

Hunter's Hill Council



FINANCIAL STATEMENTS

2014/2015

for the year ended 30 June 2015



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

Hunter's Hill Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

**“A sense of history, A sense of community,
A place to belong, A sustainable future”**



Hunter's Hill Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hunter's Hill Council.

(ii) Hunter's 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 24 September 2015. Council has the power to amend and reissue these financial statements.

Hunter's Hill Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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.

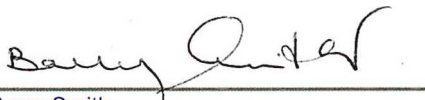
Signed in accordance with a resolution of Council made on 14 September 2015.



Richard Quinn
MAYOR



COUNCILLOR



Barry Smith
GENERAL MANAGER



Debra McFadyen
RESPONSIBLE ACCOUNTING OFFICER

Hunter's Hill Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
10,449	Rates & Annual Charges	3a	10,483	10,127
856	User Charges & Fees	3b	891	1,023
342	Interest & Investment Revenue	3c	327	363
1,150	Other Revenues	3d	1,150	1,115
751	Grants & Contributions provided for Operating Purposes	3e,f	1,365	660 ²
416	Grants & Contributions provided for Capital Purposes	3e,f	733	903
Other Income:				
69	Net gains from the disposal of assets	5	-	23
	Net Share of interests in Joint Ventures & Associates using the equity method	19	16	10
14,033	Total Income from Continuing Operations		14,965	14,224
Expenses from Continuing Operations				
5,637	Employee Benefits & On-Costs	4a	5,265	5,024
14	Borrowing Costs	4b	14	18
4,470	Materials & Contracts	4c	5,164	4,751
2,065	Depreciation & Amortisation	4d	2,019	1,974
	Impairment	4d	-	-
2,287	Other Expenses	4e	2,160	2,077
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	8	-
	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
14,473	Total Expenses from Continuing Operations		14,630	13,844
(440)	Operating Result from Continuing Operations		335	380
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
(440)	Net Operating Result for the Year		335	380
(440)	Net Operating Result attributable to Council		335	380
	Net Operating Result attributable to Non-controlling Interests		-	-
(856)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(398)	(523)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Hunter's Hill Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		335	380
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,958	59,249
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		2,958	59,249
Amounts which will be reclassified subsequently to the Operating Result 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		2,958	59,249
Total Comprehensive Income for the Year		3,293	59,629
Total Comprehensive Income attributable to Council		3,293	59,629
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Hunter's Hill Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	10,333	9,969
Receivables	7	1,039	1,101
Inventories	8	9	17
Other	8	117	96
Total Current Assets		11,498	11,183
Non-Current Assets			
Receivables	7	32	32
Infrastructure, Property, Plant & Equipment	9	546,089	542,546
Investments accounted for using the equity method	19	433	417
Total Non-Current Assets		546,554	542,995
TOTAL ASSETS		558,052	554,178
LIABILITIES			
Current Liabilities			
Payables	10	4,096	3,537
Borrowings	10	57	57
Provisions	10	1,799	1,723
Total Current Liabilities		5,952	5,317
Non-Current Liabilities			
Borrowings	10	104	161
Provisions	10	24	21
Total Non-Current Liabilities		128	182
TOTAL LIABILITIES		6,080	5,499
Net Assets		551,972	548,679
EQUITY			
Retained Earnings	20	269,994	269,659
Revaluation Reserves	20	281,978	279,020
Council Equity Interest		551,972	548,679
Non-controlling Equity Interests		-	-
Total Equity		551,972	548,679

Hunter's Hill Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		269,659	279,020	548,679	-	548,679
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		269,659	279,020	548,679	-	548,679
c. Net Operating Result for the Year		335		335	-	335
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		2,958	2,958		2,958
- Revaluations: Other Reserves	20b (ii)		-	-		-
- Transfers to Income Statement	20b (ii)		-	-		-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		-	-		-
Other Comprehensive Income		-	2,958	2,958	-	2,958
Total Comprehensive Income (c&d)		335	2,958	3,293	-	3,293
e. Distributions to/(Contributions from) Non-controlling Interests				-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		269,994	281,978	551,972	-	551,972

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		269,279	219,771	489,050	-	489,050
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		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 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 Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		269,659	279,020	548,679	-	548,679

Hunter's Hill Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
10,449	Rates & Annual Charges		10,442	10,169
856	User Charges & Fees		908	560
342	Investment & Interest Revenue Received		338	376
1,167	Grants & Contributions		2,126	1,371
	Bonds, Deposits & Retention amounts received		355	213
1,218	Other		2,028	1,869
Payments:				
(5,593)	Employee Benefits & On-Costs		(5,186)	(4,922)
(4,487)	Materials & Contracts		(5,039)	(4,794)
(14)	Borrowing Costs		(14)	(19)
	Bonds, Deposits & Retention amounts refunded		(229)	(160)
(2,287)	Other		(3,076)	(2,871)
1,651	Net Cash provided (or used in) Operating Activities	11b	2,653	1,792
Cash Flows from Investing Activities				
Receipts:				
145	Sale of Infrastructure, Property, Plant & Equipment		105	66
Payments:				
(2,978)	Purchase of Infrastructure, Property, Plant & Equipment		(2,337)	(2,009)
(2,833)	Net Cash provided (or used in) Investing Activities		(2,232)	(1,943)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(57)	Repayment of Borrowings & Advances		(57)	(52)
(57)	Net Cash Flow provided (used in) Financing Activities		(57)	(52)
(1,239)	Net Increase/(Decrease) in Cash & Cash Equivalents		364	(203)
	plus: Cash & Cash Equivalents - beginning of year	11a	9,969	10,162
(1,239)	Cash & Cash Equivalents - end of the year	11a	10,333	9,959
Total Cash, Cash Equivalents & Investments			10,333	9,959

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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and 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 accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

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 2014.

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 convention** except for certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value, the write down of any Asset on the basis of Impairment and certain classes of Property, Plant & Equipment and Investment Property that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Critical judgements in applying Council's accounting policies

- (i) 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 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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.

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations

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.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from 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.

Joint Arrangements

Council has no interest in any Joint Arrangements.

Associates

Council has no interest in any Associates.

County Councils

Council is not a member of any County Councils.

Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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 Cash Flow Statement.

(f) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(g) 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.

(h) 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.

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

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;

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Roads Assets incl. roads, bridges & footpaths**
(External Valuation)
- **Drainage Assets** (External Valuation)

Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve. To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss. Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Depreciation

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. Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- 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	60 - 200 years
- Sealed Roads: Structure	100 - 200 years
- Unsealed roads	100 - 200 years
- Bridge: Concrete	100 - 200 years
- Bridge: Other	90 - 200 years
- Road Pavements	60 - 200 years
- Kerb, Gutter & Paths	70 - 200 years

All asset 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).

(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. Non-financial 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.

(l) 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

(i) 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.

(ii) 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

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the 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 20/2/2013 and covers the period ended 30/6/2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 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 2015 was \$166,300.53.

The amount of additional contributions included in the total employer contribution advised above is \$60,708.00.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$153,580.32 as at 30 June 2015.

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.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 2015.

(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 2015.

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.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

(ac) Rounding of amounts

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

(ad) Disclaimer

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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	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 Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance		-	-	284	1,500	1,452	(284)	(1,500)	(1,452)	-	-	-	-
Administration	202	167	141	4,543	3,067	2,730	(4,341)	(2,900)	(2,589)	18	-	20,552	20,201
Public Order & Safety	15	13	30	711	654	671	(696)	(641)	(641)	-	-	28	42
Health	54	65	55	121	108	96	(67)	(43)	(41)	17	-	2	2
Environment	2,510	2,829	2,594	2,702	2,906	2,683	(192)	(77)	(89)	175	134	4	4
Community Services & Education	210	219	208	648	554	606	(438)	(335)	(398)	76	133	16,590	16,272
Housing & Community Amenities	414	427	447	1,509	1,265	1,142	(1,095)	(838)	(695)	36	34	27,588	27,712
Recreation & Culture	266	945	1,170	2,198	2,302	2,238	(1,932)	(1,357)	(1,068)	91	1	404,609	404,142
Mining, Manufacturing & Construction	40	22	41		96	106	40	(74)	(65)	-	-	84	125
Transport & Communication	1,312	2,402	2,025	1,752	2,177	2,111	(440)	225	(86)	752	543	88,162	85,261
Economic Affairs	2	1	1	5	1	9	(3)	-	(8)	-	-	-	-
Total Functions & Activities	5,025	7,090	6,712	14,473	14,630	13,844	(9,448)	(7,540)	(7,132)	1,165	845	557,619	553,761
Joint Ventures (using the Equity Method)		16	10		-	-	-	16	10		-	433	417
General Purpose Income ¹	9,008	7,859	7,502				9,008	7,859	7,502	479	246		-
Operating Result from Continuing Operations	14,033	14,965	14,224	14,473	14,630	13,844	(440)	335	380	1,644	1,091	558,052	554,178

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

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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,

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.

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.

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		6,881	6,713
Business		219	226
Total Ordinary Rates		7,100	6,939
Special Rates			
Environmental		161	159
Infrastructure		341	336
Community facilities		317	313
Other		230	227
Total Special Rates		1,049	1,035
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,277	2,099
Section 611 Charges		57	54
Total Annual Charges		2,334	2,153
TOTAL RATES & ANNUAL CHARGES		10,483	10,127

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

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		6	4
Waste Management Services (non-domestic)		143	133
Total User Charges		149	137
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspection Services		24	28
Planning & Building Regulation		259	285
Section 149 Certificates (EPA Act)		52	52
Section 603 Certificates		22	25
Total Fees & Charges - Statutory/Regulatory		357	390
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Lease Rentals		11	12
Leaseback Fees - Council Vehicles		32	29
Restoration Charges		342	455
Total Fees & Charges - Other		385	496
TOTAL USER CHARGES & FEES		891	1,023

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		23	24
- Interest earned on Investments (interest & coupon payment income)		304	339
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>327</u>	<u>363</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		23	24
General Council Cash & Investments		257	293
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		47	46
<u>Total Interest & Investment Revenue Recognised</u>		<u>327</u>	<u>363</u>
(d) Other Revenues			
Rental Income - Other Council Properties		607	496
Fines		230	249
Commissions & Agency Fees		29	43
Sundry Rents & Charges		209	237
Waste Rebate		75	90
<u>TOTAL OTHER REVENUE</u>		<u>1,150</u>	<u>1,115</u>

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1 299	141	-	-
Financial Assistance - Local Roads Component	1 144	69	-	-
Pensioners' Rates Subsidies - General Component	36	36	-	-
Total General Purpose	479	246	-	-
¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	16	16	-	-
Community Care	76	87	-	-
Environmental Protection	2	23	-	-
Library	47	46	-	-
Recreation & Culture	-	-	43	1
Street Lighting	34	34	-	-
Traffic Route Subsidy	6	6	-	-
Transport (Roads to Recovery)	406	-	-	-
Transport (Other Roads & Bridges Funding)	6	-	337	521
Stormwater Drainage	172	111	-	-
Other	20	-	-	-
Total Specific Purpose	785	323	380	522
Total Grants	1,264	569	380	522
Grant Revenue is attributable to:				
- Commonwealth Funding	849	210	337	522
- State Funding	415	359	43	-
	1,264	569	380	522

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	338	366
Total Developer Contributions	17 -	-	338	366
Other Contributions:				
Kerb & Gutter	12	5	-	-
RMS Contributions (Regional Roads, Block Grant)	70	68	15	15
Other	19	18	-	-
Total Other Contributions	101	91	15	15
Total Contributions	101	91	353	381
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>1,365</u>	<u>660</u>	<u>733</u>	<u>903</u>

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2015	Actual 2014
(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	1,445	1,233
add: Grants & contributions recognised in the current period but not yet spent:	1,249	598
less: Grants & contributions recognised in a previous reporting period now spent:	(1,538)	(386)
Net Increase (Decrease) in Restricted Assets during the Period	(289)	212
Unexpended and held as Restricted Assets	<u><u>1,156</u></u>	<u><u>1,445</u></u>
Comprising:		
- Specific Purpose Unexpended Grants	117	90
- Developer Contributions	1,039	1,355
	<u><u>1,156</u></u>	<u><u>1,445</u></u>

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,997	3,813
Travelling		96	114
Employee Leave Entitlements (ELE)		484	444
Superannuation		536	507
Workers' Compensation Insurance		57	50
Fringe Benefit Tax (FBT)		56	55
Training Costs (other than Salaries & Wages)		50	51
Total Employee Costs		5,276	5,034
less: Capitalised Costs		(11)	(10)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>5,265</u>	<u>5,024</u>
Number of "Equivalent Full Time" Employees at year end		59	59
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		14	18
Total Interest Bearing Liability Costs		14	18
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		14	18
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>14</u>	<u>18</u>

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		807	784
Contractor & Consultancy Costs		4,011	3,638
Auditors Remuneration ⁽¹⁾		73	73
Legal Expenses:			
- Legal Expenses: Planning & Development		232	222
- Legal Expenses: Other		23	16
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		18	18
Total Materials & Contracts		5,164	4,751
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		5,164	4,751
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	46
Remuneration for audit and other assurance services		73	73
Total Auditor Remuneration		73	73
2. Operating Lease Payments are attributable to:			
Other		18	18
		18	18

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	161	180
Office Equipment		-	-	107	119
Furniture & Fittings		-	-	15	15
Buildings - Non Specialised		-	-	113	113
Buildings - Specialised		-	-	212	203
Other Structures		-	-	184	139
Infrastructure:					
- Roads		-	-	775	763
- Footpaths		-	-	315	308
- Kerb & Guttering		-	-	33	32
- Stormwater Drainage		-	-	79	77
- Other Infrastructure		-	-	25	25
Total Depreciation & Impairment Costs		-	-	2,019	1,974
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	2,019	1,974

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		31	43
Bad & Doubtful Debts		2	-
Bank Charges		38	37
Contributions/Levies to Other Levels of Government		-	-
- Department of Planning Levy		54	53
- NSW Fire Brigade Levy		404	409
- Regional Library		591	579
- Other Contributions/Levies		38	37
Councillor Expenses - Mayoral Fee		39	40
Councillor Expenses - Councillors' Fees		126	122
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		52	39
Donations, Contributions & Assistance to other organisations (Section 356)		9	10
Electricity & Heating		161	167
Insurance		192	121
Printing & Stationery		72	79
Street Lighting		240	255
Subscriptions & Publications		70	53
Telephone & Communications		41	33
Total Other Expenses		2,160	2,077
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>2,160</u>	<u>2,077</u>

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		105	66
less: Carrying Amount of P&E Assets Sold / Written Off		(93)	(43)
Net Gain/(Loss) on Disposal		12	23
Other (Bus Shelter & Structure)			
Proceeds from Disposal - Other (Bus Shelter & Structure)		-	-
less: Carrying Amount of Other (Bus Shelter & Structure) Assets Sold / W		(20)	-
Net Gain/(Loss) on Disposal		(20)	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(8)</u>	<u>23</u>

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		397	-	1,333	-
Cash-Equivalent Assets ¹					
- Deposits at Call		854	-	246	-
- Short Term Deposits		9,082	-	8,390	-
Total Cash & Cash Equivalents		10,333	-	9,969	-
Investments (Note 6b)					
Nil					
Total Investments		-	-	-	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		10,333	-	9,969	-

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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	10,333	-	9,969	-
attributable to:				
External Restrictions (refer below)	2,991	-	3,439	-
Internal Restrictions (refer below)	4,604	-	4,271	-
Unrestricted	2,738	-	2,259	-
	10,333	-	9,969	-

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	85		(61)	24
External Restrictions - Included in Liabilities	85	-	(61)	24

External Restrictions - Other

Developer Contributions - General (D)	1,355	385	(701)	1,039
Specific Purpose Unexpended Grants (F)	90	27	-	117
Domestic Waste Management (G)	405		(82)	323
Other Special Levies (G)	1,504	1,054	(1,070)	1,488
External Restrictions - Other	3,354	1,466	(1,853)	2,967
Total External Restrictions	3,439	1,466	(1,914)	2,991

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	406	85		491
Employees Leave Entitlement	660	416	(401)	675
Deposits, Retentions & Bonds	2,463	126		2,589
Construction of Buildings	249			249
Office Equipment	196	37	(20)	213
Road Reconstruction	54	182	(54)	182
Elections	61	20		81
Public Places & Urban Design	33		(27)	6
Insurance Reserve	109		(50)	59
Other	40	32	(13)	59
Total Internal Restrictions	4,271	898	(565)	4,604
TOTAL RESTRICTIONS	7,710	2,364	(2,479)	7,595

- 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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		228	20	187	20
Interest & Extra Charges		13	12	17	12
User Charges & Fees		165	-	289	-
Accrued Revenues					
- Interest on Investments		26	-	33	-
- Other Income Accruals		53	-	27	-
Government Grants & Subsidies		291	-	319	-
Net GST Receivable		268	-	234	-
Total		1,044	32	1,106	32
less: Provision for Impairment					
User Charges & Fees		(5)	-	(5)	-
Total Provision for Impairment - Receivables		(5)	-	(5)	-
TOTAL NET RECEIVABLES		1,039	32	1,101	32
Externally Restricted Receivables					
Domestic Waste Management		57	-	44	-
Total External Restrictions		57	-	44	-
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		982	32	1,057	32
TOTAL NET RECEIVABLES		1,039	32	1,101	32

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 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		9	-	17	-
Total Inventories		9	-	17	-
Other Assets					
Prepayments		117	-	96	-
Total Other Assets		117	-	96	-
TOTAL INVENTORIES / OTHER ASSETS		126	-	113	-
Externally Restricted Assets					
There are no restrictions applicable to the above assets.					
Total Unrestricted Assets		126	-	113	-
TOTAL INVENTORIES & OTHER ASSETS		126	-	113	-

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015			
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated	Carrying
	Cost	Fair Value	Dep'n	Impairment	Value							Cost	Fair Value	Dep'n	Value
Capital Work in Progress	339	-	-	-	339	224			(290)			273	-	-	273
Plant & Equipment	-	1,371	792	-	579	197	(93)	(161)				-	1,349	827	522
Office Equipment	-	1,452	1,302	-	150	92		(107)				-	1,546	1,411	135
Furniture & Fittings	-	246	109	-	137			(15)				-	246	124	122
Land:															
- Operational Land	-	23,993	-	-	23,993							-	23,993	-	23,993
- Community Land	-	421,213	-	-	421,213							-	421,213	-	421,213
Buildings - Non Specialised	-	7,035	1,538	-	5,497			(113)				-	7,034	1,650	5,384
Buildings - Specialised	-	15,414	3,412	-	12,002	216	(19)	(212)	67			-	15,668	3,614	12,054
Other Structures	-	7,285	1,560	-	5,725	466	(1)	(184)	221			-	7,970	1,743	6,227
Infrastructure:															
- Roads	-	48,909	5,672	-	43,237	794		(775)			2,795	-	51,993	5,942	46,051
- Footpaths	-	10,772	2,364	-	8,408	536		(315)	2	(1,031)		-	9,960	2,360	7,600
- Kerb & Guttering	-	13,058	429	-	12,629	37		(33)			788	-	14,325	904	13,421
- Stormwater Drainage	-	8,825	1,313	-	7,512	155		(79)			315	-	9,185	1,282	7,903
- Other Infrastructure	-	1,252	127	-	1,125			(25)			91	-	1,304	113	1,191
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	339	560,825	18,618	-	542,546	2,717	(113)	(2,019)	-	(1,031)	3,989	273	565,786	19,970	546,089

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,024,000) and New Assets (\$395,000).

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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		558	-	441	-
Goods & Services - capital expenditure		474	-	94	-
Payments Received In Advance		240	-	347	-
Accrued Expenses:					
- Borrowings		4	-	4	-
- Other Expenditure Accruals		231	-	188	-
Security Bonds, Deposits & Retentions		2,589	-	2,463	-
Total Payables		4,096	-	3,537	-
Borrowings					
Loans - Secured ¹		57	104	57	161
Total Borrowings		57	104	57	161
Provisions					
Employee Benefits;					
Annual Leave		564	-	547	-
Sick Leave		5	-	25	-
Long Service Leave		1,214	24	1,088	21
Other Leave		16	-	63	-
Sub Total - Aggregate Employee Benefits		1,799	24	1,723	21
Total Provisions		1,799	24	1,723	21
Total Payables, Borrowings & Provisions		5,952	128	5,317	182

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	200	-	167	-
Liabilities relating to externally restricted assets	200	-	167	-
Total Liabilities relating to restricted assets	200	-	167	-
Total Liabilities relating to Unrestricted Assets	5,752	128	5,150	182
TOTAL PAYABLES, BORROWINGS & PROVISIONS	5,952	128	5,317	182

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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
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(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	941	944
Payables - Security Bonds, Deposits & Retentions	2,309	2,219
	<u>3,250</u>	<u>3,163</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	547	330	(313)			564
Sick Leave	25	(19)	(1)			5
Long Service Leave	1,109	216	(87)			1,238
Other Leave	63	(47)				16
TOTAL	1,744	480	(401)	-	-	1,823

- 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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,333	9,969
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		10,333	9,969
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		335	380
Adjust for non cash items:			
Depreciation & Amortisation		2,019	1,974
Net Losses/(Gains) on Disposal of Assets		8	(23)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(16)	(10)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		62	(348)
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		8	(5)
Decrease/(Increase) in Other Assets		(21)	(13)
Increase/(Decrease) in Payables		117	(38)
Increase/(Decrease) in accrued Interest Payable		-	(1)
Increase/(Decrease) in other accrued Expenses Payable		43	51
Increase/(Decrease) in Other Liabilities		19	(277)
Increase/(Decrease) in Employee Leave Entitlements		79	102
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		2,653	1,792

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(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

Nil

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(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	16
Later than one year and not later than 5 years		39	55
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		55	71

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 further leasing.

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(406)</u>	-2.86%	-4.18%	9.51%
Total continuing operating revenue ⁽¹⁾	14,216			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>12,851</u>	85.97%	88.99%	87.86%
Total continuing operating revenue ⁽¹⁾	14,949			
(excl. Capital Grants & Contributions)				
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>8,450</u>	3.38x	3.88	3.35
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>2,502</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>1,627</u>	22.92x	20.51	2.38
Principal Repayments (from the Statement of Cash Flows)	<u>71</u>			
+ Borrowing Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>273</u>	2.54%	2.26%	2.89%
Rates, Annual and Extra Charges Collectible	<u>10,742</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents				
<u>+ All Term Deposits</u>	<u>10,333</u>	9.12 mths	9.33	9.40
Payments from cash flow of operating and financing activities	<u>1,133</u>			

Notes

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

(2) Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

(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).

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
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Council has not classified any Land or Buildings as "Investment Properties"

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	10,333	9,969	10,333	9,969
Receivables	1,071	1,133	1,071	1,133
Total Financial Assets	11,404	11,102	11,404	11,102
Financial Liabilities				
Payables	3,856	3,190	3,856	3,190
Loans / Advances	161	218	161	218
Total Financial Liabilities	4,017	3,408	4,017	3,408

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

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its 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.

2015	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	103	103	(103)	(103)
2014				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	100	100	(100)	(100)

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	92%	40%	90%	64%
Overdue	8%	60%	10%	36%
	100%	100%	100%	100%

	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(ii) Ageing of Receivables - value				
Rates & Annual Charges				
Current	-	(2)	-	-
< 1 year overdue		336		594
1 - 2 years overdue	228	92	187	30
2 - 5 years overdue		179		41
> 5 years overdue	20	223	20	266
	248	828	207	931

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	5	5
+ new provisions recognised during the year		
- amounts already provided for & written off this year		
- amounts provided for but recovered during the year		
- previous impairment losses reversed		
Balance at the end of the year	5	5

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	2,589	1,267	-	-	-	-	-	3,856	3,856
Loans & Advances	-	61	65	35	-	-	-	161	161
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	2,589	1,328	65	35	-	-	-	4,017	4,017
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

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 to Council's Borrowings at balance date:

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,856		3,190	
Loans & Advances - Fixed Interest Rate	161	7.3%	218	7.3%
	<u>4,017</u>		<u>3,408</u>	

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 14 July 2014.

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Operating Grants & Contributions	751	1,365	614	82%	F
The components of this variance are new funding received for Endangered Ecological Community (EEC) at Gladesville Reserve \$10F, EEC at Betts Park \$10F, Weed Control Project \$5F, Weed Control at Riverglade Reserve \$20F, Restore corridor at Buffalo Creek Reserve \$50F and Tarban Creek \$33F, Native Habitat Recovery at Parramatta River \$8F and Restoration of HH RSL German Howitzer \$18F. Previous Grant Project received for EEC along Lane Cove River \$38F					
Capital Grants & Contributions	416	733	317	76%	F
Previous Grant Project received for Huntley's Point Road Car Park \$180F, Developer contributions were greater than estimated by \$38F, New funding received for Huntley's Point Wharf Interchange \$158F, Buffalo Creek Playground \$30F and received 5 year funding for Road to Recovery \$316F					
Net Gains from Disposal of Assets	69	-	(69)	(100%)	U
Deferred replacement of motor vehicles \$57U and Gains from sale of motor vehicle \$12F. Replacement and demolition of bus shelter and playground structure \$20U					
Joint Ventures & Associates - Net Profits	-	16	16	0%	F
New requirement and change in the Local Government Code of Accounting Practice and Financial Reporting for Joint Ventures \$16F.					

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
EXPENSES				
Materials & Contracts	4,470	5,164	(694)	(16%) U
Increase in contractors used to carry out restoration works \$218U. Contractors were used to fill staff vacancies until skilled replacements could be found \$125U. This was offset in part by a reduction in employee cost. Other variations were Art Exhibition Event \$44U, Operating Grants Project \$130U, tipping costs \$83U, Fit for the Future \$62U, Street trees and bush regenerations \$64U.				

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----
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Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	1,651	2,653	1,002	60.7%	F
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Favourable variance from the previous year grant project for EEC along Lane Cove River \$38F. Grant funding received for Huntley's Point Wharf Interchange \$158F, Huntley's Point Car Park \$180F and Road to Recovery Program \$315F, Buffalo Creek Playground \$30F, Restoration of Hunters Hill RSL German Howitzer \$18F, Weed Control Project and EEC Projects \$136F.

Cash Flows from Investing Activities	(2,833)	(2,232)	601	(21.2%)	F
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Work Depot and Office Refurbishment under community facility levy were deferred subject to outcome of Fit \$510 Road program savings on Huntley's Point Road due to incorporation of grant funding \$144F.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	-	-	-	-	-	-	-	-	-	-
S94A Levies - under a Plan	1,355	338	-	47	(701)	-	1,039	1,200	(1,415)		-
Total S94 Revenue Under Plans	1,355	338	-	47	(701)	-	1,039	1,200	(1,415)		-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-	-	-	-	-
S64 Contributions	-	-	-	-	-	-	-	-	-	-	-
Total Contributions	1,355	338	-	47	(701)	-	1,039	-	-	-	-

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 27 November 2013

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-				
Roads	-						-				
Traffic Facilities	-						-				
Parking	-						-				
Open Space	-						-				
Community Facilities	-						-				
Other	1,355	338		47	(701)		1,039				
Total	1,355	338	-	47	(701)	-	1,039				-

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 its 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

Council is a member of and 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.

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled Entities (Subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint Ventures & Associates

Note 19(b)

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint Operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated Structured Entities

Note 19(d)

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a) and Joint Operations disclosed at Note 19(c) are accounted for on a "line by line" consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint Ventures and Associates as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	16	10	433	417
Associates	-	-	-	-
Total	16	10	433	417

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(e) Summarised Financial Information for Individually Immaterial Joint Ventures & Associates

In addition to the Joint Ventures & Associates disclosed individually above, Council has interests in a number of individually immaterial Joint Ventures & Associates that have still been accounted for using the Equity Method.

(i) Individually Immaterial Joint Ventures

	2015	2014
Aggregate carrying amount of individually immaterial Joint Ventures	433	417
Aggregate amounts of Council's share of individually immaterial:		
Profit/(Loss) from Continuing Operations	16	10
Profit/(Loss) from Discontinued Operations	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income - Individually Immaterial Joint Ventures	16	10

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		269,659	269,279
a. Correction of Prior Period Errors	20 (c)	-	-
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		335	380
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		269,994	269,659
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		281,978	279,020
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
Total		281,978	279,020
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		279,020	219,771
- Revaluations for the year	9(a)	2,958	59,249
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Balance at End of Year		281,978	279,020
TOTAL VALUE OF RESERVES		281,978	279,020
(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.			

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
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(c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(d) Voluntary Changes in Accounting Policies

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

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

Council utilises only a General Fund for its operations.

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

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 24/09/15.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

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 has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/2014			522	522
Office Equipment	30/06/2014			135	135
Furniture & Fittings	30/06/2014			122	122
Operation Land	30/06/2014			23,993	23,993
Community Land	30/06/2014			421,213	421,213
Buildings - Non Specialised	30/06/2014			5,384	5,384
Buildings - Specialised	30/06/2014			12,054	12,054
Other Structures	30/06/2014			6,227	6,227
Roads	30/06/2015			46,051	46,051
Footpaths	30/06/2015			7,600	7,600
Kerb & Guttering	30/06/2015			13,421	13,421
Stormwater Drainage	30/06/2015			7,903	7,903
Other Infrastructure	30/06/2015			1,191	1,191
Total Infrastructure, Property, Plant & Equipment		-	-	545,816	545,816

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
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 Structures	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
Total Infrastructure, Property, Plant & Equipment		-	542,207	542,207

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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 Council's land classified as Operational 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 2014 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 metre 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 2014. Residential properties were valued on Level 2 valuation inputs using comparable properties after adjusting for differences in attributes such as property size.

Specialised buildings were valued using the cost approach by estimating the replacement cost for each building by componentising the buildings 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.

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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.

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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 - 1/7/13	23,478	399,037	6,992	6,186	435,693
Purchases (GBV)	-	-	9	145	154
Depreciation & Impairment	-	-	(113)	(203)	(316)
FV Gains - Other Comprehensive Income	515	22,176	(1,391)	5,874	27,174
Closing Balance - 30/6/14	23,993	421,213	5,497	12,002	462,705
Purchases (GBV)	-	-	-	283	283
Disposals (WDV)	-	-	-	(19)	(19)
Depreciation & Impairment	-	-	(113)	(212)	(325)
Closing Balance - 30/6/15	23,993	421,213	5,384	12,054	462,644

Hunter's Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Structures	Roads	Footpaths	Kerb & Guttering	Total
Opening Balance - 1/7/13	3,055	26,886	4,170	7,266	41,377
Purchases (GBV)	126	1,070	280	98	1,574
Depreciation & Impairment	(139)	(763)	(308)	(32)	(1,242)
FV Gains - Other Comprehensive Income	2,683	16,044	4,266	5,297	28,290
Closing Balance - 30/6/14	5,725	43,237	8,408	12,629	69,999
Purchases (GBV)	687	794	538	37	2,056
Disposals (WDV)	(1)	-	-	-	(1)
Depreciation & Impairment	(184)	(775)	(315)	(33)	(1,307)
FV Gains - Other Comprehensive Income	-	2,795	(1,031)	788	2,552
Closing Balance - 30/6/15	6,227	46,051	7,600	13,421	73,299

Hunter's Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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)

	Stormwater Drainage	Other Structures	Total
Opening Balance - 1/7/13	3,651	1,303	4,954
Depreciation & Impairment	(77)	(25)	(102)
FV Gains - Other Comprehensive Income	3,938	(153)	3,785
Closing Balance - 30/6/14	7,512	1,125	8,637
Purchases (GBV)	155	-	155
Depreciation & Impairment	(79)	(25)	(104)
FV Gains - Other Comprehensive Income	315	91	406
Closing Balance - 30/6/15	7,903	1,191	9,094

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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 (30/6/15) \$'000	Valuation Technique	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant	\$522	Cost approach	Gross Replacement Cost Remaining Useful Life	Varies significantly from asset to asset 5 - 15 years	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	\$135	Cost approach	Gross Replacement Cost Remaining Useful Life	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 Office Equipment.
Furniture & Fittings	\$122	Cost approach	Gross Replacement Cost Remaining Useful Life	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.
Land – Operational & Community	\$445,206	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	\$17,438	Cost approach	Gross Replacement Cost Remaining Useful Life	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.
Other Structures	\$6,227	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to very high 1.5 - 50 years 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	\$46,051	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to very high 20 - 100 years 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	\$7,600	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to very high 15 – 27 years Low	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.
Kerb & Gutter	\$13,421	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to very high 7 - 100 years 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	\$7,903	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to high 40.5 years 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.

Hunter's Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Other Infrastructure	\$1,191	Cost approach	Gross Replacement Cost Asset Condition Remaining Useful Life Consumption	Varies significantly from asset to asset Adequate to very high 26 - 70 years 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.
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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 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 2015, 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.

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Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

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 24th day of September 2015

Hill Rogers
Spencer Steer

24 September 2015

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

Mayor,

Audit Report - Year Ended 30 June 2015

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 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 the General 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;

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$335,000 as compared with \$380,000 in the previous year.

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.

	2015	% of	2014	% of	Increase
	\$000	Total	\$000	Total (Decrease)	\$000
Revenues before capital items					
Rates & annual charges	10,483	74%	10,127	76%	356
User charges, fees & other revenues	2,057	14%	2,171	16%	(114)
Grants & contributions provided for operating purposes	1,365	10%	660	5%	705
Interest & investment revenue	327	2%	363	3%	(36)
	14,232	100%	13,321	100%	911
Expenses					
Employee benefits & costs	5,265	36%	5,024	36%	241
Materials, contracts & other expenses	7,332	50%	6,828	49%	504
Depreciation, amortisation & impairment	2,019	14%	1,974	14%	45
Borrowing costs	14	0%	18	0%	(4)
	14,630	100%	13,844	100%	786
Surplus (Deficit) before capital items	(398)		(523)		125
Grants & contributions provided for capital purposes	733		903		(170)
Net Surplus (Deficit) for the year	335		380		(45)
Performance Measures					
Operating Performance		2015		2014	
		-2.86%		-4.18%	
Own Source Operating Revenue		85.97%		88.99%	

The above table shows an overall decrease of \$45,000 from the previous year. Operating grants increased by \$705,000 due to additional transport funding and a one-off timing difference relating to the payment of the Financial Assistance Grant; which ceased being in paid advance during the prior year. This increase in revenue was offset by increased operating expenditure.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was -2.86% 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 2015, this indicator was 85.97% 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.

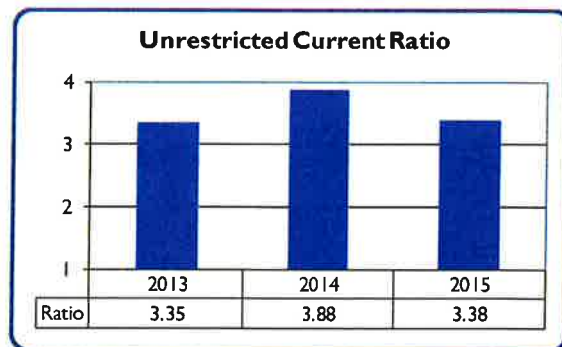
	2015	2014
Funds were provided by:-	\$000	\$000
Operating Result (as above)	335	380
Add back non funding items:-		
- Depreciation, amortisation & impairment	2,019	1,974
- Book value of non-current assets sold	113	43
- (Surplus)/Deficit in joint ventures	(16)	(10)
	<u>2,451</u>	<u>2,387</u>
Transfers from externally restricted assets (net)	468	0
Transfers from internal reserves (net)	0	53
Net Changes in current/non-current assets & liabilities	205	152
	<u>3,124</u>	<u>2,592</u>
Funds were applied to:-		
Purchase and construction of assets	(2,717)	(2,091)
Principal repaid on loans	(57)	(52)
Transfers to externally restricted assets (net)	0	(243)
Transfers to internal reserves (net)	(436)	0
	<u>(3,210)</u>	<u>(2,386)</u>
Increase/(Decrease) in Available Working Capital	(86)	206

2. FINANCIAL POSITION

2.1 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 \$5.948 million representing a factor of 3.38 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$2.539 million as detailed below;

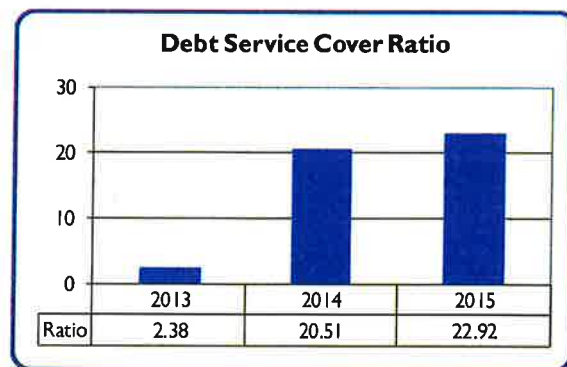
	2015 \$000	2014 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	5,546	5,866	(320)
Add Payables & provisions not expected to be realised in the next 12 months included above	3,250	3,163	87
Adjusted Net Current Assets	8,796	9,029	(233)
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	57	57	0
- Employees leave entitlements	858	779	79
- Deposits & retention moneys	280	244	36
Less Externally restricted assets	(2,848)	(3,316)	468
Less Internally restricted assets	(4,604)	(4,168)	(436)
Available Working Capital as at 30 June	2,539	2,625	(86)

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 \$71,000 total debt as at 30 June 2015 stood at \$161,000 (2014 - \$218,000).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 22.92 to 1.



2.4 Summary

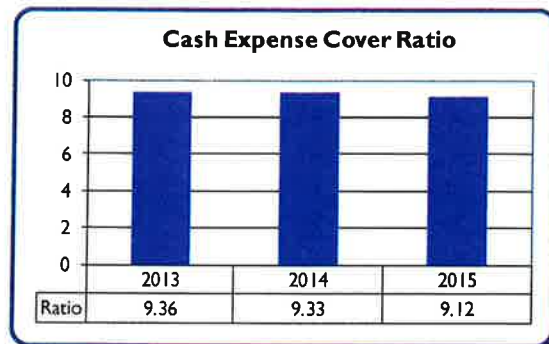
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, sound.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

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

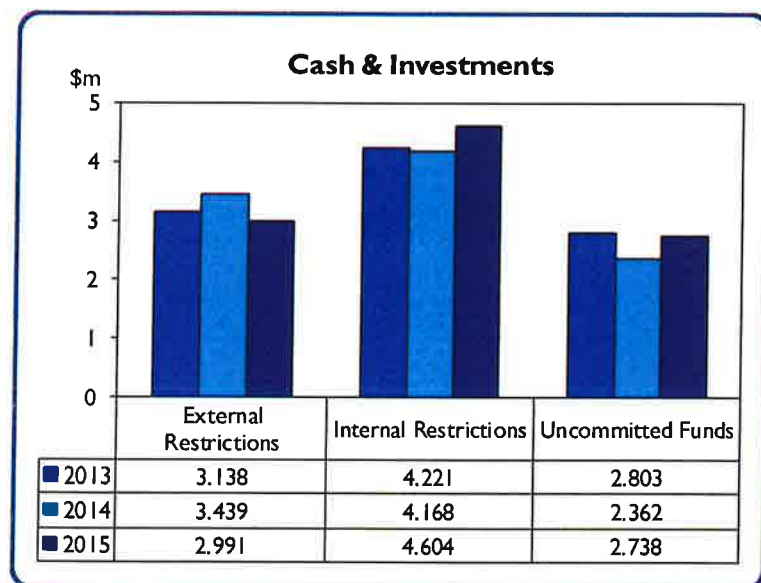
For 2014, this ratio stood at 9.12 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments held at the close of the year amounted to \$10.333 million as compared with \$9.969 million and \$10.162 million at the close of financial years 2014 and 2013 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 (\$24,000), unexpended development contributions under Section 94 (\$1.039 million), unexpended grants and contributions (\$117,000), domestic waste management charges (\$323,000) and special rate levies (\$1.488 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 \$4.604 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.738 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 increased by \$364,000 to \$10.333 million at the close of the year.

In addition to operating activities which contributed net cash of \$2.653 million were the proceeds from the sale of assets (\$105,000). Cash outflows other than operating activities were used to repay loans (\$57,000) and to purchase and construct assets (\$2.337 million).

4. RECEIVABLES

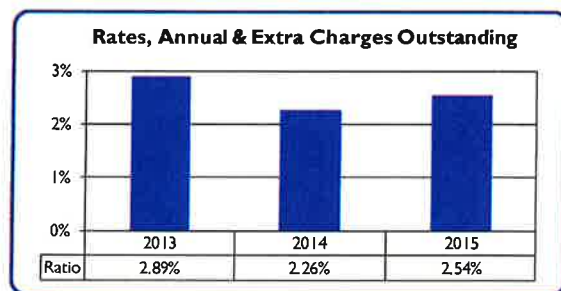
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$10.483 million and represented 70% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$10.690 million of which \$10.442 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$273,000 at the end of the year and represented 2.54% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$803,000 and mainly consisted of user charges and fees (\$165,000) and amounts due from other levels of government (\$559,000).

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$1.823 million. A cash reserve of \$675,000 was held at year end representing 37% of this liability and was, in our opinion, adequate to enable Council to meet unbudgeted and unanticipated retirements.

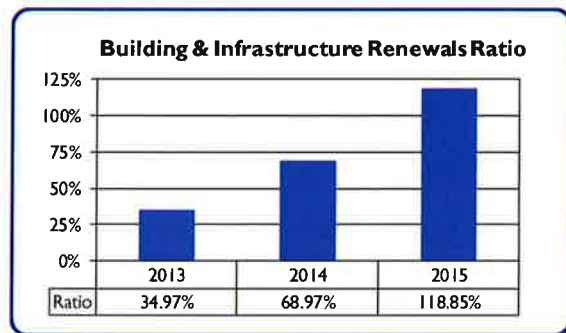
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$2.589 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 2015 represented 119% 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 infrastructure assets during the year. This resulted in an overall increase in the value of these assets of \$2.958 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 7 August 2015 and this included our suggestions 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

Hunter's Hill Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

**“A sense of history, A sense of community,
A place to belong, A sustainable future”**



Hunter's Hill Council

Special Schedules

for the financial year ended 30 June 2015

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Special Schedules¹

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

Hunter's Hill Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,500	-	-	(1,500)
Administration	3,067	167	-	(2,900)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	415	6	-	(409)
Beach Control	-	7	-	7
Animal Control	239	-	-	(239)
Total Public Order & Safety	654	13	-	(641)
Health	108	65	-	(43)
Environment				
Noxious Plants and Insect/Vermin Control	10	-	-	(10)
Solid Waste Management	2,179	2,535	-	356
Street Cleaning	409	2	-	(407)
Drainage	308	258	34	(16)
Total Environment	2,906	2,795	34	(77)
Community Services and Education				
Administration & Education	276	31	-	(245)
Social Protection (Welfare)	1	-	-	(1)
Aged Persons and Disabled	226	141	-	(85)
Children's Services	51	47	-	(4)
Total Community Services & Education	554	219	-	(335)
Housing and Community Amenities				
Street Lighting	240	34	-	(206)
Town Planning	1,014	279	-	(735)
Other Community Amenities	11	114	-	103
Total Housing and Community Amenities	1,265	427	-	(838)

Hunter's Hill Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	591	47	-	(544)
Art Galleries	93	94	-	1
Community Centres and Halls	262	367	-	105
Other Cultural Services	153	91	-	(62)
Sporting Grounds and Venues	113	43	-	(70)
Swimming Pools	36	-	-	(36)
Parks & Gardens (Lakes)	1,006	127	176	(703)
Other Sport and Recreation	48	-	-	(48)
Total Recreation and Culture	2,302	769	176	(1,357)
Mining, Manufacturing and Construction				
Building Control	96	19	-	(77)
Other Mining, Manufacturing & Construction	-	3	-	3
Total Mining, Manufacturing and Const.	96	22	-	(74)
Transport and Communication				
Urban Roads (UR) - Local	1,492	1,203	15	(274)
Parking Areas	73	314	180	421
Footpaths	514	231	281	(2)
Other Transport & Communication	98	131	47	80
Total Transport and Communication	2,177	1,879	523	225
Economic Affairs				
Other Economic Affairs	1	1	-	-
Total Economic Affairs	1	1	-	-
Totals – Functions	14,630	6,357	733	(7,540)
General Purpose Revenues ⁽²⁾		7,859		7,859
Share of interests - joint ventures & associates using the equity method	-	16		16
NET OPERATING RESULT ⁽¹⁾	14,630	14,232	733	335

(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

Hunter's Hill Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	57	161	218		57			14		161	161
Other	-	-	-							-	-
Total Loans	57	161	218	-	57	-	-	14	-	161	161
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	57	161	218	-	57	-	-	14	-	161	161

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).

Hunter's Hill Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres		82	76	3,557		80%	20%		0%
	Council Works Depot		46	40	692			80%	20%	0%
	Council Public Halls	509	222	211	4,989			80%	20%	0%
	Other Buildings	150	235	252	8,200		20%	60%	20%	0%
	Other				-					
	sub total	659	585	579	17,438	0.0%	25.7%	58.4%	15.9%	0.0%
Other Structures	Other Structures	178	63	63	6,227			60%	40%	0%
	sub total	178	63	63	6,227	0.0%	0.0%	60.0%	40.0%	0.0%
Roads	Sealed Roads Surface	1,062	659	755	46,051	10%	20%	60%	10%	0%
	Footpaths	79	154	201	7,600	18%	30%	45%	5%	2%
	Kerb and Gutter	171	7	8	13,421	15%	35%	40%	7%	3%
	Other Road Assets		5	5	1,191	10%	20%	50%	10%	10%
	sub total	1,312	825	969	68,263	11.9%	24.1%	54.2%	8.9%	1.0%

Hunter's Hill Council

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

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	Stormwater Conduits	9	231	201	5,668	5%	10%	70%	12%	3%
	Inlet and Junction Pits	24	25	22	2,235	15%	20%	50%	12%	3%
	sub total	33	256	223	7,903	7.8%	12.8%	64.3%	12.0%	3.0%
	TOTAL - ALL ASSETS	2,182	1,729	1,834	99,831	8.7%	22.0%	56.1%	12.3%	0.9%

Notes:

- (1). 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).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). 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.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **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
5	Very Poor	Urgent renewal/upgrading required

Hunter's Hill Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	2,024	118.85%	68.97%	34.97%
Depreciation, Amortisation & Impairment	1,703			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	3,941			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	86,410	4.56%	8.11%	9.56%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	3,668			
Required Asset Maintenance	3,459	1.06	1.13	1.08
4. Capital Expenditure Ratio				
Annual Capital Expenditure	2,604			
Annual Depreciation	2,019	1.29	1.04	0.65

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, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Hunter's Hill Council

Special Schedule No. 8 - Financial Projections as at 30 June 2015

Special Schedule 8 data is now being collected in the Financial Data Return.

Hunter's Hill Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	8,066	8,252
Plus or minus Adjustments ⁽²⁾	b	48	6
Notional General Income	c = (a + b)	8,114	8,258
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	187	198
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	8,300	8,457
plus (or minus) last year's Carry Forward Total	l	-	48
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	-	48
Total Permissible income	o = k + n	8,300	8,505
less Notional General Income Yield	p	8,252	8,506
Catch-up or (excess) result	q = o - p	48	(1)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	48	(1)

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.
- 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.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

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 2016.

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. 23. 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.

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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 2015/16 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 24th day of September 2015