates using the equity method⁽¹⁾ | | | | |
| Net operating result for the year⁽¹⁾ | | | | 105 |

Notes:

(1) As reported on the Income statement.

(2) The definition of general purpose income for the purposes of disclosure in Note 2 (a) is the aggregation of specific income items disclosed in Note 3 viz., ordinary rates, general purpose untied grants, interest on (overdue rates and annual charges, internally restricted assets and general council cash and investments) and ex-gratia rates.

Commentary – Special Schedule 1

Special Schedule 1 is required by the ABS and the Grants Commission and must be provided after eliminating all internal transactions such as rates raised by the general fund on water and sewerage functions and administration costs charged by one function in servicing another.

Council should be aware that the Schedule has been amended and several line items have been moved and grouped, but still play an important role in the calculation of a Council's grant allocation. Councils should ensure this schedule is completed accurately as follows:

Function/Activity

Governance - costs relating to the Council's role as a component of democratic government including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, are representation, public disclosure and compliance

Administration – includes corporate support and other support services and engineering works

Health –includes Immunisation, food control. Health centres and other

Environment – includes noxious plants and insect vermin control, other environmental protection, solid waste management include domestic waste other waste management, other sanitation and garbage, street cleaning, drainage and stormwater management

Community Services and Education – Administration and education , social protection (welfare), migrant, aboriginal and other community services and administration, youth services, does not include accommodation, aged persons and disabled, children's' services including family day care, child care, other family and children

Housing and Community Amenities – Public cemeteries, public conveniences, street lighting, town planning, other community amenities including housing development, accommodation for family and children, aged, disabled, migrants and aboriginal persons

Water – water services

Sewerage – sewer services

Recreation & Culture – Public libraries, museums, art galleries, community centres and halls including public halls, performing arts venues, other cultural services, sporting grounds and venues, swimming pools, parks, gardens, lakes, other sport and recreation

Fuel & Energy – includes gas supplies

Agriculture – Admin of agricultural services, supervision and regulation of the agricultural industry, operation of flood control and irrigation systems, operation of support services to farmers including vet services, pest control services, crop inspection and crop grading services

Mining, Manufacturing & Construction – Building control, quarries & Pits, mineral resources, abattoirs and other

Transport and Communication – Urban local, urban regional, sealed, unsealed roads, bridges, footpaths, parking areas, aerodromes, other transport and communication

Economic Affairs – camping areas and caravan parks, tourism & area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries and other business undertakings

Upper Macquarie County Council

Special Schedule No. 2(a)

Statement of long-term debt (all purpose)

for the year ended 2015

(\$'000)

| Classification of debt | Principal outstanding at beginning of year ⁽¹⁾ | | | New loans raised during the year ⁽²⁾ | Debt redemption during the year ⁽³⁾ | | Transfers to sinking funds | Interest applicable for year | Principal outstanding at end of year | | |
|-----------------------------|---|-------------|-------|---|--|---------------|----------------------------|------------------------------|--------------------------------------|----------------------------|-------|
| | Current | Non-current | Total | | From revenue | Sinking funds | | | Current ⁽⁴⁾ | Non-current ⁽⁵⁾ | Total |
| Loans (by source) | | | | | | | | | | | |
| Commonwealth Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury Corporation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Subscription | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | |
| Other long term debt | | | | | | | | | | | |
| Ratepayers' Advances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Advances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Finance Leases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total long term debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Exclude: Internal Loans and refinancing of loans except for any additional borrowings.

Please check that for each debt line category:

Principal Outstanding (previous year) + New Loans Raised – Debt Redemption = Principal Outstanding (current year).

- (1) Show same values as reported for last year's closing balances. If values are different, please provide reason for variation.
- (2) Values should agree with Proceeds from Loans and Other Borrowings shown on the Cash Flow Statement (Financing Activities).
- (3) Values should agree with Reduction of Loans and Other Liabilities shown on the Cash Flow Statement (Financing Activities).
- (4) Total should agree with Current Liabilities – Borrowings (Statement of Financial Position).
- (5) Total should agree with Non-Current Liabilities – Borrowings (Statement of Financial Position).

Upper Macquarie County Council

Special Schedule No. 2(b)

Statement of internal loans (Section 410(3) LGA 1993)

for the year ended 2015

(\$'000)

Summary of internal loans

| Borrower (by purpose) | Amount originally raised | Total repaid during the year Principal and interest | Principal outstanding At end of year |
|---------------------------|--------------------------|--|---|
| General | 0 | 0 | 0 |
| Water | 0 | 0 | 0 |
| Sewerage | 0 | 0 | 0 |
| Domestic Waste Management | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 |
| | | | |

The summary of internal loans (see above) represents the total of Councils' internal loans categorised according to the purpose of the borrower. Councils must also provide details of each individual internal loan, including identification of the borrower and lender (by purpose), in the format provided below and attach to this schedule.

Details of Individual Internal Loans

| Borrower (by purpose) | Lender (by purpose) | Date of Minister's approval | Date raised | Term Years | Dates of maturity | Rate of interest | Amount originally raised | Total repaid during the year Principal and interest | Principal outstanding at end of year |
|--------------------------|------------------------|-----------------------------------|-------------|---------------|----------------------|---------------------|--------------------------------|--|--|
| | | | | | | | | | |
| Totals | NA | NA | NA | NA | NA | NA | NA | NA | NA |

Upper Macquarie County Council

Special Schedule No. 3 Water Supply Income Statement
(Gross including Internal Transactions) for the year ended 2015 (\$'000)

The Council does not have any Water Supply Operations.

Upper Macquarie County Council

Special Schedule No. 4

**Water Supply – Statement of Financial Position
(Gross including Internal Transactions)**

as at 30 June 2015

\$'000

The Council does not have any Water Supply Operations.

Upper Macquarie County Council

**Special Schedule No. 5 Sewerage Income Statement
(Gross including Internal Transactions) as at 30 June 2015 (\$'000)**

The Council does not have any Sewerage Operations.

Upper Macquarie County Council

Special Schedule No. 6

Sewerage service – Statement of Financial Position

(Gross including Internal Transactions)

as at 30 June 2015

\$'000

The Council does not have any Sewerage Operations.

Upper Macquarie County Council

Special Schedule No. 7 Report on Infrastructure Assets as at 30 June 2015

| Asset class | Asset category | Estimated cost to bring to a satisfactory standard \$'000 | Required annual maintenance \$'000 | 2014/15 Actual maintenance \$'000 | Written Down Value \$ (WDV) | Assets in Condition as a % of WDV* | | | | |
|----------------------|--|--|---------------------------------------|--------------------------------------|-----------------------------|------------------------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | Council Offices/ Administration Centres | | | | | | | | | |
| | Council Works Depot | | | | | | | | | |
| | Council Public Halls | | | | | | | | | |
| | Libraries | | | | | | | | | |
| | Cultural Facilities | | | | | | | | | |
| | Other Buildings | | | | | | | | | |
| | Chemical storage shed | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| | Sub total | | | | | | | | | |
| Other Structures | Other Structures | | | | | | | | | |
| | Sub total | | | | | | | | | |
| Roads | Sealed Roads Surface | | | | | | | | | |
| | Sealed Roads Structure | | | | | | | | | |
| | Unsealed Roads | | | | | | | | | |
| | Bridges | | | | | | | | | |
| | Footpaths | | | | | | | | | |
| | Cycle ways | | | | | | | | | |
| | Kerb and Gutter | | | | | | | | | |
| | Other Road Assets | | | | | | | | | |
| | Sub total | | | | | | | | | |
| Water Supply Network | Dams/Weirs | | | | | | | | | |
| | Mains | | | | | | | | | |
| | Reservoirs | | | | | | | | | |
| | Pumping Station/s | | | | | | | | | |
| | Treatment | | | | | | | | | |
| | Buildings | | | | | | | | | |
| | Other | | | | | | | | | |
| Sub total | | | | | | | | | | |

Special Schedule No. 7: Report on Infrastructure Assets as at 30 June 2015 (continued)

| Asset class | Asset category | Estimated cost to bring to a satisfactory standard \$'000 | Required annual maintenance \$'000 | 2013/14 Actual maintenance \$'000 | Written Down Value \$ (WDV) | Assets in Condition as a 0% of WDV* | | | | |
|--------------------------------|--------------------------------------|--|---------------------------------------|--------------------------------------|-----------------------------|-------------------------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Sewerage Network | Mains | | | | | | | | | |
| | Pumping Station/s | | | | | | | | | |
| | Treatment | | | | | | | | | |
| | Buildings | | | | | | | | | |
| | Other | | | | | | | | | |
| | Sub total | | | | | | | | | |
| Stormwater Drainage | Retarding Basins | | | | | | | | | |
| | Outfalls | | | | | | | | | |
| | Stormwater Conduits | | | | | | | | | |
| | Inlet and Junction Pits | | | | | | | | | |
| | Head Walls | | | | | | | | | |
| | Outfall Structures | | | | | | | | | |
| | Stormwater Converters | | | | | | | | | |
| | Other | | | | | | | | | |
| | Sub total | | | | | | | | | |
| Open Space/Recreational Assets | Swimming Pools | | | | | | | | | |
| | Other Open Space/Recreational Assets | | | | | | | | | |
| Other Infrastructure Assets | | | | | | | | | | |
| | Sub total | | | | | | | | | |
| Total classes | Total – all assets | | | | | | | | | |

*In accordance with Note 9.

Infrastructure Asset Condition Assessment

| Level | Condition | Description |
|-------|-----------|---------------------------------------|
| 1 | Excellent | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Average | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very poor | Urgent renewal/upgrading required |

Upper Macquarie County Council

Special Schedule No. 7: Report on Infrastructure Assets as at 30 June 2014

Infrastructure Asset Performance Indicators – Consolidated

| \$'000 | Amounts | Current year indicators | 2014 | 2013 |
|---|------------|----------------------------|------|------|
| Building and infrastructure renewals ratio | | | | |
| <u>Asset renewals (building and infrastructure)</u> | \$0 | 0 | 0 | 0 |
| Depreciation, amortisation and impairment (building and infrastructure) | \$0 | 0 | 0 | 0 |
| Infrastructure backlog | | | | |
| <u>Estimated cost to bring assets to a satisfactory condition</u> | \$0 | 0 | 0 | 0 |
| Total value * of infrastructure, building, other structures and depreciable land improvement assets | \$0 | 0 | 0 | 0 |
| Asset maintenance ratio | | | | |
| <u>Actual asset maintenance</u> | \$0 | 0 | 0 | 0 |
| Required asset maintenance | \$0 | 0 | 0 | 0 |
| Capital expenditure ratio | | | | |
| <u>Annual capital expenditure</u> | \$0 | 0 | 0 | 0 |
| Annual depreciation | \$0 | 0 | 0 | 0 |

Infrastructure Asset Performance Indicators – General, Water & Sewer Funds

| Current year \$'000 | General | Water | Sewer |
|--|---------|-------|-------|
| Building and infrastructure renewals ratio | | | |
| <u>Asset renewals (building and infrastructure)</u> | 0 | | |
| Depreciation, amortisation and impairment (building and infrastructure) | 0 | | |
| Infrastructure backlog | | | |
| <u>Estimated cost to bring assets to a satisfactory condition</u> | 0 | | |
| Total value* of infrastructure, building, other structures and depreciable land improvement assets | 0 | | |
| Asset maintenance ratio | | | |
| <u>Actual asset maintenance</u> | 0 | | |
| Required asset maintenance | 0 | | |
| Capital expenditure ratio | | | |
| <u>Annual capital expenditure</u> | 0 | | |
| Annual depreciation | 0 | | |

*Written down value

Upper Macquarie County Council

Special Schedule No. 8 Financial projections

| | 2015 ⁽³⁾ \$'000 | 2016 ⁽³⁾ \$'000 | 2017 ⁽³⁾ \$'000 | 2018 ⁽³⁾ \$'000 | 2019 ⁽³⁾ \$'000 | 2020 ⁽³⁾ \$'000 | 2021 ⁽³⁾ \$'000 | 2022 ⁽³⁾ \$'000 | 2023 ⁽³⁾ \$'000 | 2024 ⁽³⁾ \$'000 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating budget | | | | | | | | | | |
| Income from continuing operations | 1725 | 1778 | 1833 | 1890 | 1949 | 2010 | 2073 | 2138 | 2204 | |
| Expenses from continuing operations | 1749 | 1805 | 1863 | 1923 | 1984 | 2048 | 2113 | 2181 | 2250 | |
| Operating result from continuing operations | -25 | -27 | -30 | -32 | -35 | -38 | -40 | -43 | -46 | |
| Capital budget | | | | | | | | | | |
| New capital works ⁽²⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replacement / refurbishment of existing assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Funded by: | | | | | | | | | | |
| – Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| – Asset sales | 29 | 29 | 30 | 31 | 32 | 33 | 34 | 36 | 29 | |
| – Reserves | 25 | 27 | 30 | 32 | 35 | 38 | 40 | 43 | 46 | |
| – Grants/Contributions | 862 | 890 | 919 | 949 | 980 | 1012 | 1044 | 1078 | 862 | |
| – Recurrent revenue | 420 | 431 | 443 | 455 | 468 | 480 | 494 | 507 | 420 | |
| – Other | 414 | 427 | 441 | 455 | 470 | 485 | 500 | 516 | 414 | |
| | 1749 | 1805 | 1863 | 1923 | 1984 | 2048 | 2113 | 2181 | 2250 | |

Notes:

- (1) From Income Statement.
- (2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
- (3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Special Schedule 9 – Permissible Income for General Rates

The Council does not levy a General Rate.

BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901

Wednesday, October 14, 2015

The General Manager
Upper Macquarie County Council
7 Lee Street
KELSO NSW 2795

Dear Sir,

We advise having completed our audit of the Council's financial reports for the year ended 30 June 2015 and enclose the following:

- Our independent Auditors Report on the General Purpose Financial Report of the Council;
- Our independent Auditors Report on the Special Schedules of the Council;
- Our independent Auditors Report on the conduct of the Audit;
- A Certificate of Overdraft Limit.
- Our independent Auditors Report on the GST Management Systems

We would like to thank you and your staff for their cooperation during the course of the audit and note that if we can be of any further assistance in relation to any of the above, please do not hesitate to contact our office.

Yours Faithfully,


Scott Bennett

Bennett Keogh & Associates

BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901

INDEPENDENT AUDITORS REPORT ON **THE GENERAL PURPOSE FINANCIAL REPORT** **OF UPPER MACQUARIE COUNTY COUNCIL**

Scope

I have audited the financial statements being the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto of the Upper Macquarie County Council for the year ended 30 June 2015. The Financial Statements comprise the consolidated accounts of the Council. The Council is responsible for the preparation and presentation of the Financial Statements and the information they contain. I have conducted an independent audit of these Financial Statements in order to express an opinion on them to the Council.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Financial Statements are presented fairly in accordance with Australian accounting concepts and standards, and relevant Statutory & other requirements, so as to present a view which is consistent with my understanding of the Council's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

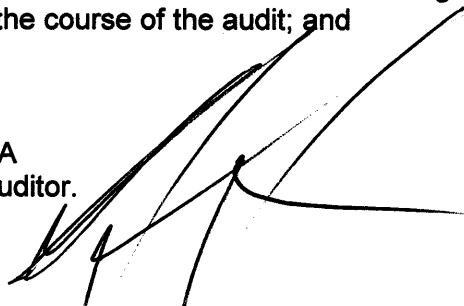
Audit Opinion

In my opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2; and
- b) The Councils Financial Reports:
 - i) have been prepared in accordance with the requirements of this Division; and
 - ii) are consistent with the Council's accounting records; and
 - iii) present fairly the Council's financial position, the results of its operations and cash flows; and
 - iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.
- c) all information relevant to the conduct of the audit has been obtained;
- d) there are no material deficiencies in the accounting records or financial reports that have come to light in the course of the audit; and

Scott Bennett, BEc, ACA
Registered Company Auditor.

Wednesday, October 14, 2015



BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901

INDEPENDENT AUDITORS REPORT ON **THE SPECIAL SCHEDULES** **OF UPPER MACQUARIE COUNTY COUNCIL**

Scope

I have audited the special schedules of the Upper Macquarie County Council for the year ended 30 June 2015. The Special schedules prescribed by regulation, consisting of schedules 1 to 2(b) and 7, are derived from the accounting records of the Council. The Council is responsible for the preparation and presentation of the Special schedules and the information they contain. I have conducted an independent audit of these Special schedules in order to express an opinion on them to the Council.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Special schedules are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Special schedules and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Special schedules are presented fairly in accordance with Section 413(4) of the Local Government Act, 1993.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion:

- a) the Special Schedules have been prepared in compliance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting as prescribed in the Local Government Act 1993, Chapter 13, Part 3, Division 2; and
- b) all information relevant to the conduct of the audit has been obtained; and
- c) there are no material deficiencies in the accounting records or financial reports that have come to light in the course of the audit.

Scott Bennett, BEc, ACA
Registered Company Auditor.



Wednesday, October 14, 2015

BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901

INDEPENDENT AUDITORS REPORT ON **THE CONDUCT OF THE AUDIT** **OF UPPER MACQUARIE COUNTY COUNCIL**

Scope

I have audited the financial reports of the Upper Macquarie County Council for the year ended 30 June 2015. The Financial Reports comprise the General-Purpose Consolidated accounts and Special Schedules of the Council. The Council is responsible for the preparation and presentation of the Financial Reports and the information they contain. I have conducted an independent audit of these Financial Reports in order to express an opinion on them to the Council.

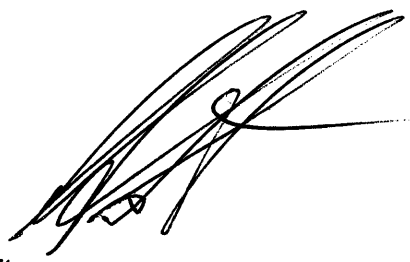
My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Financial Reports are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Reports and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Financial Reports are presented fairly in accordance with Australian accounting concepts and standards, and relevant Statutory & other requirements, so as to present a view which is consistent with my understanding of the Council's financial position, the results of its operations and its Cash Flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion:

- a) the Council's accounting records have been kept in a manner and form that facilitated the preparation of the General Purpose Financial Report and the Special Schedules and allowed proper and effective audit of these reports; and
- b) all information relevant to the conduct of the audit has been obtained;



Scott Bennett, BEc, ACA
Registered Company Auditor.

Wednesday, October 14, 2015

BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901


LOCAL GOVERNMENT ACT 1993

AUDITORS' CERTIFICATE UNDER THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATION 1993

UPPER MACQUARIE COUNTY COUNCIL

OVERDRAFT LIMIT \$929,500

I hereby certify that the Upper Macquarie County Council may borrow by way of limited Overdraft for the year ended 30 June 2015 any sum up to but not exceeding the limit of nine hundred and twenty nine thousand, five hundred dollars.



Scott Bennett, BEc, ACA
Registered Company Auditor.

Wednesday, October 14, 2015

BENNETT KEOGH & ASSOCIATES PTY LIMITED

(ABN 38 003 565 982)

ACCOUNTANTS AND TAXATION CONSULTANTS

Ken Bennett, FTMA
Scott Bennett, BEc, ACA

100 GASKILL STREET
CANOWINDRA, 2804
scott@bennettkeogh.com.au
ken@bennettkeogh.com.au

PO Box 47, CANOWINDRA
Telephone : 02 63 441701
Facsimile : 02 63 441901

INDEPENDENT REVIEW REPORT

UPPER MACQUARIE COUNTY COUNCIL

GST MANAGEMENT SYSTEMS

Scope

I have reviewed the procedures and GST management systems to enable compliance with the GST Legislation of the Upper Macquarie County Council for the period ended 30 June 2015. The council is responsible for the design, documentation and maintenance of the systems. I have performed a review of the GST Management Systems in order to state whether,

- 1 On the basis of the procedures described, anything has come to our attention that would indicate that the GST Management Systems are not adequate to enable the Upper Macquarie County Council to comply with the requirements of the GST legislation; and
- 2 Any correspondence between the Council and the Australian Taxation Office has come to our notice regarding outstanding taxation debts that are attributable to a Business Activity Statement.

This review report has been prepared for and at the request of the Director General, Department of Local Government. I disclaim any assumption of responsibility for any reliance on this review report to which it relates to any person other than the Director General, or any other purpose than for which it was prepared.

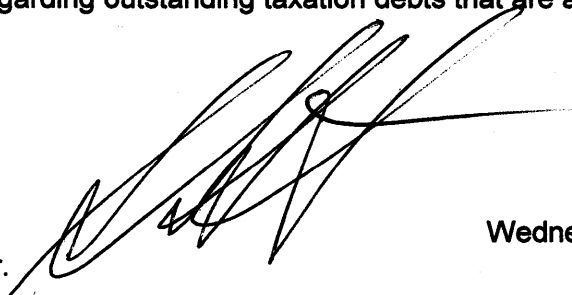
My review has been conducted in accordance with the Australian Auditing Standards applicable to our review engagements. A review is limited primarily to inquiries of Council personnel and analytical procedures applied to the GST management Systems. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Statement

Based on my review, which is not an audit, nothing has come to our attention that causes us to believe that the GST Management Systems were not adequate to enable compliance with the GST Legislation.

Nothing has come to my notice with respect to any correspondence between Council and the Australian Taxation Office regarding outstanding taxation debts that are attributable to a Business Activity Statement (BAS).

Scott Bennett, BEc, ACA
Registered Company Auditor.



Wednesday, October 14, 2015