

FINANCIAL STATEMENTS 2013/2014

for the year ended 30 June 2014



 $A\ sense\ of\ history, A\ sense\ of\ community, A\ place\ to\ belong, A\ sustainable\ future$

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2014

"A sense of history, A sense of community, A place to belong, A sustainable future"



General Purpose Financial Statements

for the financial year ended 30 June 2014

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hunters Hill Council.
- (ii) Hunters Hill Council is a body politic of NSW, Australia being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- · the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 14 October 2014 Council has the power to amend and reissue these financial statements.

General Purpose Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

- present 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 the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 13 October 2014.

Richard Quinn

Barry Smith

GENERAL MANAGER

MAYOR

Debra McFadven

RESPONSIBLE ACCOUNTING OFFICER

Income Statement

for the financial year ended 30 June 2014

| Budget 2014 | \$ '000 | Notes | Actual 2014 | Actual 2013 |
|----------------|---|--------------|---------------------------|----------------|
| | ¥ *** | | | |
| | Income from Continuing Operations | | | |
| | Revenue: | | | |
| 9,977 | Rates & Annual Charges | 3a | 10,127 | 9,545 |
| 812 | User Charges & Fees | 3b | 1,023 | 819 |
| 347 | Interest & Investment Revenue | 3c | 363 | 445 |
| 1,067 898 | Other Revenues | 3d | 1,115 660 ² | 992 807 |
| 331 | Grants & Contributions provided for Operating Purposes Grants & Contributions provided for Capital Purposes | 3e,f 3e,f | 903 | 823 |
| 331 | Other Income: | 36,1 | 303 | 020 |
| 20 | Net gains from the disposal of assets | 5 | 23 | 5 |
| | Net Share of interests in Joint Ventures & Associated | | | _ |
| | Entities using the equity method | 19 | <u>-</u> | _ |
| 13,452 | Total Income from Continuing Operations | | 14,214 | 13,436 |
| | Expenses from Continuing Operations | | | |
| 5,541 | Employee Benefits & On-Costs | 4a | 5,024 | 4,919 |
| 18 | Borrowing Costs | 4b | 18 | 35 |
| 3,827 | Materials & Contracts | 4c | 4,751 | 4,469 |
| 2,150 | Depreciation & Amortisation | 4d | 1,974 | 2,196 |
| | Impairment | 4d | - | - |
| 2,225 | Other Expenses | 4e | 2,067 | 2,121 |
| | Interest & Investment Losses | 3c | - | - |
| | Net Losses from the Disposal of Assets | 5 | - | _ |
| | Net Share of interests in Joint Ventures & Associated Entities using the equity method | 19 | - | _ |
| 13,761 | Total Expenses from Continuing Operations | _ | 13,834 | 13,740 |
| (309) | Operating Result from Continuing Operation | ns – | 380 | (304 |
| | | _ | | |
| | Discontinued Operations | | | |
| | Net Profit/(Loss) from Discontinued Operations | _ 24 _ | <u> </u> | |
| (309) | Net Operating Result for the Year | - | 380 | (304 |
| (309) | Net Operating Result attributable to Council | | 380 | (304 |
| | Net Operating Result attributable to Non-controlling Intere | sts _ | | - |
| | | | | |
| (640) | Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | _ | (523) | (4.407 |
| (640) | Contributions provided for Capital Purposes | _ | (523) | (1,127 |

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Statement of Comprehensive Income for the financial year ended 30 June 2014

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|----------|----------------|----------------|
| Net Operating Result for the year (as per Income statement) | | 380 | (304) |
| Other Comprehensive Income: | | | |
| Amounts which will not be reclassified subsequently to the Operating F | Result | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 59,249 | 6,330 |
| Adjustment to correct prior period errors | | | - |
| Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - |
| Other Movements Total Items which will not be reclassified subsequently | | | - |
| to the Operating Result | | 59,249 | 6,330 |
| Amounts which will be reclassified subsequently to the Operating Resu | ılt | | |
| when specific conditions are met | | | |
| Realised (gain) loss on available-for-sale investments recognised in P&L | 20b (ii) | - | - |
| Gain (loss) on revaluation of available-for-sale investments | 20b (ii) | - | _ |
| Realised (gain) loss from other reserves recognised in P&L | 20b (ii) | - | - |
| Gain (loss) on revaluation of other reserves | 20b (ii) | - | - |
| Other Movements | _ | | - |
| Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met | | - | - |
| Total Other Comprehensive Income for the year | - | 59,249 | 6,330 |
| Total Comprehensive Income for the Year | - | 59,629 | 6,026 |
| Total Comprehensive Income attributable to Council Total Comprehensive Income attributable to Non-controlling Interests | | 59,629 | 6,026 |
| _ | = | | |

Statement of Financial Position

as at 30 June 2014

| | | Actual | Actual |
|---|-------|-----------|------------------|
| \$ '000 | Notes | 2014 | 2013 |
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 9,969 | 10,162 |
| Receivables | 7 | 1,101 | 756 |
| Inventories | 8 | 17 | 12 |
| Other | 8 | 96 | 93 |
| Total Current Assets | | 11,183 | 11,023 |
| Non-Current Assets | | | |
| Receivables | 7 | 32 | 29 |
| Infrastructure, Property, Plant & Equipment | 9 | 542,546 | 483,223 |
| Other | 8 | 417 | 407 |
| Total Non-Current Assets | | 542,995 | 483,659 |
| TOTAL ASSETS | | 554,178 | 494,682 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 3,537 | 3,720 |
| Borrowings | 10 | 57 | 53 |
| Provisions | 10 | 1,723 | 1,603 |
| Total Current Liabilities | - | 5,317 | 5,376 |
| Non-Current Liabilities | | | |
| Payables | 10 | - | - |
| Borrowings | 10 | 161 | 217 |
| Provisions Total Non-Current Liabilities | 10 | 21 182 | 39 256 |
| | | | |
| TOTAL LIABILITIES | | 5,499 | 5,632 |
| Net Assets | : | 548,679 | 489,050 |
| EQUITY | | | |
| Retained Earnings | 20 | 269,659 | 269,279 |
| Revaluation Reserves | 20 | 279,020 | 219,771 |
| Council Equity Interest | • | 548,679 | 489,050 |
| Non-controlling Interests | _ | <u> </u> | - |
| Total Equity | | 548,679 | 489,050 |
| | | | , |

Statement of Changes in Equity for the financial year ended 30 June 2014

| 2014 Opening Balance (as per Last Year's Audited Accounts) a. Correction of Prior Period Errors b. Changes in Accounting Policies (prior year effects) Revised Opening Balance (as at 1/7/13) | | | | | | |
|---|----------|----------------------|-------------------------|-------------|-----------------------------|-----------------|
| Opening Balance (as per Last Year's Audited Accounts) a. Correction of Prior Period Errors b. Changes in Accounting Policies (prior year effects) | | | | | | |
| a. Correction of Prior Period Errorsb. Changes in Accounting Policies (prior year effects) | | 260 270 | 210 771 | 489,050 | | 489,050 |
| b. Changes in Accounting Policies (prior year effects) | 20 (-) | 269,279 | 219,771 | 409,050 | - | 405,050 |
| | 20 (c) | - | - | - | | Ī |
| Revised Opening Balance (as at 1/1/13) | 20 (d) | 260 270 | 240 774 | 490.050 | | 490.050 |
| | | 269,279 | 219,771 | 489,050 | - | 489,050 |
| c. Net Operating Result for the Year | | 380 | | 380 | - | 380 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | | 59,249 | 59,249 | | 59,249 |
| - Revaluations: Other Reserves | 20b (ii) | | - | - | | - |
| - Transfers to Income Statement | 20b (ii) | | - | - | | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | | - | - | | - |
| - Other Movements (enter details here) | 20a | | | - | | - |
| Other Comprehensive Income | | - | 59,249 | 59,249 | - | 59,249 |
| Total Comprehensive Income (c&d) | | 380 | 59,249 | 59,629 | - | 59,629 |
| e. Distributions to/(Contributions from) Non-controlling In f. Transfers between Equity Equity - Balance at end of the reporting per | | 269,659 | 279,020 | 548,679 | - | 548,679 |
| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council con | Non- trolling nterest | Total Equity |
| 2013 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 268,781 | 213,441 | 482,222 | | 482,222 |
| a. Correction of Prior Period Errors | 20 (c) | 802 | 213,441 | 802 | _ | 802 |
| b. Changes in Accounting Policies (prior year effects) | | 002 | _ | 002 | _ | 002 |
| Revised Opening Balance (as at 1/7/12) | 20 (d) | 269,583 | 213,441 | 483,024 | - | 483,024 |
| c. Net Operating Result for the Year | | (304) | _ | (304) | _ | (304) |
| d. Other Comprehensive Income | | () | | , , | | , |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20h (ii) | | 6,330 | 6,330 | | 6,330 |
| - Revaluations: Other Reserves | 20b (ii) | - | 0,330 | 0,330 | - | 0,550 |
| | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| - Other Movements (enter details here) | 20a | - | | | | |
| Other Comprehensive Income | | | 6,330 | 6,330 | | 6,330 |
| Total Comprehensive Income (c&d) | | (304) | 6,330 | 6,026 | - | 6,026 |
| e. Distributions to/(Contributions from) Non-controlling In | terests | _ | _ | - | - | - |
| f. Transfers between Equity | | _ | _ | - | _ | - |
| II HANDIGIO DELWEET EQUITY | | | | | | |

Statement of Cash Flows

for the financial year ended 30 June 2014

| Budget 2014 | \$ '000 Notes | Actual 2014 | Actual 2013 |
|----------------|---|----------------|----------------|
| | Cash Flows from Operating Activities | | |
| | Receipts: | | |
| 9,976 | Rates & Annual Charges | 10,169 | 9,494 |
| 812 | User Charges & Fees | 560 | 1,477 |
| 347 | Investment & Interest Revenue Received | 376 | 447 |
| 1,229 | Grants & Contributions | 1,371 | 1,924 |
| -, | Bonds, Deposits & Retention amounts received | 213 | 300 |
| 1,087 | Other | 1,869 | 1,678 |
| , | Payments: | , | , |
| (5,484) | Employee Benefits & On-Costs | (4,922) | (4,863) |
| (3,799) | Materials & Contracts | (4,794) | (4,276) |
| (18) | Borrowing Costs | (19) | (36) |
| ` , | Bonds, Deposits & Retention amounts refunded | (160) | (259) |
| (2,225) | Other | (2,861) | (3,134) |
| 1,925 | Net Cash provided (or used in) Operating Activities 11b | 1,802 | 2,752 |
| | Cook Flows from Investing Activities | | |
| | Cash Flows from Investing Activities | | |
| 119 | Receipts: Sale of Infrastructure, Property, Plant & Equipment | 66 | 93 |
| 119 | | 00 | 93 |
| (2,453) | Payments: Purchase of Infrastructure, Property, Plant & Equipment | (2,009) | (1,526) |
| | | | <u> </u> |
| (2,334) | Net Cash provided (or used in) Investing Activities | (1,943) | (1,433) |
| | Cash Flows from Financing Activities | | |
| | Receipts: | | |
| | Nil | | |
| | Payments: | | |
| (52) | Repayment of Borrowings & Advances | (52) | (399) |
| | | | |
| (52) | Net Cash Flow provided (used in) Financing Activities | (52) | (399) |
| (461) | Net Increase/(Decrease) in Cash & Cash Equivalents | (193) | 920 |
| | plus: Cash & Cash Equivalents - beginning of year 11a | 10,162 | 9,242 |
| (461) | Cash & Cash Equivalents - end of the year 11a | 9,969 | 10,162 |
| | Additional Information: | | |
| | | | |
| | plus: Investments on hand - end of year 6b | | 40.400 |
| | Total Cash, Cash Equivalents & Investments | 9,969 | 10,162 |

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
 Financing Arrangements.
 Net cash flow disclosures relating to any Discontinued Operations

Notes to the Financial Statements

for the financial year ended 30 June 2014

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Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) & Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013. Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Basis of Accounting

These financial statements have been prepared under the historical cost, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated. There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The 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 are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Critical judgements in applying Council's accounting policies

- Impairment of Receivables Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(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 it and specific criteria have been met for each of the Council's activities as described below. Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

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.

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 from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) 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 balance date, the unused grant or contribution is disclosed in Note 3(g).

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

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.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it controls (as at 30 June 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any Jointly Controlled Operations under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

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

General Purpose Operations

(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 statements. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Ventures Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet. Details relating to the partnership are set out in Note 19.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor 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. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Statement of Cashflows.

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

(g) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

(h) Infrastructure, Property, Plant and Equipment (I,PP&E)

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Acquisition of assets

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- Operational Land (External Valuation)
- Buildings Specialised/Non Specialised (External Valuation)
- Plant and Equipment

 (as approximated by depreciated historical cost)
- Roads Assets incl. roads, bridges & footpaths (External Valuation)
- Drainage Assets (External Valuation)
- Community Land (External Valuation)
- Land Improvements
 (as approximated by depreciated historical cost)

Increases in the carrying amount arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease preciously recognised in profit and loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decrease are charged to the income statement.

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.

Depreciation

Land is not depreciated. Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Estimated useful lives for Council's I,PP&E include:

- Office Equipment 5 to 10 years - Office furniture 10 to 20 years - Other plant and equipment 5 to 15 years - Playground equipment 5 to 15 years - Benches, seats etc 10 to 20 years - Buildings: Masonry 50 to 100 years - Buildings: Other 20 to 40 years - Drains 80 to 100 years - Sealed Roads: Surface 20 years - Sealed Roads: Structure 50 years - Unsealed roads 20 years - Bridge: Concrete 100 years - Bridge: Other 50 years - Road Pavements 60 years - Kerb, Gutter & Paths 40 years

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

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 – refer Note 1(s) on Asset Impairment.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community. This classification of Land is disclosed in Note 9(a).

As at 1 July 2013, a comprehensive revaluation was undertaken for all asset classes subject to revaluation by APV Valuers and Asset Management. The carrying amount of asset classes on revaluation increased from \$483,223,000 to \$542,546,000 at 30 June 2014.

In addition, consideration of useful life and residual values has resulted in a decrease in total annual depreciation from \$2,196,000 to \$1,974,000.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(i) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

(j) Impairment of assets

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment, or more frequently if 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. Nonfinancial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

(I) Borrowings

Loans are carried at their principal amount which represents the present value of further cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of 'Payables'.

(m) 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.

(n) Employee benefits

Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick

leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, 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 can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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 last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 30 June 2014 and covers the period ended 30 June 2014.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$ 506,919.

The amount of additional contributions included in the total employer contribution advised above is \$60,708.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 242,832 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 these financial statements.

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.

(o) Insurance Pools

Council is a member of Metropool, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund dependant on its past performance. Council's share of the net assets or liabilities reflects our contributions to the pool and insurance claims within each of the funds years.

Council's accounting policy regarding the measurement and disclosure of the potential liability or benefit is to book Council's share of net asset or liability value, as advised by Metropool taking into account their audited figures for the year ended 30 June 2014.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(p) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 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.

The standard is not applicable until 1 January 2015 but is available for early adoption.

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.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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.

(ac) Rounding of amounts

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

(q) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

| \$ '000 | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|--------|--------|-------------------------------------|--------|--------|--|---------|---------|--|--------|---|---------|
| Functions/Activities | Income from Continuing Operations | | | Expenses from Continuing Operations | | | Operating Result from Continuing Operations | | | Grants included in Income from Continuing Operations | | Total Assets held (Current & Non-current) | |
| | Original | | | Original | | | Original | | | | | | |
| | Budget | Actual | Actual | Budget | Actual | Actual | Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2014 | 2014 | 2013 | 2014 | 2014 | 2013 | 2014 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Governance | - | - | - | 278 | 1,452 | 1,480 | (278) | (1,452) | (1,480) | - | - | - | - |
| Administration | 131 | 141 | 155 | 4,346 | 2,720 | 2,932 | (4,215) | (2,579) | (2,777) | | - | 20,618 | 22,874 |
| Public Order & Safety | 5 | 30 | 23 | 690 | 671 | 646 | (685) | (641) | (623) | | - | 42 | - |
| Health | 46 | 55 | 58 | 134 | 96 | 112 | (88) | (41) | (54) | | - | 2 | 352 |
| Environment | 2,206 | 2,594 | 2,290 | 2,408 | 2,683 | 2,446 | (202) | (89) | (156) | 134 | 30 | 4 | - |
| Community Services & Education | 236 | 208 | 222 | 703 | 606 | 602 | (467) | (398) | (380) | 133 | 138 | 16,272 | 12,683 |
| Housing & Community Amenities | 405 | 447 | 502 | 1,229 | 1,142 | 1,236 | (824) | (695) | (734) | 34 | 80 | 27,712 | 5,982 |
| Recreation & Culture | 271 | 1,170 | 1,330 | 2,281 | 2,238 | 2,462 | (2,010) | (1,068) | (1,132) | 1 | 103 | 404,142 | 354,939 |
| Mining, Manufacturing & Construction | 41 | 41 | 24 | - | 106 | 66 | 41 | (65) | (42) | | - | 125 | 78 |
| Transport & Communication | 1,269 | 2,025 | 1,424 | 1,688 | 2,111 | 1,757 | (419) | (86) | (333) | 543 | 368 | 85,261 | 97,774 |
| Economic Affairs | 3 | 1 | 3 | 4 | 9 | 1 | (1) | (8) | 2 | | - | | - |
| Total Functions & Activities | 4,613 | 6,712 | 6,031 | 13,761 | 13,834 | 13,740 | (9,148) | (7,122) | (7,709) | 845 | 719 | 554,178 | 494,682 |
| Share of gains/(losses) in Associates & | | | | | | | | | | | | | |
| Joint Ventures (using the Equity Method) | | - | - | | - | - | - | - | - | | - | _ | - |
| General Purpose Income 1 | 8,839 | 7,502 | 7,405 | | | - | 8,839 | 7,502 | 7,405 | 246 | 465 | | - |
| Operating Result from | | ĺ | | | | | | | | | | | |
| Continuing Operations | 13,452 | 14,214 | 13,436 | 13,761 | 13.834 | 13,740 | (309) | 380 | (304) | 1.091 | 1,184 | 554,178 | 494.682 |

^{1.} Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported 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

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

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

COMMUNITY SERVICES & 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 & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & 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 & ENERGY - Gas Supplies

AGRICULTURE

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

| | Actual | Actual |
|--|--------|--------|
| <u>Notes</u> | 2014 | 2013 |
| (a) Rates & Annual Charges | | |
| Ordinary Rates | | |
| Residential | 6,713 | 6,342 |
| Business | 226 | 212 |
| Total Ordinary Rates | 6,939 | 6,554 |
| Special Rates | | |
| Environmental | 159 | 166 |
| Infrastructure | 336 | 328 |
| Other - Community Facilities | 313 | 295 |
| Other | 227 | 237 |
| Total Special Rates | 1,035 | 1,026 |
| Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | |
| Domestic Waste Management Services | 2,099 | 1,913 |
| Section 611 Charges | 54 | 52 |
| Total Annual Charges | 2,153 | 1,965 |
| TOTAL RATES & ANNUAL CHARGES | 10,127 | 9,545 |

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Notes to the Financial Statements

for the financial year ended 30 June 2014

| | | Actual | Actual |
|---|-------|--------|--------|
| \$ '000 N | lotes | 2014 | 2013 |
| (b) User Charges & Fees | | | |
| Specific User Charges (per s.502 - Specific "actual use" charges) | | | |
| Domestic Waste Management Services | | 4 | 4 |
| Waste Management Services (non-domestic) | | 133_ | 109 |
| Total User Charges | _ | 137 | 113 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s.608) | | | |
| Inspection Services | | 28 | 19 |
| Planning & Building Regulation | | 285 | 307 |
| Section 149 Certificates (EPA Act) | | 52 | 54 |
| Section 603 Certificates | | 25 | 18 |
| Total Fees & Charges - Statutory/Regulatory | _ | 390 | 398 |
| (ii) Fees & Charges - Other (incl. General User Charges (per s.608) | | | |
| Lease Rentals | | 12 | 16 |
| Leaseback Fees - Council Vehicles | | 29 | 27 |
| Restoration Charges | | 455 | 265 |
| Total Fees & Charges - Other | | 496 | 308 |
| TOTAL USER CHARGES & FEES | _ | 1,023 | 819 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

| \$ '000 Note | Actual 2014 | Actual 2013 |
|---|-------------|----------------|
| (c) Interest & Investment Revenue (incl. losses) | | |
| Interest & Dividends | | |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) | 24 | 27 |
| - Interest earned on Investments (interest & coupon payment income) | 339 | 418 |
| TOTAL INTEREST & INVESTMENT REVENUE | 363 | 445 |
| Interest Revenue is attributable to: Unrestricted Investments/Financial Assets: | | |
| Overdue Rates & Annual Charges (General Fund) | 24 | 27 |
| General Council Cash & Investments | 293 | 359 |
| Restricted Investments/Funds - External: Development Contributions - Section 94 | 46 | 59 |
| | 40 | 59 |
| Restricted Investments/Funds - Internal: | | |
| Internally Restricted Assets | | |
| Total Interest & Investment Revenue Recognised | 363 | 445 |
| (d) Other Revenues | | |
| Rental Income - Other Council Properties | 496 | 488 |
| Fines | 249 | 228 |
| Commissions & Agency Fees | 43 | 12 |
| Sundry Rents & Charges | 237 | 178 |
| Waste Rebate | 90 | 86 |
| TOTAL OTHER REVENUE | 1,115 | 992 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

| | | 2014 | 2013 | 2014 | 2013 |
|---|---|-----------|-----------|---------|---------|
| \$ '000 | | Operating | Operating | Capital | Capital |
| (e) Grants | | | | | |
| General Purpose (Untied) | | | | | |
| Financial Assistance - General Component | 1 | 141 | 289 | - | - |
| Financial Assistance - Local Roads Component | 1 | 69 | 137 | - | - |
| Pensioners' Rates Subsidies - General Component | | 36 | 39 | | |
| Total General Purpose | | 246 | 465 | | - |

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

| Specific Purpose | | | | |
|--|----------|-----|-----|-----|
| Pensioners' Rates Subsidies: | | | | |
| - Domestic Waste Management | 16 | 16 | - | - |
| Community Care | 87 | 73 | - | 25 |
| Environmental Protection | 23 | 16 | - | - |
| Library | 46 | 48 | - | - |
| Recreation & Culture | - | - | 1 | 40 |
| Street Lighting | 34 | 34 | - | - |
| Traffic Route Subsidy | 6 | 5 | - | - |
| Transport (Other Roads & Bridges Funding) | - | - | 521 | 402 |
| Stormwater Drainage | 111 | 14 | - | - |
| Other | <u> </u> | 46 | | - |
| Total Specific Purpose | 323 | 252 | 522 | 467 |
| Total Grants | 569 | 717 | 522 | 467 |
| Grant Revenue is attributable to: | | | | |
| - Commonwealth Funding | 210 | 426 | | _ |
| - State Funding | 359 | 291 | 522 | 467 |
| - Other Funding | - | - | - | _ |
| , and the second | 569 | 717 | 522 | 467 |
| | | | | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

| | 2014 | 2013 | 2014 | 2013 |
|---|-----------|-----------|---------|---------|
| \$ '000 | Operating | Operating | Capital | Capital |
| (f) Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the LGA): | | | | |
| S 94 - Contributions towards amenities/services | | | 366 | 317 |
| Total Developer Contributions 17 | - | | 366 | 317 |
| Other Contributions: | | | | |
| Kerb & Gutter | 5 | 7 | - | - |
| RMS Contributions (Regional Roads, Block Grant) | 68 | 66 | 15 | - |
| Other | 18 | 17_ | | 39 |
| Total Other Contributions | 91 | 90 | 15 | 39 |
| Total Contributions | 91 | 90 | 381 | 356 |
| TOTAL GRANTS & CONTRIBUTIONS | 660 | 807 | 903 | 823 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

| | Actual | Actual |
|---|--------|--------|
| \$ '000 | 2014 | 2013 |
| (g) Restrictions relating to Grants and Contributions | | |
| Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Unexpended at the Close of the Previous Reporting Period | 1,233 | 1,253 |
| add: Grants & contributions recognised in the current period but not yet spent: | 598 | 472 |
| less: Grants & contributions recognised in a previous reporting period now spent: | (386) | (492) |
| Net Increase (Decrease) in Restricted Assets during the Period | 212 | (20) |
| Unexpended and held as Restricted Assets | 1,445 | 1,233 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 90 | 74 |
| - Developer Contributions | 1,355 | 1,159 |
| - Other Contributions | 4 445 | 4 000 |
| | 1,445 | 1,233 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

| | | Actual | Actual |
|--|-------|--------|----------|
| \$ '000 | Notes | 2014 | 2013 |
| (a) Employee Benefits & On-Costs | | | |
| Salaries and Wages | | 3,813 | 3,640 |
| Travelling | | 114 | 93 |
| Employee Leave Entitlements (ELE) | | 444 | 455 |
| Superannuation | | 507 | 482 |
| Workers' Compensation Insurance | | 50 | 149 |
| Fringe Benefit Tax (FBT) | | 55 | 55 |
| Training Costs (other than Salaries & Wages) | | 51 | 51 |
| Total Employee Costs | | 5,034 | 4,925 |
| less: Capitalised Costs | | (10) | (6) |
| TOTAL EMPLOYEE COSTS EXPENSED | _ | 5,024 | 4,919 |
| Number of "Equivalent Full Time" Employees at year end | | 59 | 58 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Loans | | 18 | 35 |
| Total Interest Bearing Liability Costs | | 18 | 35 |
| less: Capitalised Costs | | _ | - |
| Total Interest Bearing Liability Costs Expensed | | 18 | 35 |
| Total Other Berneving Costs | | | |
| Total Other Borrowing Costs TOTAL BORROWING COSTS EXPENSED | _ | 18 | 35 |
| TOTAL DOMNOVIING COSTS LAFLINGED | _ | 10 | <u> </u> |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| | | Actual | Actual |
|--|-------|--------|--------|
| \$ '000 | Notes | 2014 | 2013 |
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 784 | 667 |
| Contractor & Consultancy Costs | | 3,638 | 3,404 |
| Auditors Remuneration (1) | | 73 | 79 |
| Legal Expenses: | | | |
| - Legal Expenses: Planning & Development | | 222 | 267 |
| - Legal Expenses: Other | | 16 | 34 |
| Operating Leases: | | 40 | 4.0 |
| - Operating Lease Rentals: Minimum Lease Payments (2) | _ | 18 | 18_ |
| Total Materials & Contracts | | 4,751 | 4,469 |
| less: Capitalised Costs | _ | | 4.460 |
| TOTAL MATERIALS & CONTRACTS | _ | 4,751 | 4,469 |
| 1. Auditor Remuneration | | | |
| During the year, the following fees were incurred for services provided by | | | |
| the Council's Auditor (& the Auditors of other Consolidated Entities): | | | |
| (i) Audit and Other Assurance Services | | | |
| - Audit & review of financial statements: Council's Auditor | | 27 | 27 |
| - Audit & review of financial statements: Internal Auditors | _ | 46 | 52 |
| Remuneration for audit and other assurance services | _ | 73 | 79 |
| Total Auditor Remuneration | | 73 | 79 |
| | | | |
| 2. Operating Lease Payments are attributable to: | | | |
| Other | _ | 18 | 18 |
| | _ | 18 | 18_ |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| | Impair | Impairment Costs | | Depreciation/Amortisation | |
|---|--------|------------------|--------|---------------------------|--|
| | Actual | Actual | Actual | Actual | |
| \$ '000 Notes | 2014 | 2013 | 2014 | 2013 | |
| (d) Depreciation, Amortisation & Impairme | ent | | | | |
| Plant and Equipment | - | - | 180 | 224 | |
| Office Equipment | - | - | 119 | 123 | |
| Furniture & Fittings | - | - | 15 | 7 | |
| Land Improvements (depreciable) | - | - | - | | |
| Buildings - Non Specialised | - | - | 113 | 329 | |
| Buildings - Specialised | _ | - | 203 | 372 | |
| Other Structures | - | - | 139 | 86 | |
| Infrastructure: | | | | | |
| - Roads | - | - | 763 | 631 | |
| - Footpaths | - | - | 308 | 131 | |
| - Kerb & Guttering | - | - | 32 | 90 | |
| - Stormwater Drainage | - | - | 77 | 146 | |
| - Other Infrastructure | - | - | 25 | 57 | |
| Total Depreciation & Impairment Costs | | | 1,974 | 2,196 | |
| TOTAL DEPRECIATION & | | | | | |
| IMPAIRMENT COSTS EXPENSED | | | 1,974 | 2,196 | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| | | Actual | Actual |
|---|-------|--------|--------|
| \$ '000 | Notes | 2014 | 2013 |
| (e) Other Expenses | | | |
| Other Expenses for the year include the following: | | | |
| Advertising | | 43 | 40 |
| Bad & Doubtful Debts | | - | 6 |
| Bank Charges | | 37 | 35 |
| Carbon Tax Expense | | - | 3 |
| - Department of Planning Levy | | 53 | 52 |
| - NSW Fire Brigade Levy | | 409 | 402 |
| - Regional Library | | 579 | 559 |
| - Other Contributions/Levies | | 37 | 36 |
| Councillor Expenses - Mayoral Fee | | 40 | 26 |
| Councillor Expenses - Councillors' Fees | | 122 | 119 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) | | 39 | 47 |
| Donations, Contributions & Assistance to other organisations (Section 356 |) | 10 | 11 |
| Election Expenses | | - | 72 |
| Electricity & Heating | | 167 | 161 |
| Insurance | | 111 | 92 |
| Printing & Stationery | | 79 | 77 |
| Street Lighting | | 255 | 275 |
| Subscriptions & Publications | | 53 | 75 |
| Telephone & Communications | _ | 33 | 33 |
| Total Other Expenses | | 2,067 | 2,121 |
| less: Capitalised Costs | | _ | |
| TOTAL OTHER EXPENSES | | 2,067 | 2,121 |
| | | | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|----------------|----------------|
| | | | |
| Plant & Equipment | | | |
| Proceeds from Disposal - Plant & Equipment | | 66 | 93 |
| less: Carrying Amount of P&E Assets Sold / Written Off | | (43) | (88) |
| Net Gain/(Loss) on Disposal | | 23 | 5 |
| | | | |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | _ | 23 | 5 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

| \$ '000 | Notes | 2014 Actual Current | 2014 Actual Non Current | 2013 Actual Current | 2013 Actual Non Current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank Cash-Equivalent Assets ¹ | | 1,333 | - | 813 | - |
| - Deposits at Call | | 246 | - | 251 | - |
| - Short Term Deposits | | 8,390 | | 9,098 | |
| Total Cash & Cash Equivalents | | 9,969 | - | 10,162 | _ |
| Total Investments | | _ | | | |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 9,969 | | 10,162 | |

 $^{^{1}}$ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents
a. "At Fair Value through the Profit & Loss"

| 9,969 | - | 10,162 | - |
|-------|---|--------|---|

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

| | | 2014 | 2014 | 2013 | 2013 |
|--|---------------------------------|----------------------------------|-----------------|-----------------------|--------------------------------|
| | | Actual | Actual | Actual | Actual |
| \$ '000 | | Current | Non Current | Current | Non Current |
| Total Cash, Cash Equivalents | | | | | |
| and Investments | | 9,969 | | 10,162 | |
| attributable to: | | | | | |
| External Restrictions (refer below) | | 3,439 | - | 3,138 | - |
| Internal Restrictions (refer below) | | 4,114 | - | 4,221 | - |
| Unrestricted | | 2,416 | | 2,803 | |
| | | 9,969 | | 10,162 | - |
| | | | | | |
| 2014 | | Opening | Transfers to | Transfers from | Closing |
| \$ '000 | | Balance | Restrictions | Restrictions | Balance |
| T | | Dalatice | Restrictions | Restrictions | Dalance |
| Details of Restrictions | | Balance | Restrictions | Restrictions | Баіапсе |
| | es | Balance | Restrictions | Restrictions | Datatice |
| Details of Restrictions | | 109 | Restrictions | (24) | 85 |
| Details of Restrictions External Restrictions - Included in Liabilities | (A) | | - | | 85 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General | (A) | 109 | - | (24) | 85 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General External Restrictions - Included in Liabilities | (A) | 109 | 412 | (24) | 85 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General External Restrictions - Included in Liabilities External Restrictions - Other | (A) | 109 109 | | (24) | 85 85 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General External Restrictions - Included in Liabilities External Restrictions - Other Developer Contributions - General | (A) es (D) | 109 109 1,159 | 412 | (24) | 85 1,355 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General External Restrictions - Included in Liabilities External Restrictions - Other Developer Contributions - General Specific Purpose Unexpended Grants | (A) es (D) (F) | 109 109 1,159 74 | 412 | (24) | 85 1,355 90 |
| Details of Restrictions External Restrictions - Included in Liabilities Specific Purpose Unexpended Loans-General External Restrictions - Included in Liabilities External Restrictions - Other Developer Contributions - General Specific Purpose Unexpended Grants Domestic Waste Management | (A) (S) (D) (F) (G) | 109 109 1,159 74 383 | 412 16 22 | (24) (24) (216) | 85 85 1,355 90 405 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

| 2014 | Opening | Transfers to | Transfers from | Closing |
|------------------------------------|---------|--------------|----------------|---------|
| \$ '000 | Balance | Restrictions | Restrictions | Balance |
| | | | | |
| Internal Restrictions | | | | |
| Plant & Vehicle Replacement | 293 | 113 | | 406 |
| Employees Leave Entitlement | 609 | 338 | (390) | 557 |
| Deposits, Retentions & Bonds | 2,410 | 53 | | 2,463 |
| Construction of Buildings | 219 | 30 | - | 249 |
| Office Equipment | 292 | 13 | (109) | 196 |
| Road Reconstruction | 148 | 54 | (148) | 54 |
| Traffic Management | 12 | | (12) | - |
| Elections | 36 | 25 | | 61 |
| Public Places & Urban Design | 35 | | (2) | 33 |
| Insurance Reserve | 97 | 12 | | 109 |
| Other | 70 | 14 | (44) | 40 |
| Total Internal Restrictions | 4,221 | 652 | (705) | 4,168 |
| TOTAL RESTRICTIONS | 7,359 | 2,133 | (1,885) | 7,607 |

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- **B** Advances by Roads and Maritime Services for (RMS) 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 (refer Note 17).
- **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. (refer Note 1)
- **G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

| | 20 | 14 | 20 | 13 | |
|--|---------|-------------|---------|-------------|--|
| \$ '000 Notes | Current | Non Current | Current | Non Current | |
| Purpose | | | | | |
| Rates & Annual Charges | 187 | 20 | 231 | 18 | |
| Interest & Extra Charges | 17 | 12 | 23 | 11 | |
| User Charges & Fees | 289 | - | 156 | - | |
| Accrued Revenues | 200 | | 100 | | |
| - Interest on Investments | 33 | _ | 41 | _ | |
| - Other Income Accruals | 27 | _ | 10 | _ | |
| Government Grants & Subsidies | 319 | _ | 127 | _ | |
| Net GST Receivable | 234 | _ | 173 | _ | |
| Total | 1,106 | 32 | 761 | 29 | |
| less: Provision for Impairment | | | | | |
| User Charges & Fees | (5) | _ | (5) | _ | |
| Total Provision for Impairment - Receivables | (5) | - | (5) | - | |
| TOTAL NET RECEIVABLES | 1,101 | 32 | 756 | 29 | |
| | | | | | |
| Externally Restricted Receivables | | | | | |
| Domestic Waste Management | 44 | | 50 | - | |
| Total External Restrictions | 44 | _ | 50 | _ | |
| Unrestricted Receivables | 1,057 | 32 | 706 | 29 | |
| TOTAL NET RECEIVABLES | 1,101 | 32 | 756 | 29 | |
| | , , , | | | | |

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.

 An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%). Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

| | 20 |)14 | 2013 | | | |
|----------------------------------|---------|-------------|---------|-------------|--|--|
| \$ '000 Notes | Current | Non Current | Current | Non Current | | |
| | | | | | | |
| Inventories | | | | | | |
| Stores & Materials | 17 | | 12 | | | |
| Total Inventories | 17 | | 12 | | | |
| | | | | | | |
| Other Assets | | | | | | |
| Prepayments | 96 | - | 93 | - | | |
| Insurance Pool Surplus Metropool | | 417 | | 407 | | |
| Total Other Assets | 96 | 417 | 93 | 407 | | |
| TOTAL INVENTORIES / OTHER ASSETS | 113 | 417 | 105 | 407 | | |
| Externally Restricted Assets | | | | | | |
| Domestic Waste Management Nil | | | | | | |
| Total Domestic Waste Management | _ | _ | _ | _ | | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

| 4.00/0/2012 | | | | | Asset Movements during the Reporting Period | | | | | | | | | |
|-----------------------------|------|------------|--------|------------|---|--------------------|-----------------------|-------------------------|------------------|----------------------------------|------|------------|-------------|----------|
| as at 30/6/2013 | | | | | | WDV | | | Revaluation | as at 30/6/2014 | | | | |
| | At | At | Accun | nulated | Carrying | Asset Additions | of Asset Disposals | Depreciation Expense | WIP Transfers | Increments to Equity (ARR) | At | At | Accumulated | Carrying |
| \$ '000 | Cost | Fair Value | Dep'n | Impairment | Value | | | | | (ARR) | Cost | Fair Value | Dep'n | Value |
| Capital Work in Progress | 335 | _ | _ | _ | 335 | 261 | | | (257) | | 339 | _ | _ | 339 |
| Plant & Equipment | _ | 1,373 | 723 | _ | 650 | 152 | (43) | (180) | | | - | 1,371 | 792 | 579 |
| Office Equipment | - | 1,333 | 1,184 | - | 149 | 120 | | (119) | | | - | 1,452 | 1,302 | 150 |
| Furniture & Fittings | - | 159 | 94 | - | 65 | 87 | | (15) | | | - | 246 | 109 | 137 |
| Land: | | | | | | | | | | | | | | |
| - Operational Land | - | 23,478 | - | - | 23,478 | | | | | 515 | - | 23,993 | - | 23,993 |
| - Community Land | - | 399,037 | - | - | 399,037 | | | | | 22,176 | - | 421,213 | - | 421,213 |
| Buildings - Non Specialised | - | 12,918 | 5,926 | - | 6,992 | 9 | | (113) | | (1,391) | - | 7,035 | 1,538 | 5,497 |
| Buildings - Specialised | - | 17,886 | 11,700 | - | 6,186 | 145 | | (203) | | 5,874 | - | 15,414 | 3,412 | 12,002 |
| Other Structures | - | 6,092 | 3,037 | - | 3,055 | 119 | | (139) | 7 | 2,683 | - | 7,285 | 1,560 | 5,725 |
| Infrastructure: | | | | | | | | - | | | | | | |
| - Roads | - | 41,206 | 14,320 | - | 26,886 | 946 | | (763) | 124 | 16,044 | - | 48,909 | 5,672 | 43,237 |
| - Footpaths | - | 6,441 | 2,271 | - | 4,170 | 154 | | (308) | 126 | 4,266 | - | 10,772 | 2,364 | 8,408 |
| - Stormwater Drainage | - | 7,574 | 3,923 | - | 3,651 | | | (77) | | 3,938 | - | 8,825 | 1,313 | 7,512 |
| - Kerb & Guttering | - | 8,249 | 983 | - | 7,266 | 98 | | (32) | | 5,297 | - | 13,058 | 429 | 12,629 |
| - Other Infrastructure | - | 1,572 | 269 | - | 1,303 | | | (25) | | (153) | - | 1,252 | 127 | 1,125 |
| TOTAL INFRASTRUCTURE, | | | | | | | | | | | | | | |
| PROPERTY, PLANT & EQUIP. | 335 | 527,318 | 44,430 | _ | 483,223 | 2,091 | (43) | (1,974) | _ | 59,249 | 339 | 560,825 | 18,618 | 542,546 |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$1,049) and New Assets (\$793).

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

| | 201 | |)14 | 20 | 13 |
|--|-------|---------|-------------|---------|-------------|
| \$ '000 | lotes | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services - operating expenditure | | 441 | - | 479 | - |
| Goods & Services - capital expenditure | | 94 | - | 12 | - |
| Payments Received In Advance | | 347 | - | 677 | - |
| Accrued Expenses: | | | | | |
| - Borrowings | | 4 | - | 5 | - |
| - Other Expenditure Accruals | | 188 | - | 137 | - |
| Security Bonds, Deposits & Retentions | | 2,463 | | 2,410 | |
| Total Payables | | 3,537 | - | 3,720 | - |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 57 | 161 | 53 | 217 |
| Total Borrowings | | 57 | 161 | 53 | 217 |
| Provisions | | | | | |
| Annual Leave | | 547 | - | 523 | - |
| Sick Leave | | 25 | - | 25 | - |
| Long Service Leave | | 1,088 | 21 | 989 | 39 |
| Other Leave | | 63 | | 66 | |
| Sub Total - Aggregate Employee Benefits | | 1,723 | 21 | 1,603 | 39 |
| Total Provisions | | 1,723 | 21 | 1,603 | 39 |
| Total Payables, Borrowings & Provision | ons – | 5,317 | 182 | 5,376 | 256 |

(i) Liabilities relating to Restricted Assets

| | 2014 | | 2013 | |
|--|---------|-------------|---------|-------------|
| | Current | Non Current | Current | Non Current |
| Externally Restricted Assets | | | | |
| Domestic Waste Management | 167 | | 115 | |
| Liabilities relating to externally restricted assets | 167 | _ | 115 | |

^{1.} Loans are secured over the General Rating Income of Council Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions (continued)

| | Actual | Actual |
|---------|--------|--------|
| \$ '000 | 2014 | 2013 |

(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

| Provisions - Employees Benefits | 944 | 818 |
|--|-------|-------|
| Payables - Security Bonds, Deposits & Retentions | 2,219 | 2,106 |
| | 3,163 | 2,924 |

Note 10b. Description of and movements in Provisions

| | 2013 | | | 2014 | | |
|--------------------|------------------------------------|--------------------------|-----------------------------|----------------|-------------------------------|-------------------------------------|
| Class of Provision | Opening Balance as at 1/7/13 | Additional Provisions | Decrease due to Payments | effects due to | Unused amounts reversed | Closing Balance as at 30/6/14 |
| Annual Leave | 523 | 298 | (274) | | | 547 |
| Sick Leave | 25 | - | | | | 25 |
| Long Service Leave | 1,028 | 146 | (65) | | | 1,109 |
| Other Leave | 66 | (3) | | | | 63 |
| TOTAL | 1,642 | 441 | (339) | - | - | 1,744 |

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 9,969 | 10,162 |
| Less Bank Overdraft BALANCE as per the STATEMENT of CASH FLOWS | 10 | 9,969 | 10,162 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 380 | (304) |
| Adjust for non cash items: Depreciation & Amortisation | | 1,974 | 2,196 |
| Net Losses/(Gains) on Disposal of Assets | | (23) | (5) |
| Non Cash Capital Grants and Contributions | | (==) | - |
| Impairment Losses Recognition - I,PP&E | | - | - |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | (348) | 401 |
| Increase/(Decrease) in Provision for Doubtful Debts | | - | 2 |
| Decrease/(Increase) in Inventories | | (5) | 39 |
| Decrease/(Increase) in Other Assets | | (13) | (6) |
| Increase/(Decrease) in Payables | | (38) | 199 |
| Increase/(Decrease) in accrued Interest Payable | | (1) | (1) |
| Increase/(Decrease) in other accrued Expenses Payable | | 51 | (271) |
| Increase/(Decrease) in Other Liabilities | | (277) | 431 |
| Increase/(Decrease) in Employee Leave Entitlements | | 102 | 71 |
| Increase/(Decrease) in Other Provisions | | - - | |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 4 902 | 2.752 |
| OF LINATING ACTIVITIES HOLD THE STATEMENT OF CASH FLOWS | _ | 1,802 | 2,752 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|----------------|----------------|
| (c) Non-Cash Investing & Financing Activities | | | |
| Nil | | | |
| Total Non-Cash Investing & Financing Activities | | | - |
| (d) Financing Arrangements | | | |
| (i) Unrestricted access was available at balance date to the following lines of credit: | | | |
| Credit Cards / Purchase Cards | | 10 | 10 |
| Total Financing Arrangements | _ | 10 | 10 |
| Amounts utilised as at Balance Date: | | | |
| - Credit Cards / Purchase Cards | | 1 | 1 |
| Total Financing Arrangements Utilised | | 1 | 1 |

^{1.} The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Bank Guarantees

(f) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

| | | Actual | Actual |
|---|-------|--------|--------|
| \$ '000 | Notes | 2014 | 2013 |
| | | | |
| (a) Capital Commitments (exclusive of GST) | | | |
| Capital expenditure committed for at the reporting date but not | | | |
| recognised in the financial statements as liabilities: | | | |
| | | | |
| Property, Plant & Equipment | | | |
| Buildings | | | - |
| Plant & Equipment | | | - |
| Road - Car Park | | | 245 |
| Total Commitments | | | 245 |
| Total Commitments | _ | | 245 |
| These expenditures are payable as follows: | | | |
| Within the next year | | - | 245 |
| Later than one year and not later than 5 years | | | - |
| Later than 5 years | | | |
| Total Payable | | | 245 |
| | | | |
| Occurs for Founding of Occitat Occursion | | | |
| Sources for Funding of Capital Commitments: | | | 245 |
| Unrestricted General Funds | | | 245 |
| Total Sources of Funding | _ | | 245 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure (continued)

| | Actual | Actual |
|---------|-------------------|--------|
| \$ '000 | Notes 2014 | 2013 |

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

| Within the next year | 16 | 17 |
|---|----|----|
| Later than one year and not later than 5 years | 55 | 23 |
| Later than 5 years | | |
| Total Non Cancellable Operating Lease Commitments | 71 | 40 |

b. Non Cancellable Operating Leases include the following assets:

Council has entered into non-cancellable operating leases for office photocopier equipment contingent rental payments have been determined & have been publicly notified in Council's Annual Management Plan The term of the lease is five years. No lease imposes any additional restrictions on Council in relation to additional debt of futher leasing.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure (continued)

| | Actual | Actual |
|---------|-------------------|--------|
| \$ '000 | Notes 2014 | 2013 |

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.
- (d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

| | Amounts | Indicator | Prior P | Periods |
|--|--------------------|-----------|---------|---------|
| \$ '000 | 2014 | 2014 | 2013 | 2012 |
| Local Government Industry Indicators - C | onsolidated | | | |
| Operating Performance Ratio Total continuing operating revenue (1) (excl. Capital Grants & Contributions) - Operating Expenses Total continuing operating revenue (1) (excl. Capital Grants & Contributions) | (546) 13,288 | -4.11% | -8.98% | -13.55% |
| 2. Own Source Operating Revenue Ratio Total continuing operating revenue (1) (less ALL Grants & Contributions) Total continuing operating revenue (1) | 12,628 14,191 | 88.99% | 87.86% | 88.24% |
| 3. Unrestricted Current Ratio Current Assets less all External Restrictions (2) Current Liabilities less Specific Purpose Liabilities (3, 4) | 7,700 1,987 | 3.88 : 1 | 3.35 | 3.15 |
| 4. Debt Service Cover Ratio Operating Result (1) before capital excluding interest and depreciation / impairment / amortisation (EBITDA) Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement) | <u>1,446</u> 70 | 20.66 | 2.53 | 2.93 |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage Rates, Annual and Extra Charges Outstanding Rates, Annual and Extra Charges Collectible | 236 10,434 | 2.26% | 2.96% | 2.44% |
| 6. Cash Expense Cover Ratio Current Year's Cash and Cash Equivalents including All Term Deposits Payments from cash flow of operating and financing activities | 9,969 1,067 | 9.34 | 9.40 | 9.18 |

Notes

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

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

⁽²⁾ Refer Notes 6-8 inclusive.

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

| | Actual | Actual |
|---------|-------------------|--------|
| \$ '000 | Notes 2014 | 2013 |

Council has not classified any Land or Buildings as "Investment Properties"

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) 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 Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

| | Carry | ing Value | Fair \ | Value | |
|---|--------|-----------|--------|--------|--|
| | 2014 | 2013 | 2014 | 2013 | |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 9,969 | 10,162 | 9,969 | 10,162 | |
| Investments | | | | | |
| - "Held for Trading" | - | - | | - | |
| - "Designated At Fair Value on Initial Recognition" | - | - | | - | |
| - "Held to Maturity" | - | - | | - | |
| - "Loans & Receivables" | - | - | | - | |
| - "Available for Sale" | - | - | | - | |
| Receivables | 1,133 | 785 | 1,133 | 785 | |
| Other Financial Assets | | | | | |
| Total Financial Assets | 11,102 | 10,947 | 11,102 | 10,947 | |
| Einemaiel Lighilities | | | | | |
| Financial Liabilities | 2.400 | 0.040 | 0.400 | 0.040 | |
| Payables | 3,190 | 3,043 | 3,190 | 3,043 | |
| Loans / Advances | 218_ | 270 | 218 | 270_ | |
| Total Financial Liabilities | 3,408 | 3,313 | 3,408 | 3,313 | |

Fair Value is determined as follows:

- Cash & Cash Equivalents, Receivables, Payables are estimated to be the carrying value which approximates mkt value.
- **Borrowings** & **Held to Maturity** Investments are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "at fair value through profit & loss" or (ii) Available for Sale are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- Interest Rate Risk the risk that movements in interest rates could affect returns and income.
- **Credit Risk** the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

| | Increase of Val | ues/Rates | Decrease of Val | ues/Rates |
|--|-----------------|-----------|-----------------|-----------|
| 2014 | Profit | Equity | Profit | Equity |
| Possible impact of a 10% movement in Market Values | | | | |
| Possible impact of a 1% movement in Interest Rates | 100 | 100 | (100) | (100) |
| | | | | |
| 2013 | | | | |
| Possible impact of a 10% movement in Market Values | - | - | | |
| Possible impact of a 1% movement in Interest Rates | 102 | 102 | (102) | (102) |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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 subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

| | 2014 Rates & Annual Charges | 2014 Other Receivables | 2013 Rates & Annual Charges | 2013 Other Receivables |
|---|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables - % | | | | |
| Current (not yet overdue) | 0% | 79% | 0% | 64% |
| Overdue | 100% | 21% | 100% | 36% |
| | 100% | 100% | 100% | 100% |
| (ii) Ageing of Receivables - value | | | | |
| Current (not yet overdue) | - | 739 | - | 345 |
| Past due by up to 30 days | 68 | | 87 | 133 |
| Past due between 31 and 60 days | | - | | 1 |
| Past due between 61 and 90 days | | 7 | | 2 |
| Past due by more than 90 days | 139 | 185 | 162 | 60 |
| _ | 207 | 931 | 249 | 541 |
| (iii) Movement in Provision for Impairment of Receivables | | | 2014 | 2013 |
| Balance at the beginning of the year | | | 5 | 3 |
| + new provisions recognised during the year | | | - | 5 |
| amounts already provided for & written off this year amounts provided for but recovered during the year previous impairment losses reversed | | | - | (3) |
| Balance at the end of the year | | | 5 | 5 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - 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 (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

| \$ '000 | Subject | | | | | | | Total | Actual |
|------------------------------------|----------|----------|---------|---------|---------|---------|---------|----------|----------|
| | to no | | | paya | ble in: | | | Cash | Carrying |
| | maturity | ≤ 1 Year | 1-2 Yrs | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | Outflows | Values |
| | | | | | | | | | |
| 2014 | | | | | | | | | |
| Bank Overdraft | - | | | | | | | - | - |
| Trade/Other Payables | 2,463 | 727 | | | | | | 3,190 | 3,190 |
| Loans & Advances | | 57 | 61 | 65 | 35 | | | 218 | 218 |
| Lease Liabilities | | | | | | | | | |
| Total Financial Liabilities | 2,463 | 784 | 61 | 65 | 35 | | | 3,408 | 3,408 |
| 2013 | | | | | | | | | |
| Bank Overdraft | - | - | - | - | - | - | - | - | - |
| Trade/Other Payables | 2,410 | 633 | - | - | - | - | - | 3,043 | 3,043 |
| Loans & Advances | - | 52 | 57 | 61 | 65 | 35 | - | 270 | 270 |
| Lease Liabilities | | | | | | | | | |
| Total Financial Liabilities | 2,410 | 685 | 57 | 61 | 65 | 35 | | 3,313 | 3,313 |

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

| The following interest rates were applicable | 20 | 14 | 20 | 13 |
|--|----------|---------------|----------|---------------|
| to Council's Borrowings at balance date: | Carrying | Average | Carrying | Average |
| | Value | Interest Rate | Value | Interest Rate |
| Bank Overdraft | - | | - | |
| Trade/Other Payables | 3,190 | | 3,043 | |
| Loans & Advances - Fixed Interest Rate | 218 | 7.3% | 270 | 6.2% |
| Loans & Advances - Variable Interest Rate | | | | |
| Lease Liabilities | | | | |
| | 3,408 | | 3,313 | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 22 July 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual:

Material Variations represent those variances that amount to 10% or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

| | 2014 | 2014 | _ | 014 | |
|--|-------------------------|-------------------|---------------|--------------|----|
| \$ '000 | Budget | Actual | Var | iance* | |
| REVENUES | | | | | |
| User Charges & Fees | 812 | 1,023 | 211 | 26% | F |
| The components of this variance are increase in | Waste charge \$145F, F | Restoration work | from Ausgrid | \$58F | |
| and Development Notification \$7F | | | | | |
| Operating Grants & Contributions | 898 | 660 | (238) | (27%) | U |
| Half of the Financial Assist Grant for 2013/2014 v | vas received in the 201 | 2/2013 year \$22 | 25. | | |
| Capital Grants & Contributions | 331 | 903 | 572 | 173% | F |
| Developer contributions were greater than estima | ated by \$66F. Previous | Grant Project re | ceived for Ma | rgaret Stre | et |
| Car Park \$433F, Riverglade to River Bike \$76F a | nd new funding receive | ed for Huntleys F | Point Road Ca | ar Park \$11 | F. |
| Net Gains from Disposal of Assets | 20 | 23 | 3 | 15% | F |
| Sale of Plant at auction achieved higher results the | nan budgeted for \$3F | | | | |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

| \$ '000 | 2014 Budget | 2014 Actual | 2 Var | 014 iance* | |
|---|----------------|----------------|----------|---------------|-----|
| EXPENSES | Dadgot | 7101001 | | | |
| Materials & Contracts | 3,827 | 4,751 | (924) | (24%) | U |
| Increase in Contractors used to carry out res vacancies until skilled replacements could be | | | | | st. |

Increase in Contractors used to carry out restoration works \$259U. Similarly contractors were used to fill staff vacancies until skilled replacements could be found \$206U, this was offset in part by a reduction in employee cost. Other variations were tipping costs \$207U, Bin Replacement \$40U, Art Exhibition Event \$23U, Harbour Sculpture \$54U, Operational grants projects \$106U, Park & Reserve top soil and drainage work \$24U and Street Trees \$11U

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

| | 2014 | 2014 | 2014 |
|---------|--------|--------|-----------|
| \$ '000 | Budget | Actual | Variance* |

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Investing Activities

(2,334)

(1.943)

391

(16.8%)

F

This favourable variance were the previous year grant project received for Margaret Street Car Park \$433F and Riverglade to River Bike \$76F

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

| SUMMARY OF CONTRIBUTIONS & LE | VIES | | | | | | | | Projections | | Cumulative |
|----------------------------------|---------|-------------|---------------|----------|-------------|-----------|------------|--------|-------------|---------|---------------|
| | | Contril | outions | Interest | Expenditure | Internal | Held as | | Exp | Over or | Internal |
| PURPOSE | Opening | received du | ring the Year | earned | during | Borrowing | Restricted | Future | still | (under) | Borrowings |
| | Balance | Cash | Non Cash | in Year | Year | (to)/from | Asset | income | outstanding | Funding | due/(payable) |
| Drainage | - | - | - | - | - | - | - | - | - | - | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | - | - | - | - | - | - | - | - | - | - | _ |
| Parking | - | - | - | - | - | - | - | - | - | - | _ |
| Open Space | - | - | - | - | - | - | - | - | - | - | - |
| Community Facilities | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| S94 Contributions - under a Plan | - | - | - | - | - | - | - | - | - | - | - |
| S94A Levies - under a Plan | 1,159 | 366 | - | 46 | (216) | - | 1,355 | | | | - |
| Total S94 Revenue Under Plans | 1,159 | 366 | - | 46 | (216) | - | 1,355 | | | | |
| S94 not under Plans | _ | _ | - | - | _ | _ | _ | _ | _ | _ | _ |
| S93F Planning Agreements | - | | | | | | - | | | | |
| S64 Contributions | - | | | | | | _ | | | | |
| Total Contributions | 1,159 | 366 | - | 46 | (216) | - | 1,355 | - | - | - | - |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 27 NOVEMBER 2013

| CONTRIBUTION PLAN NUMBER 27 NO | CONTRIBUTION PLAN NUMBER 27 NOVEMBER 2013 | | | | | | | | Projections | | |
|--------------------------------|---|-------------|---------------|----------|-------------|-----------|------------|--------|-------------|---------|---------------|
| | | Contrib | outions | Interest | Expenditure | Internal | Held as | | Exp | Over or | Internal |
| PURPOSE | Opening | received du | ring the Year | earned | during | Borrowing | Restricted | Future | still | (under) | Borrowings |
| | Balance | Cash | Non Cash | in Year | Year | (to)/from | Asset | income | outstanding | Funding | due/(payable) |
| Drainage | - | | | | | | - | | | | |
| Roads | - | | | | | | - | | | | |
| Traffic Facilities | - | | | | | | - | | | | |
| Parking | - | | | | | | - | | | | |
| Open Space | - | | | | | | - | | | | |
| Community Facilities | - | | | | | | - | | | | |
| Other | 1,159 | 366 | | 46 | (216) | | 1,355 | | | | |
| Total | 1,159 | 366 | - | 46 | (216) | - | 1,355 | | | | - |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans

(ii) MetroPool

The Council is a member of an insurance group named MetroPool which provides public liability and professional indemnity coverage for the local government areas.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

2. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000 Notes | Actual 2014 | Actual 2013 |
|--|----------------|-------------|
| (a) Retained Earnings | | |
| Movements in Retained Earnings were as follows: | | |
| Balance at beginning of Year (from previous years audited accounts) | 269,279 | 268,781 |
| a. Correction of Prior Period Errors 20 (c) | - | 802 |
| b. Changes in Accounting Policies (prior period effects) 20 (d) | - | - |
| c. Other Comprehensive Income (excl. direct to Reserves transactions) | - | - |
| d. Net Operating Result for the Year | 380 | (304) |
| e. Distributions to/(Contributions from) Non-controlling Interests | - | - |
| f. Transfers between Equity | - | - 000 070 |
| Balance at End of the Reporting Period | 269,659 | 269,279 |
| (b) Reserves | | |
| (i) Reserves are represented by: | | |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | 279,020 | 219,771 |
| - "Available for Sale" Financial Investments Revaluation Reserve | | |
| - Other Reserves (Specify) | - | _ |
| Total | 279,020 | 219,771 |
| (ii) Reconciliation of movements in Reserves: | | |
| | | |
| Infrastructure, Property, Plant & Equipment Revaluation Reserve | | |
| - Opening Balance | 219,771 | 213,441 |
| - Revaluations for the year 9(a) | 59,249 | 6,330 |
| - (Impairment of revalued assets) / Impairment reversals 9(a),(c) | - | - |
| Transfer to Retained Earnings for Asset disposals Correction of Prior Period Errors | | - |
| - Correction of Prior Period Errors 20(c) - Other movements (disclose here) | | - |
| - Other movements (disclose here) - Balance at End of Year | 279,020 | 219,771 |
| - Dalance at Eliu VI Teal | 213,020 | 213,771 |
| TOTAL VALUE OF RESERVES | 279,020 | 219,771 |

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

 The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

| | | Actual | Actual |
|---|-------|--------|--------|
| \$ '000 | Notes | 2014 | 2013 |
| (c) Correction of Error/s relating to a Previous Reporting Period | | | |
| Road (increase)/decrease to accumulated depreciation | | | 802 |
| This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/12. | | | |
| In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively. | | | |
| These amounted to the following Equity Adjustments: | | | |
| - Adjustments to Opening Equity - 1/7/12 | | | 802 |
| (relating to adjustments for the 30/6/12 reporting year end and prior periods) Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end) | | | - |
| Total Prior Period Adjustments - Prior Period Errors | | | 802 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

| | Actual | Actual |
|---------|-------------------|--------|
| \$ '000 | Notes 2014 | 2013 |

(d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Note 21. Financial Result & Financial Position by Fund

Council does not have any Water or Sewer Funds

Note 22. "Held for Sale" Non Current Assets & Disposal Groups (continued)

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council does not have any liabilites relating "Reinstatement, Rehabilitation & Restoration"

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

| | | Fair Value Measurement Hierarchy | | | |
|---|------------|----------------------------------|-------------|--------------|---------|
| 2014 | | Level 1 | Level 2 | Level 3 | Total |
| | Date | Quoted | Significant | Significant | |
| Recurring Fair Value Measurements | of latest | prices in | observable | unobservable | |
| | Valuation | active mkts | inputs | inputs | |
| Infrastructure, Property, Plant & Equipment | | | | | |
| Plant & Equipment | 30/06/2014 | | | 579 | 579 |
| Office Equipment | 30/06/2014 | | | 150 | 150 |
| Furniture & Fittings | 30/06/2014 | | | 137 | 137 |
| Operational Land | 30/06/2014 | | | 23,993 | 23,993 |
| Community Land | 30/06/2014 | | | 421,213 | 421,213 |
| Buildings - Non Specialised | 30/06/2014 | | | 5,497 | 5,497 |
| Buildings - Specialised | 30/06/2014 | | | 12,002 | 12,002 |
| Other Structure | 30/06/2014 | | | 5,725 | 5,725 |
| Roads | 30/06/2014 | | | 43,237 | 43,237 |
| Footpaths | 30/06/2014 | | | 8,408 | 8,408 |
| Kerb & Guttering | 30/06/2014 | | | 12,629 | 12,629 |
| Stormwater Drainage | 30/06/2014 | | | 7,512 | 7,512 |
| Other Infrastructure | 30/06/2014 | | | 1,125 | 1,125 |
| Capital Work in Progress | 30/06/2014 | | | | |
| Total Infrastructure, Property, Plant & Equipme | | | - | 542,207 | 542,207 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Land

This asset class comprises all of Councils land classified as Operation al Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation was undertaken at 1 July 2013 and was performed by APV Valuers and Asset Management.

Where there is directly comparable market evidence, Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

Land assets that have no comparable observable market evidence were subsequently valued at the Level 3 valuation input hierarchy using the professional judgement of a Registered Valuer adjusted for price per square meter of sales sites not in close proximity which provided only a low level of comparability.

Plant, Office Equipment, Furniture & Fittings

Council's Plant, Office Equipment and Furniture & Fittings include:

- Plant: Truck, tractors, mowers
- Fleet: Cars, Utes
- Office Equipment: Computer hardware/software, document management
- Furniture & Fittings: Desks, chairs, window coverings

Plant, Office Equipment, Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. Level 3 unobservable inputs include consumption pattern, useful life, residual value and asset condition.

Buildings and Other Structures

Buildings were valued by APV Valuers and Asset Management in July 2013. Residential properties were valued on Level 3 valuation inputs using comparable properties after adjusting for differences in attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Specialised buildings were valued using the cost approach by estimating the replacement cost for each building by its components and subsequent useful lives. Level 3 valuation inputs required Professional Judgement to estimate unobservable inputs such as residual value, useful life, consumption patterns, asset condition and remaining service potential.

Road Network Infrastructure

This asset class comprises of Road, Kerb and Channel, Structure, Car Park, Bridge, Footpath, Traffic Signs, Stormwater Drain, Stormwater Pit and were valued using Level 3 valuation inputs using the cost approach. This approach estimates the replacement cost for each asset into component level with differing useful lives.

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

While the unit rates based on square metres or similar capacity could be supported from market evidence (Level 2), other inputs such as estimated residual life, useful life, consumption patterns and asset condition required professional judgement and impacted significantly on the determination of fair value. These assets were valued using Level 3 valuation inputs.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

| | Operational Land | Community Land | Buildings Non- Specialised | Buildings Specialised | Total |
|---|-------------------------|----------------------------|----------------------------------|----------------------------|-----------------------------|
| Opening Balance - 1/7/12 | 22,226 | 399,081 | 4,990 | 5,007 | 431,304 |
| Transfers from/(to) another asset class Transfers from/(to) Level 2 | 44 - | (44) - | - | (2,137) | (2,137) |
| Purchases (GBV) Depreciation FV Gains - Other Comprehensive Income | - - 1,208 | - - - | (329) 2,331 | 897 (372) 2,791 | 897 (701) 6,330 |
| Closing Balance - 30/6/13 | 23,478 | 399,037 | 6,992 | 6,186 | 435,693 |
| Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation & Impairment FV Gains - Other Comprehensive Income | - - - - 515 | - - - - 22,176 | 9 - (113) (1,391) | 145 - (203) 5,874 | 154 - (316) 27,174 |
| Closing Balance - 30/6/14 | 23,993 | 421,213 | 5,497 | 12,002 | 462,705 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

| | Other Structure | Road | Footpath | Kerb & Guttering | |
|---|----------------------------|-------------------------------|----------------------------|--------------------------|---------------------------------|
| | | | | | Total |
| Opening Balance - 1/7/12 | 983 | 27,109 | 4,286 | 7,356 | 39,734 |
| Transfers from/(to) another asset class Purchases (GBV) | 2,137 21 | - 408 | - 15 | - - | 2,137 444 |
| Depreciation FV Gains - Other Comprehensive Income Other movement (details here) | (86) - - | (631) - - | (131) - - | (90) - - | (938) - - |
| Closing Balance - 30/6/13 | 3,055 | 26,886 | 4,170 | 7,266 | 41,377 |
| Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation & Impairment FV Gains - Other Comprehensive Income | 126 - (139) 2,683 | 1,070 - (763) 16,044 | 280 - (308) 4,266 | 98 - (32) 5,297 | 1,574 - (1,242) 28,290 |
| Closing Balance - 30/6/14 | 5,725 | 43,237 | 8,408 | 12,629 | 69,999 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

| | Drains Class | Other Structure | |
|---|-----------------|--------------------|---------------------|
| | Here | | Total |
| Opening Balance - 1/7/12 | 3,514 | 1,359 | 4,873 |
| Transfers from/(to) another asset class Purchases (GBV) | - 283 | - | - 283 |
| Depreciation Other movement (details here) | (146) | (56) | (202) |
| FV Gains - Other Comprehensive Income | 3,651 | 1,303 | 4,954 |
| Closing Balance - 30/6/13 | 3,651 | 1,303 | 4,554 |
| Transfers from/(to) another asset class Purchases (GBV) | - | - | - |
| Disposals (WDV) Depreciation & Impairment FV Gains - Other Comprehensive Income | (77) 3,938 | (25) (153) | - (102) 3,785 |
| Closing Balance - 30/6/14 | 7,512 | 1,125 | 8,637 |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(4). Fair value measurements using significant unobservable inputs (Level 3)

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

| Class | Fair Value (30/6/14) \$'000 | Valuation Technique | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|------------------------------------|-----------------------------------|------------------------|---|--|--|
| Plant | \$579 | Cost approach | Gross Replacement Cost Remaining Useful Life Residual Value | Varies significantly from asset to asset 5 - 15 years 0% - 20% | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and conditions will increase or decrease the fair value of the Plant |
| Office Equipment | \$150 | Cost approach | Gross Replacement Cost Remaining Useful Life Residual Value | Varies significantly from asset to asset 5 - 10 years 0% | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Office Equipment. |
| Furniture & Fittings | \$137 | Cost approach | Gross Replacement Cost Remaining Useful Life Residual Value | Varies significantly from asset to asset 5 - 10 years | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Furniture & Fittings. |
| Operational Land | \$23,993 | Cost approach | Price per square metre | \$109 - \$4796 | The rate per square metre changes will increase or decrease the fair value of the Land |
| Community Land | \$421,213 | Cost approach | Price per square metre | \$109 - \$4796 | The rate per square metre changes will increase or decrease the fair value of the Land |
| Buildings - Non- specialised | \$5,497 | Cost approach | Gross Replacement Cost Remaining Useful Life Residual Value | Varies significantly from asset to asset 20 – 100 years | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Buildings. |
| Buildings – Specialised | \$12,002 | Cost approach | Gross Replacement Cost Remaining Useful Life Residual Value | Varies significantly from asset to asset 20 – 100 years 0% – 70% | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Buildings. |
| Other Structures | \$5,725 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value Consumption | Varies significantly from asset to asset Adequate to very high 1.5 - 50 years 0% - 50% High | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Other Structures. |
| Roads | \$43,237 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value Consumption | Varies significantly from asset to asset Adequate to very high 20 - 100 years 0% - 40% High | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Roads. |
| Footpaths | \$8,408 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value | Varies significantly from asset to asset Adequate to very high 15 – 27 years 0% - 40% | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Footpaths. |

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

| | | | Consumption | Low | |
|-------------------------|----------|---------------|---|---|--|
| Kerb & Gutter | \$12,629 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value Consumption | Varies significantly from asset to asset Adequate to very high 7 - 100 years 0% - 40% High | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Kerb & Gutter. |
| Stormwater Drain | \$7,512 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value Consumption | Varies significantly from asset to asset Adequate to high 40.5 years 0% - 40% Moderate | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Stormwater Drain. |
| Other Infrastructure | \$1,125 | Cost approach | Gross Replacement Cost Asset Condition Remaining Useful Life Residual Value Consumption | Varies significantly from asset to asset Adequate to very high 26 - 70 years 0% - 40% High | Significant changes in the gross replacement cost, asset condition or remaining useful life or residual value, and condition will increase or decrease the fair value of Other Infrastructure. |

d. The Valuation Process for Level 3 Fair Value Measurements

The council engaged external, independent and qualified valuers to determine the fair value of the infrastructure assets on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 3 fair values are analysed at the end of each reporting period and discussed between the valuation team and Council.

As at 1 July 2013 a comprehensive revaluation was undertaken for all asset classes subject to revaluation by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows -

Asset Condition

Due a large road network infrastructure, it is not physically possible to inspect every asset for the purposes of completing a valuation. Therefore, reliance is placed on the accuracy of data held in the asset management system and its associated internal controls.

To provide assurance over the accuracy of this information, the valuation relies upon a sampling approach of 14% of the data held in the asset management system by the valuer.

Cost for land restricted in use (non-saleable) estimates the cost to replace existing land if Council had to acquire it on the open market in competition with other market participants. Due to the restricted nature and unique characteristics of this land there was insufficient market evidence of directly comparable sales. Reference was made to sales of land with a limited level of comparability at distant locations and adjusted by the valuer using professional judgement to take account of the differing characteristics.

Relationship between asset consumption rating scale and the level of consumed service potential Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. An asset consumption rating scale is determined for each asset type

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

based on the inter-relationship between a range of factors such as asset condition, obsolescence, residual value, useful life and consumption patterns.

The consumption rating scales are based on past experience of the valuers, industry guides and Council engineers and finance staff.

(5). Highest and best use

All of Council's non-financial assets are considered to being utilised for their highest and best use.



HUNTERS HILL COUNCIL GENERAL PURPOSE FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of Hunters Hill Council, which comprises the Statement of Financial Position as at 30 June 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

Hill Rogers Spencer Steer

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our 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 financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER

BRETT HANGER

Partner

Dated at Sydney this 21st day of October 2014



21 October 2014

The Mayor
Hunters Hill Council
PO Box 21
HUNTERS HILL NSW 2110

Mayor,

Audit Report - Year Ended 30 June 2014

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2014 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

RESULTS FOR THE YEAR

I.I Operating Result

The operating result for the year was a surplus of \$380,000 as compared with a deficit of \$304,000 in the previous year.

Assurance Partners

Hill Rogers Spencer Steer

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

| | 2014 | %of Total | 2013 | %of | Increase (Decrease) |
|---|--------|----------------|---------|-------------|------------------------|
| Revenues before capital items | \$000 | 1044 | \$000 | TOTAL V | \$000 |
| Rates & annual charges | 10,127 | 76% | 9,545 | 76% | 582 |
| User charges, fees & other revenues | 2,161 | 16% | 1,816 | 14% | 345 |
| Grants & contributions provided for operating purposes | 660 | 5% | 807 | 6% | (147) |
| Interest & investment revenue | 363 | 3% | 445 | 4% | (82) |
| | 13,311 | 100% | 12,613 | 100% | 698 |
| Expenses | | | | | |
| Employee benefits & costs | 5,024 | 36% | 4,919 | 36% | 105 |
| Materials, contracts & other expenses | 6,818 | 49% | 6,590 | 48 % | 228 |
| Depreciation, amortisation & impairment | 1,974 | 14% | 2,196 | 16% | (222) |
| Borrowing costs | 18 | 0% | 35 | 0% | (17) |
| - | 13,834 | 100% | 13,740 | 100% | 94 |
| Surplus (Deficit) before capital items | (523) | | (1,127) | | 604 |
| Grants & contributions provided for capital purposes | 903 | | 823 | | 80 |
| Net Surplus (Deficit) for the year | 380 | | (304) | | 684 |
| Performance Measures | | 2014 | | 2013 | |
| Operating Performance | | -4.11% | | -8.98% | |
| Own Source Operating Revenue | 8 | 38.99 % | 8 | 37.86% | |

The above table shows an overall increase of \$684,000 from the previous year. The improved result can be mainly attributed to increased revenue from rates and restoration charges and reduced depreciation charges.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2014, this indicator was -4.11% and was below the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2014, this indicator was 88.99% and exceeded the benchmark of 60%.



1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

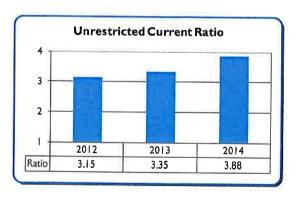
| | 2014 | 2013 |
|---|---------|----------------|
| Funds were provided by:- | \$000 | \$000 |
| Operating Result (as above) | 380 | (304) |
| Add back non funding items:- | | (7 |
| - Depreciation, arrortisation & impairment | 1,974 | 2,196 |
| - Book value of non-current assets sold | 43 | 88 |
| | 2,397 | 1,980 |
| Transfers frominternal reserves (net) | 53 | 0 |
| Net Changes in current/non-current assets & liabilities | 142 | 4 3 |
| | 2,592 | 2,023 |
| Funds were applied ta- | | - |
| Purchase and construction of assets | (2,091) | (1,519) |
| Principal repaid on loans | (52) | (399) |
| Transfers to externally restricted assets (net) | (243) | (29) |
| Transfers to internal reserves (net) | Ò | (2) |
| | (2,386) | (1,949) |
| Increase/(Decrease) in Available Working Capital | 206 | 74 |

2. FINANCIAL POSITION

2. I Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$5.713 million representing a factor of 3.88 to 1.





2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$2.625 million as detailed below;

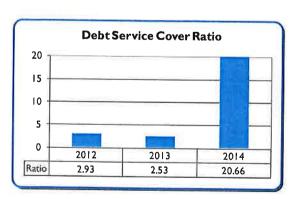
| | 2014 | 2013 | Change |
|---|---------|---------|--------|
| | \$000 | \$000 | \$000 |
| Net Current Assets (Working Capital) as | i | | |
| per Accounts | 5,866 | 5,647 | 219 |
| Add Payables & provisions not expected to | | • | |
| be realised in the next 12 months included | | | |
| above | 3,163 | 2,924 | 239 |
| Adjusted Net Current Assets | 9,029 | 8,571 | 458 |
| Add: Budgeted & expected to pay in the next | | | |
| 12 months | | | |
| - Borrowings | 57 | 53 | 4 |
| Employees leave entitlements | 779 | 785 | (6) |
| Deposits & retention moneys | 244 | 304 | (60) |
| Less: Externally restricted assets | (3,316) | (3,073) | (243) |
| Less: Internally restricted assets | (4,168) | (4,221) | 53 |
| Available Working Capital as at 30 June | 2,625 | 2,419 | 206 |

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

2.3 Debt

After repaying principal and interest of \$70,000 total debt as at 30 June 2014 stood at \$218,000 (2013 - \$270,000).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2014, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 20.66 to 1.



2.4 Summary

Council's overall financial position, when taking into account the above financial indicators was, in our opinion, sound.

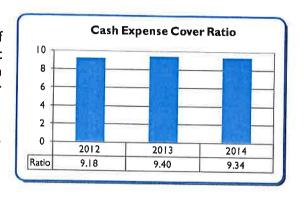


3. CASH ASSETS

3. I Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be meet with available cash and term deposit balances without the need for additional cash inflow.

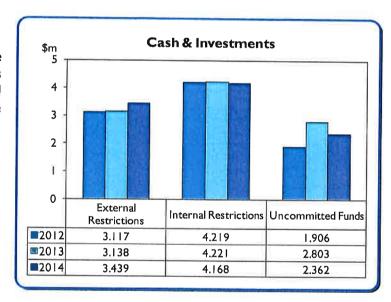
For 2014, this ratio stood at 9.34 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments held at the close of the year amounted to \$9.969 million as compared with \$10.162 million and \$9.242 million at the close of financial years 2013 and 2012 respectively.

The chart alongside summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$85,000), unexpended development contributions under Section 94 (\$1.355 million), unexpended grants and contributions (\$90,000), domestic waste management charges (\$405,000) and special rate levies (\$1.504 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". These Reserves totalled \$4.168 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.362 million, which is available to provide liquidity for day to day operations.



3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$193,000 to \$9.969 million at the close of the year.

In addition to operating activities which contributed net cash of \$1.802 million were the proceeds from the sale of assets (\$66,000). Cash outflows other than operating activities were used to repay loans (\$52,000) and to purchase and construct assets (\$2.009 million).

4. RECEIVABLES

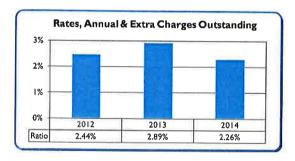
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$10.127 million and represented 71% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$10.376 million of which \$10.169 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$236,000 at the end of the year and represented 2.26% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$902,000 and mainly consisted of user charges and fees (\$289,000) and amounts due from other levels of government (\$553,000).

5. PAYABLES

5. I Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$1.744 million. A cash reserve of \$557,000 was held at year end representing 32% of this liability and was, in our opinion, adequate to enable Council to meet unbudgeted and unanticipated retirements.

5.2 Deposits, Retentions & Bonds

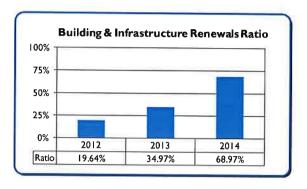
Deposits, retentions and bonds held at year end amounted to \$2.463 million and were fully funded by cash and investments held in reserves.



6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2014 represented 69% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

Council revalued its land, buildings and infrastructure assets during the year. This resulted in an overall increase in the value of these assets of \$59.249 million, which has been credited directly to equity.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 2 July 2014 and this included our recommendations on possible ways to strengthen and/or improve procedures.

9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

HILL ROGERS SPENCER STEER

BRETT HANGER

Partner

SPECIAL SCHEDULES for the year ended 30 June 2014

"A sense of history, A sense of community, A place to belong, A sustainable future"



Special Schedules

for the financial year ended 30 June 2014

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| - Special Schedule No. 7 | Report on Infrastructure Assets (as at 30 June 2014) | 5-7 |
| - Special Schedule No. 8 | Financial Projections | 8 |
| - Special Schedule No. 9 | Permissible Income Calculation | 9 |

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
 - the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
 - the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2014

\$'000

| Function or Activity | Expenses from Continuing | | e from operations | Net Cost of Services |
|---|--------------------------|-------------|----------------------|-------------------------|
| | Operations | Non Capital | Capital | or dervices |
| Governance | 1,452 | _ | - | (1,452) |
| Administration | 2,720 | 141 | - | (2,579) |
| Public Order and Safety | | | | |
| Fire Service Levy, Fire Protection, | | | | |
| Emergency Services | 428 | 26 | - | (402) |
| Enforcement of Local Govt. Regulations | - | - | - | - |
| Animal Control | 243 | 4 | - | (239) |
| Other | - | - | - | - |
| Total Public Order & Safety | 671 | 30 | - | (641) |
| Health | 96 | 55 | - | (41) |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | 11 | - | _ | (11) |
| Other Environmental Protection | 1 | 4 | _ | 3 |
| Solid Waste Management | 2,031 | 2,396 | _ | 365 |
| Street Cleaning | 389 | 1 | - | (388) |
| Drainage | 251 | 193 | - | (58) |
| Stormwater Management | - | - | - | - |
| Total Environment | 2,683 | 2,594 | - | (89) |
| | | | | |
| Community Services and Education | | | | (000) |
| Administration & Education | 313 | 30 | - | (283) |
| Social Protection (Welfare) | 1 | - 407 | - | (1) |
| Aged Persons and Disabled Children's Services | 244 48 | 137 41 | - | (107) |
| Total Community Services & Education | 606 | 208 | - | (7) (398) |
| Total Community Services & Education | 000 | 200 | - | (390) |
| Housing and Community Amenities | | | | |
| Public Conveniences | - | - | - | - |
| Street Lighting | 255 | 34 | - | (221) |
| Town Planning | 874 | 282 | - | (592) |
| Other Community Amenities | 13 | 131 | - | 118 |
| Total Housing and Community Amenities | 1,142 | 447 | - | (695) |

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2014

\$'000

| \$'000 Function or Activity | Expenses from Continuing | | e from operations | Net Cost |
|--|--------------------------|-------------|----------------------|-------------------|
| | Operations | Non Capital | Capital | of Services |
| | | | | |
| Recreation and Culture | | | | |
| Public Libraries | 579 | 46 | - | (533) |
| Museums | - 100 | - | - | - (57) |
| Art Galleries | 122 | 65 | - | (57) 95 |
| Community Centres and Halls Performing Arts Venues | 259 | 354 | _ | 95 |
| Other Cultural Services | 128 | 78 | _ | (50) |
| Sporting Grounds and Venues | 105 | 34 | _ | (71) |
| Swimming Pools | 32 | - | _ | (32) |
| Parks & Gardens (Lakes) | 944 | 171 | 367 | (406) |
| Other Sport and Recreation | 69 | 55 | - | (14) |
| Total Recreation and Culture | 2,238 | 803 | 367 | (1,068) |
| Fuel & Energy | - | - | _ | _ |
| Agriculture | - | - | _ | - |
| Mining, Manufacturing and Construction | | | | |
| Building Control | 106 | 41 | - | (65) |
| Other Mining, Manufacturing & Construction | - | - | - | - |
| Total Mining, Manufacturing and Const. | 106 | 41 | - | (65) |
| Transport and Communication | | | | |
| Urban Roads (UR) - Local | 1,457 | 897 | 91 | (469) |
| 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 | 53 | 231 | 11 | 189 |
| Footpaths | 521 | 226 | - | (295) |
| Other Transport & Communication | 80 | 135 | 434 | `489 [°] |
| Total Transport and Communication | 2,111 | 1,489 | 536 | (86) |
| Economic Affairs | | | | |
| Camping Areas & Caravan Parks | _ | _ | _ | _ |
| Other Economic Affairs | 9 | 1 | _ | (8) |
| Total Economic Affairs | 9 | 1 | - | (8) |
| Totals – Functions | 13,834 | 5,809 | 903 | (7,122) |
| General Purpose Revenues (2) | | 7,502 | | 7,502 |
| Share of interests - joint ventures & | | ŕ | | ĺ |
| associates using the equity method | - | - | | - |
| NET OPERATING RESULT (1) | 13,834 | 13,311 | 903 | 380 |

⁽¹⁾ As reported in the Income Statement

⁽²⁾ Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2014

\$'000

| | | Principal outstanding at beginning of the year | | adding the year | | Transfers to Sinking | Interest | Principal outstanding at the end of the year | | | |
|-------------------------|---------|--|-------|--------------------|-----------------|-------------------------|----------|--|---------|----------------|-------|
| Classification of Debt | Current | Non Current | Total | during the year | From Revenue | Sinking Funds | Funds | for Year | Current | Non Current | Total |
| Loans (by Source) | | | | | | | | | | | |
| Commonwealth Government | | | | | | | | | | | |
| Treasury Corporation | _ | | _ | | | | | | | _ | _ |
| Other State Government | | _ | _ | | | | | | | _ | _ |
| Public Subscription | _ | _ | _ | | | | | | | _ | _ |
| Financial Institutions | 53 | 217 | 270 | | 52 | | | 18 | 57 | 161 | 218 |
| Other | _ | | | | | | | | | - | |
| Total Loans | 53 | 217 | 270 | - | 52 | - | - | 18 | 57 | 161 | 218 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | _ | _ | _ | | | | | | | _ | _ |
| Government Advances | _ | _ | _ | | | | | | | _ | _ |
| Finance Leases | _ | _ | _ | | | | | | | _ | _ |
| Deferred Payments | _ | - | - | | | | | | | _ | - |
| Total Long Term Debt | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 53 | 217 | 270 | | 52 | _ | - | 18 | 57 | 161 | 218 |

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the face value of debt obligations, rather than fair value (which are reported in the GPFS).

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

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Actual ⁽³⁾ Maintenance 2013/14 | Written Down Value (WDV) ⁽⁴⁾ | 1 | Assets in Co | ndition as a % | of WDV ^{(4), (5)} | 5 |
|------------------|------------------------|---|--|---|---|-------|--------------|----------------|----------------------------|------|
| Asset Class | Asset Category | | | | | | | | | |
| | Council Offices / | | | | | | | | | |
| Buildings | Administration Centres | - | 109 | 79 | 3,626 | | 80% | 20% | | 0% |
| | Council Works Depot | 250 | 41 | 83 | 702 | | | 80% | 20% | 0% |
| | Council Public Halls | 300 | 240 | 224 | 5,089 | | | 80% | 20% | 0% |
| | Other Buildings | 200 | 253 | 258 | 8,082 | | 20% | 60% | 20% | 0% |
| | Specialised Buildings | | | | | | | | | |
| | Other | | | | - | | | | | |
| | sub total | 750 | 643 | 644 | 17,499 | 0.0% | 25.8% | 58.3% | 15.9% | 0.0% |
| Other Structures | Other Structures | 250 | 51 | 27 | 5,725 | | | 60% | 40% | 0% |
| | sub total | 250 | 51 | 27 | 5,725 | 0.0% | 0.0% | 60.0% | 40.0% | 0.0% |
| Roads | Sealed Roads Surface | 2,000 | 449 | 663 | 43,237 | 10% | 20% | 60% | 10% | 0% |
| | Sealed Roads Structure | , | | | , | | | | | |
| | Unsealed Roads | | | | | | | | | |
| | Bridges | | | | | | | | | |
| | Footpaths | 700 | 135 | 182 | 8,408 | 18% | 30% | 45% | 5% | 2% |
| | Cycle ways | | | | | | | | | |
| | Kerb and Gutter | 600 | 4 | 6 | 12,629 | 15% | 35% | 40% | 7% | 3% |
| | Other Road Assets | 500 | 3 | 5 | 1,125 | 10% | 20% | 50% | 10% | 10% |
| | Other | | | | | | | | | |
| | sub total | 3,800 | 591 | 856 | 65,399 | 12.0% | 24.2% | 54.0% | 8.8% | 1.0% |

Special Schedule No. 7 - Condition of Public Works (continued) as at 30 June 2014

\$'000

| Asset Class | | Estimated cost to bring up to a satisfactory | Required ⁽²⁾ Annual | Actual ⁽³⁾ Maintenance 2013/14 | e Down Value | | | | | | |
|-------------|-------------------------|--|--------------------------------|---|--------------|------|-------|-------|-------|------|--|
| | Asset Category | standard ⁽¹⁾ | Maintenance | | | 1 | 2 | 3 | 4 | 5 | |
| Stormwater | Retarding Basins | | | | | | | | | | |
| Drainage | Outfalls | | | | | | | | | | |
| | Stormwater Conduits | 2,000 | 156 | 121 | 5,387 | 5% | 10% | 70% | 12% | 3% | |
| | Inlet and Junction Pits | 1,000 | 62 | 48 | 2,125 | 15% | 20% | 50% | 12% | 3% | |
| | Head Walls | | | | | | | | | | |
| | Outfall Structures | | | | | | | | | | |
| | sub total | 3,000 | 218 | 169 | 7,512 | 7.8% | 12.8% | 64.3% | 12.0% | 3.0% | |
| | TOTAL - ALL ASSETS | 7,800 | 1,503 | 1,696 | 96,135 | 8.8% | 22.2% | 56.0% | 12.2% | 0.9% | |

Notes:

- Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate". The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard. This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- Actual Maintenance is what has been spent in the current year to maintain the assets. Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- Infrastructure Asset Condition Assessment "Key"

| 1 | Excellent | No work required (normal maintenance) |
|---|-----------|---------------------------------------|
| 2 | Good | Only minor maintenance work required |
| 3 | Average | Maintenance work required |
| 4 | Poor | Renewal required |

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014

| | Amounts | Indicator | Prior Periods | | |
|---|-----------------|-----------|---------------|--------|--|
| \$ '000 | 2014 | 2014 | 2013 | 2012 | |
| Infrastructure Asset Performance Indicate Consolidated | ors | | | | |
| 1. Building and Infrastructure Renewals Ratio Asset Renewals (Building and Infrastructure) (1) Depreciation, Amortisation & Impairment | 1,049 1,521 | 68.97% | 34.97% | 19.64% | |
| 2. Infrastructure Backlog Ratio Estimated Cost to bring Assets to a Satisfactory Condition Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets | 7,800 96,135 | 0.08 | 0.10 | 0.07 | |
| 3. Asset Maintenance Ratio Actual Asset Maintenance Required Asset Maintenance | 1,696 1,503 | 1.13 | 1.08 | 0.92 | |
| 4. Capital Expenditure Ratio Annual Capital Expenditure Annual Depreciation | 2,048 1,974 | 1.04 | 0.65 | 0.77 | |

Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value

Special Schedule No. 8 - Financial Projections as at 30 June 2014

| | Actual ⁽¹⁾ | Forecast ⁽³⁾ |
|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$'000 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
| (i) OPERATING BUDGET | | | | | | | | | | | |
| Income from continuing operations | 14,214 | 14,033 | 14,369 | 14,962 | 15,378 | 15,682 | 16,105 | 16,640 | 17,072 | 17,583 | 18,011 |
| Expenses from continuing operations | 13,834 | 14,473 | 14,774 | 15,188 | 15,540 | 15,952 | 16,544 | 17,135 | 17,473 | 18,024 | 18,452 |
| Operating Result from Continuing Operations | 380 | (440) | (405) | (226) | (162) | (270) | (439) | (495) | (401) | (441) | (441) |
| | | | | | | | | | | | |
| (ii) CAPITAL BUDGET | | | | | | | | | | | |
| New Capital Works (2) | 793 | 203 | 110 | - | - | 30 | - | - | - | 3 | - |
| Replacement/Refurbishment of Existing Assets | 1,392 | 2,775 | 1,688 | 2,112 | 2,485 | 1,869 | 1,707 | 1,628 | 1,803 | 1,644 | 1,976 |
| Total Capital Budget | 2,185 | 2,978 | 1,798 | 2,112 | 2,485 | 1,899 | 1,707 | 1,628 | 1,803 | 1,647 | 1,976 |
| Fundad hu | | | | | | | | | | | |
| Funded by: | 24 | | | | | | | | | | |
| - Loans | 24 67 | - 77 | 100 | - 47 | - 167 | - 26 | 110 | 66 | 150 | - 66 | 100 |
| – Asset sales | 07 | 11 | 122 | 47 | 107 | 36 | 148 | 00 | 152 | 66 | 180 |
| - Reserves | - | - 024 | - | - | - | - E46 | 110 | 400 | 105 | 404 | 104 |
| - Grants/Contributions | 653 | 934 | 368 | 266 | 634 | 546 | 119 | 122 | 125 | 131 | 134 |
| - Recurrent revenue | 293 | 334 | 235 | 389 | 473 | 115 | 225 | 215 | 229 | 227 | 432 |
| - Other | 1,148 | 1,633 | 1,073 | 1,410 | 1,211 | 1,202 | 1,215 | 1,225 | 1,297 | 1,223 | 1,230 |
| | 2,185 | 2,978 | 1,798 | 2,112 | 2,485 | 1,899 | 1,707 | 1,628 | 1,803 | 1,647 | 1,976 |

Notes:

⁽¹⁾ From 13/14 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 No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

| \$'000 | | Calculation 2013/14 | Calculation 2014/15 |
|--|--------------------|------------------------|------------------------|
| , 000 | | 2010/14 | 201-1110 |
| Notional General Income Calculation (1) | | | |
| Last Year Notional General Income Yield | а | 7,679 | 8,066 |
| Plus or minus Adjustments (2) | b | (3) | 48 |
| Notional General Income | С | 7,676 | 8,114 |
| Permissible Income Calculation | | | |
| Special variation percentage (3) | d | 10.67% | 0.00% |
| or Rate peg percentage | е | 0.00% | 2.30% |
| or Crown land adjustment incl. rate peg percentage | f | 0.00% | 0.00% |
| less expiring Special variation amount | g | (387) | - |
| plus Special variation amount | $h = c \times d-g$ | 777.74 | - |
| or plus Rate peg amount | $i = c \times e$ | - | 187 |
| or plus Crown land adjustment and rate peg amount | j = c x f | | - |
| sub-total | k = (c+g+h+i+j) | 8,067 | 8,301 |
| plus (or minus) last year's Carry Forward Total | 1 | - | (0) |
| less Valuation Objections claimed in the previous year | m | <u> </u> | - |
| sub-total | n = (I + m) | - | (0) |
| Total Permissible income | o = k + n | 8,067 | 8,300 |
| less Notional General Income Yield | р | 8,066 | 8,251 |
| Catch-up or (excess) result | q = 0 - p | (0) | 49 |
| plus Income lost due to valuation objections claimed (4) | r | - | - |
| less Unused catch-up (5) | s | <u>-</u> | - |
| Carry forward to next year | t = q + r - s | (0) | 49 |

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



HUNTERS HILL COUNCIL SPECIAL SCHEDULE NO. 9

INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Hunters Hill Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

Hill Rogers Spencer Steer

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Hunters Hill Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

HILL ROGERS SPENCER STEER

BRETT HANGER

Partner

Dated at Sydney this 21st day of October 2014