




## Section 4:

# LAUNCESTON CITY COUNCIL FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013



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**STATEMENT OF COMPREHENSIVE INCOME**  
YEAR ENDED 30 JUNE 2013

	NOTES	2013 ACTUAL \$'000	2013 BUDGET (Unaudited) \$'000	2012 ACTUAL \$'000
<b>REVENUES</b>				
Rates and Charges	3	55,802	54,563	51,986
Fees	4	17,407	18,139	17,774
Revenue Grants and Contributions				
Financial Assistance Grant	4	3,617	2,101	5,542
Other Grants	4	2,734	2,947	2,781
Capital Grants	4	3,620	3,431	13,684
Interest	4	2,948	2,509	3,103
Interest - Capital Funds	4	209	80	603
Investment Revenue	4	2,787	2,700	2,856
Other	4	2,385	2,091	2,443
Bequests	8	52	-	-
Infrastructure Take Up Adjustments	5	3,603		3,049
		95,164	88,561	103,821
<b>EXPENSES</b>				
Maintenance of Facilities and Provision of Services				
Employee Benefits	4	32,317	34,724	31,191
Materials and Services	4	30,757	31,864	29,637
Impairment of Debts	4	48	80	(27)
Finance Costs				
Loan Interest	4	757	889	887
Provision for Rehabilitation	20	326	325	983
Change in Provision for Rehabilitation	20	-	-	(759)
Depreciation and Amortisation	7	18,528	20,881	19,778
State Government Fire Service Levy		5,836	5,836	5,748
Rate Remissions and Abatements		653	604	46
		89,222	95,203	87,484
<b>SURPLUS (DEFICIT)</b>		5,940	(6,642)	16,337
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Investment Revaluation Increase (Decrease)	23	4,915		1,588
Actuarial Gains (Losses)	14	6,260		(6,414)
Net Asset Revaluation Increase (Decrease)	21e	(21,741)		21,806
<b>COMPREHENSIVE RESULT</b>		(4,626)	(6,642)	33,317

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	NOTES	2013 \$'000	2012 \$'000
<b>EQUITY</b>			
Capital Reserves	8	153,662	150,070
Revenue Reserves	8	863,726	855,203
Asset Revaluation Reserves	8	425,563	442,389
Trusts and Bequests	8	1,675	1,590
<b>TOTAL EQUITY</b>		<b>1,444,626</b>	<b>1,449,252</b>
Represented by:-			
<b>CURRENT ASSETS</b>			
Cash at Bank and on Hand	9	2,296	807
Rate and Sundry Receivables	10	4,252	4,927
Short Term Investments	11	55,003	61,737
Inventories		652	660
		<b>62,203</b>	<b>68,131</b>
<b>NON-CURRENT ASSETS</b>			
Deferred Receivables	19	258	258
Investment (Ben Lomond Water)	23	262,303	257,388
Intangible Assets	21	4,674	4,646
Infrastructure and Other Assets	21	930,062	948,018
Museum Collection	31	232,238	231,913
		<b>1,429,535</b>	<b>1,442,223</b>
<b>TOTAL ASSETS</b>		<b>1,491,738</b>	<b>1,510,354</b>
<b>CURRENT LIABILITIES</b>			
Deposits and Prepayments	11	693	1,300
Employee Provisions	13	5,799	6,079
Interest Bearing Liabilities	15	2,707	2,573
Sundry Payables and Accruals	18	14,617	17,480
		<b>23,816</b>	<b>27,432</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Provisions	13	837	772
Superannuation Obligation	14	2,550	9,560
Interest Bearing Liabilities	15	10,091	12,797
Other Provisions	20	9,818	10,541
		<b>23,296</b>	<b>33,670</b>
<b>TOTAL LIABILITIES</b>		<b>47,112</b>	<b>61,102</b>
<b>NET ASSETS</b>		<b>1,444,626</b>	<b>1,449,252</b>
Commitments for			
Capital Expenditure	17	5,306	7,312
Contingent Liabilities	30	-	-

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2013

	NOTES	2013 \$'000	2012 \$'000
<b>TOTAL EQUITY</b>			
Balance 1 July		1,449,252	1,415,935
Net Surplus		5,940	16,337
Comprehensive Income		6,260	(6,374)
Asset Revaluations			
Infrastructure Assets		(21,741)	21,806
Ben Lomond Water	23	4,915	1,548
Balance 30 June		1,444,626	1,449,252
<b>CAPITAL RESERVES</b>			
Balance 1 July	8	150,070	136,413
Net Surplus		3,592	13,657
Balance 30 June		153,662	150,070
<b>REVENUE RESERVES</b>			
Balance 1 July		855,203	858,984
Net Surplus		2,315	2,587
Comprehensive Income		6,260	(6,374)
Transfers		(52)	6
Balance 30 June		863,726	855,203
<b>ASSET REVALUATION RESERVES</b>			
Balance 1 July		442,389	419,034
Asset Revaluations			
Infrastructure Assets		(21,741)	21,806
Ben Lomond Water	23	4,915	1,549
Balance 30 June		425,563	442,389
<b>TRUSTS AND BEQUESTS</b>			
Balance 1 July		1,590	1,504
Net Surplus		33	92
Transfers		52	(6)
Balance 30 June		1,675	1,590
		1,444,626	1,449,252

For further information regarding changes in reserves refer note 8  
The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
YEAR ENDED 30 JUNE 2013

	NOTES	2013 \$'000 INFLOWS (OUTFLOWS)	2012 \$'000 INFLOWS (OUTFLOWS)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Provision of Goods and Services (including GST)		(68,534)	(63,961)
Interest Paid		(764)	(907)
State Government Fire Levy		(5,836)	(5,748)
<b>Receipts</b>			
Rates		55,682	51,691
Fees and Charges		17,287	19,127
Grants and Contributions - Revenue		6,352	8,323
Interest Received		2,795	3,364
Other (including GST)		5,559	5,961
<b>Net Cash from Operating Activities</b>	22	12,541	17,850
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Capital Works		(21,882)	(26,671)
<b>Receipts</b>			
Sale of Assets		262	510
Grants and Contributions - Capital		3,620	7,934
Distributions from Investments		2,787	2,533
<b>Net Cash Used In Investing Activities</b>		(15,213)	(15,694)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Loan Repayments		(2,573)	(2,347)
<b>Receipts</b>			
Loan Proceeds		-	2,340
<b>Net Cash From in Financing Activities</b>		(2,573)	(7)
Net Increase (Decrease) in Cash Held		(5,245)	2,149
Cash and Cash Equivalents at 1 July		62,544	60,395
<b>Cash and Cash Equivalents at 30 June</b>	22	57,299	62,544

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

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# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 1 STATEMENT OF ACCOUNTING POLICIES

### a) Reporting Entity

This report is a general purpose financial report. All entities through which the Council controls resources to carry out its functions (including the Special Committees detailed in Note 26) have been included in these financial statements. Inter-entity balances and transactions have been eliminated.

### b) Statement of Compliance

This financial report has been prepared to comply with Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board (AASB) and the Local Government Act 1993 (as amended). It has been prepared on an accrual and going concern basis under the convention of historical cost accounting, with the exception that certain non-current assets (other than deferred debtors), are included at valuation (refer Notes 1(i), 21 and 23). The Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Council has elected to apply options and exceptions within accounting standards that are applicable to not for profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

Except as disclosed below the accounting policies adopted are consistent with those of the previous year.

### c) Adoption of New and Revised Accounting Standards

In the current year the Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised standards has had no material effect on the Council's accounting policies.

At the reporting date updates to the following standards were available for early adoption, relevant to the Council's operations and adopted by the Council.

#### AASB 101 Presentation of Financial Statements

Amendments to this standard relate to the inclusion of Australian specific reporting requirements.

#### AASB 124 Related Party Disclosures

Amendment to this standard simplify the definition of a related party.

At the reporting date updates to a number of standards listed in Note 32 were available for early adoption and relevant to the Council's operations but were not applied by the Council.

At the reporting date AASB 9 Financial Instruments was issued to replace AASB 139 Financial Instruments Recognition and Measurement. This standard was not available for early adoption at the reporting date.

### d) Accounting Estimates

In the application of Australian Accounting Standards, the Council is required to make judgements, estimates and assumptions about carrying values of some assets and liabilities.

Judgements made by the Council that have significant effects on the Financial Reports are disclosed below and in the relevant notes.

An estimate may need revision if changes occur in the circumstances on which the estimate was based. The effect of any changes in estimates are brought to account in the reporting period the changes are made.

#### Employee Entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 1(n).

#### Defined Benefit Superannuation Fund Obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 14.

#### Fair Value of Property, Plant and Equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 1(k) and in Note 21.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 1 STATEMENT OF ACCOUNTING POLICIES *continued*

### d) Accounting Estimates *continued*

#### Investment in Water Corporation

Assumptions utilised in the determination of Council's valuation of its investment in Ben Lomond Water are discussed in Note 1(g) and in Note 23.

#### Waste Centre Rehabilitation

Assumptions and judgements are utilised in determining the cost of rehabilitation. These are discussed in Note 1(l) and Note 20.

At the reporting date there were no material changes in the accounting estimates used in the preparation of the report.

### e) Financial Instruments

#### Rate Debtors

All rates levied during the reporting period are recognised (including those that are remitted in accordance with the Council policy and Section 129 of the Local Government Act 1993) as revenues. Uncollected rates are recognised as receivables (Notes 4 and 10).

#### Other Debtors

Receivables are carried at nominal amounts due less any allowance for impaired debts. The Council makes provision for any amount for which collection is considered doubtful.

#### Sundry Creditors

Sundry creditors represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are paid within normal credit terms.

#### Deposits

The Council holds deposits lodged by other organisations and security deposits lodged by individuals and entities performing work which may adversely affect Council assets. The deposits are repayable on demand or where certain conditions have been met. The funds are held as cash assets and a corresponding liability is recognised and recorded at nominal value.

### f) Grants and Donations

All grants and donations are recognised as revenue when received or when the Council obtains control over the assets comprising the contributions. Grants held where the Council has not gained full control of the funds are held as deposits (Notes 11 and 12).

### g) Investments

Investments in managed funds (if held) are valued at the redemption price at balance date as advised by the investment managers and are based on the market value of the underlying investments. Movements in redemption values are recognised as revenue or expense in the period to which they relate. Net income for the year is included as "Interest Income".

#### Ben Lomond Water

AASB 127 requires a reporting entity to prepare consolidated financial reports to include the assets and liabilities of subsidiaries under their control.

At the reporting date the Council owned more than 50% of Tasmanian Water and Sewerage Corporation (Northern Region) Pty Limited, trading as Ben Lomond Water. However, under the provisions of the Water and Sewer Corporations Act 2008, the Council does not have the power to govern the financial and operating policies of Ben Lomond Water.

The investment in Ben Lomond Water is recorded at the fair value of the Council's share of the underlying assets (Note 23). This investment transfers to the Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater) on 1 July 2013.

The Council will receive returns from this investment in the form of dividends, guarantee fees, income tax equivalents and distributions. All returns will be taken up as income in the year in which received (Note 4).



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 1 STATEMENT OF ACCOUNTING POLICIES *continued*

### h) Inventories

Stores and materials are valued at average cost or net realisable value whichever is the lower. Stores issues are at average cost.

### i) Recognition of Non-Current Assets

The Council has completed the recognition of assets with the exception of street furniture. The Queen Victoria Museum and Art Gallery collection was valued as at 30 June 2010 (Note 31).

In accordance with AASB 1051 the Council elected not to recognise as an asset, land under roads acquired before 1 July 2009. Land acquired from 1 July 2009 is capitalised.

While the process of infrastructure asset recognition is largely complete, the Council does find it necessary on occasion to take up assets as they are identified. This relates particularly to underground assets and to newly constructed assets where value on completion is compared to cost. Any adjustment arising from this process is treated as an "infrastructure take-up adjustment" (Note 5).

Plant and Equipment assets acquired are recorded at the cost of acquisition.

### j) Impairment

At each reporting date the Council reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Non commercial assets are reviewed using the Australian paragraphs to AASB 136 where future economic benefits are measured on future net cash inflows and whether, if deprived of the asset, the Council would replace its future economic benefit. At the reporting date no assets were identified as being materially impaired.

### k) Depreciation and Write-off of Non-Current Assets

Depreciation has been charged in recognition of the diminution in value of non-current assets through use. No depreciation is charged in relation to land, nor for non-current assets that are maintained such that their future useful life remains constant (for example sports fields and garden beds).

#### Museum Collection

The museum collection assets have been assessed to have indefinite lives. These heritage and cultural assets are stored, managed, displayed, repaired and restored in ways that will maintain their cultural or heritage value over time. Where conservation, restoration and preservation activities demonstrate that an asset will be maintained for an indefinite period, these items are considered to have indefinite useful lives and therefore not subject to depreciation. Revaluations will be made with sufficient regularity to maintain the collection at fair value.

Where depreciation is charged, it is on the straight line basis using rates that recognise the useful life of the asset.

	BASIS OF DEPRECIATION	USEFUL LIFE
Freehold Land	Not Depreciated	Unlimited
Leased Land	Not Depreciated	Lease term
Freehold Buildings	Straight Line	100 - 250 years
Leasehold Buildings	Straight Line/Lease	100 years
Light Vehicles	Straight Line	5 years
Major Plant	Straight Line	3 - 20 years
Minor Plant	Straight Line	2 - 20 years
Computer Equipment	Straight Line	3 - 5 years
Furniture and Equipment	Straight Line	4 - 50 years

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 1 STATEMENT OF ACCOUNTING POLICIES *continued*

### k) Depreciation and Write-off of Non-Current Assets *continued*

	BASIS OF DEPRECIATION	USEFUL LIFE
<b>Infrastructure</b>		
Road Pavement	Straight Line	150 years
Road Sealed Surfaces	Straight Line	15 - 25 years
Road Kerb and Channel	Straight Line	100 years
Road Footpaths	Straight Line	30 - 50 years
Bridges	Straight Line	25 - 100 years
Parks and Recreation	Straight Line	10 - 150 years
Stormwater and Drainage	Straight Line	80 - 150 years
Flood Protection	Straight Line	80 - 200 years
Stock Sales Market	Straight Line	10 - 50 years
Waste Centre	Straight Line	30 - 50 years
Future Rehabilitation Costs	Straight Line	3 years

Where buildings are demolished to permit new construction, the written down value of the building at the point of demolition is written off in the year of demolition.

During the financial year useful lives of assets was reviewed. While the depreciation methodology remains the same changes were made to the useful lives of some asset classes. This resulted in a reduction in the depreciation expense of \$1,248,000 from 2012 to 2013. The changes to useful lives were:

	REASSESSED USEFUL LIFE	USEFUL LIFE As at 2012
Leasehold Buildings	100 years	60 - 100 years
Light Vehicles	5 years	3 - 4 years
Minor Plant	3 - 20 years	2 - 20 years
Road Pavement	150 years	100 - 150 years
Road Sealed Surfaces	20 - 25 years	15 - 25 years
Road Footpaths	30 - 50 years	50 years
Bridges	25 - 100 years	20 - 100 years
Stormwater and Drainage	80 - 150 years	60 - 120 years
Flood Protection	80 - 200 years	100 - 200 years

### l) Provision for Rehabilitation

The Council operates a waste disposal area (Launceston Waste Facility) with obligations for the rehabilitation of the area in the future. Provision is made for rehabilitation costs to be incurred in future years by estimating the future costs based on current legislative requirements. This future cost is discounted back to present value at balance date. At each balance date the discounting is unwound with the movement in the liability charged to the Statement of Comprehensive Income as part of "borrowing costs" (Note 20).

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 1 STATEMENT OF ACCOUNTING POLICIES *continued*

#### m) Taxation

The Council is exempt from income tax. The major taxation expenses for the Council are, Fringe Benefits Tax, Payroll Tax, Land Tax and the Goods and Services Tax.

##### Fringe Benefits Tax

Fringe Benefits Tax is expensed in the year it is incurred.

##### Payroll Tax

Payroll Tax expensed is in the year it is incurred. Accrued employee liabilities are recognised inclusive of Payroll Tax.

##### Goods and Services Tax

Revenue, expenses and assets are recognised net of goods and services tax (GST) except for the case of receivables and payables which are recognised inclusive of GST. Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

##### Carbon Tax

Council operates a waste centre that includes a landfill site. An independent assessment was commissioned that determined Council does not currently incur a carbon tax liability on this site but a future liability may arise.

#### n) Employee Benefits

Annual and long service leave - Provision is made in respect of the liability for annual leave and long service leave at 30 June. The remuneration rate expected to apply at the time of settlement has been used in calculation of the entitlements with on-costs included. In the case of long service leave the provision has been established at balance date having regard to the present value of estimated future cash outflows. Commonwealth bond rates are used for discounting future cash flows.

Sick leave - No provision is made for sick leave as the entitlement is non-vesting and it is probable that the sick leave expected to be taken in future periods will not exceed the entitlements expected to accrue in those future periods.

Defined benefit fund – the Council contributes to defined benefit plans on behalf of its employees. An asset or liability is recognised in respect of the difference between plan assets and the obligations for entitlements as detailed in Note 14.

#### o) Competition Policy Compliance

Section 84(2)(da) of the Local Government Act 1993 requires the Council's financial statements contain a statement of the "operating, capital and competitive neutrality costs" in respect of each significant business activity. The Council has chosen to disclose these costs in respect of all functions. This disclosure has been included in Note 2.

The following items have been disclosed:

Full cost attribution – Service costs applied to all Council operations in respect of internal services provided (e.g. accounting and computer support).

Competitive neutrality costs – Notional charges for expenses not normally incurred by councils (eg council rates). As these costs are not actually incurred, the Council's "General Public Services" function has been credited with these notional items.

Notional income tax – Notional income tax has been applied at the rate of 30% against accounting profit (excluding abnormal asset valuation adjustments) for significant business activities. The amounts are notional only as the entity is exempt from income tax.

Capital costs - Depreciation has been allocated to functional areas within the operating statement. The notional opportunity cost of capital employed in respect of the function has been shown in the Notes. It has been calculated by applying a rate of 9% to net assets employed.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 1 STATEMENT OF ACCOUNTING POLICIES *continued*

### p) Component Functions or Programs

The Council categorises its programs into eight categories for the purpose of the operating summary in Note 2.

Categories are as follows:

**General Public Service** - Management of the administrative and financial operation of the Council organisation including elected representatives.

**Public Order and Safety** - Supervision of various by-laws, animal control and public nuisances. The collection of the fire levy on behalf of the State Fire Commission.

**Health** - Administration of health legislation on behalf of the State Government including food handling control and public health issues. Provision of immunisation services.

**Welfare** - Maintenance of properties used for childcare and kindergarten.

**Housing and Community Amenities** - Provision of building and development approvals services including planning scheme. Solid waste services including garbage collection and disposal. Funding for the provision of street lighting. Maintenance of a range of public buildings and facilities including cemeteries. Maintenance of the stormwater drainage network including flood mitigation works. Provision of street cleaning services.

**Recreation and Culture** - Maintenance of parks and reserves, sports grounds, playgrounds, swimming pools, halls and related recreational facilities. Funding of Queen Victoria Museum and Art Gallery and the Princess Theatre.

**Roads and Traffic** - Construction and maintenance of roads, footpaths and bridges. Operation of parking facilities including off street car parks and on street metered spaces.

**Other** - A range of services and facilities including the provision of economic development and promotional services and a livestock sale yard.

### q) Rounding

Amounts shown in the financial statements and notes have been rounded to the nearest thousand dollars. This may result in minor variations between schedules and in totals.

### r) Prior Period Disclosure

In the preparation of the financial statements it is Council policy to ensure that any prior year figures are compatible with current year figures.

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**2 FUNCTIONS / ACTIVITIES OF THE COUNCIL**

	<b>2013 ACTUAL \$'000</b>	<b>2013 BUDGET (Unaudited) \$'000</b>	<b>2012 ACTUAL \$'000</b>
<b>TOTAL OF ALL FUNCTIONS</b>			
<b>REVENUES</b>			
Rates and Charges	55,802	54,563	51,986
Fees and Charges	17,406	18,139	17,774
Revenue Grants and Contributions			
Financial Assistance Grant	3,617	2,101	5,542
Other Grants	2,734	2,947	2,781
Interest	2,949	2,509	3,103
Interest - Capital Funds	209	80	603
Investment Revenue	2,787	2,700	2,856
Other	2,435	2,091	2,443
	<b>87,939</b>	<b>85,130</b>	<b>87,088</b>
<b>EXPENSES</b>			
Provision of Services			
Employee Costs (Gross)	33,963	36,426	33,200
Less Amounts Capitalised	(1,647)	(1,702)	(2,009)
Employee Costs	32,316	34,724	31,191
Materials and Services	30,758	31,864	29,637
Impairment of Debts	48	80	(27)
Finance Costs			
Interest on Loans	757	889	887
Provision for Rehabilitation	326	325	983
Change in Provision for Rehabilitation	-	-	(759)
Depreciation and Amortisation	18,528	20,881	19,778
State Government Fire Service Levy	5,836	5,836	5,748
Remissions and Abatements	653	604	46
	<b>89,222</b>	<b>95,203</b>	<b>87,484</b>
Full Cost Attribution (Note 1o)	-	-	-
Competitive Neutrality (Note 1o)	-	-	-
	<b>89,222</b>	<b>95,203</b>	<b>87,484</b>
<b>Surplus (Deficit)</b>	<b>(1,283)</b>	<b>(10,073)</b>	<b>(396)</b>
<b>Capital Grants and Infrastructure Adjustments</b>			
Capital Grants and Contributions	3,620	3,431	13,684
Infrastructure Take Up Adjustments	3,603	-	3,049
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>5,940</b>	<b>(6,642)</b>	<b>16,337</b>
Infrastructure Assets	923,267		902,416
Work in Progress	11,469		50,248
Other Assets	557,002		557,690
<b>Total Assets</b>	<b>1,491,738</b>		<b>1,510,354</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 2 FUNCTIONS / ACTIVITIES OF THE COUNCIL *continued*

	2013 \$'000	2012 \$'000
<b>GENERAL PUBLIC SERVICES</b>		
<b>REVENUES</b>		
Rates and Charges	45,516	42,123
Fees	612	640
Financial Assistance Grant	1,193	1,955
Other Grants	34	15
Interest	2,948	3,089
Interest - Capital Funds	(172)	(185)
Investment Revenue	2,787	2,856
Other	96	77
	53,014	50,570
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	8,065	8,830
Less Amounts Capitalised	(167)	(48)
Employee Costs	7,898	8,782
Materials and Services	2,971	2,266
Impairment of Debts	-	1
Finance Costs	757	887
Depreciation and Amortisation	1,069	1,145
Rate Remissions and Abatements	652	43
	13,347	13,124
Full Cost Attribution (Note 1q)	(1,891)	(1,836)
Competitive Neutrality (Note 1q)	(257)	(250)
	11,199	11,038
<b>Surplus (Deficit)</b>	41,815	39,532
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	33	31
Infrastructure Take Up Adjustments	160	77
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	42,008	39,640
Infrastructure Assets	43,979	45,760
Work in Progress	9	108
Other Assets	324,764	325,776
<b>Total Assets</b>	368,752	371,644

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**2 FUNCTIONS / ACTIVITIES OF THE COUNCIL** *continued*

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>PUBLIC ORDER AND SAFETY</b>		
<b>REVENUES</b>		
Rates and Charges - Fire Service	5,961	5,745
Fees and Charges	263	250
Other Grants	-	4
Interest	15	14
Other	-	3
	<b>6,239</b>	<b>6,016</b>
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	332	335
Less Amounts Capitalised	-	(19)
Employee Costs	332	316
Materials and Services	133	161
Impairment of Debts	4	11
Depreciation and Amortisation	13	13
State Government Fire Service Levy	5,836	5,748
	<b>6,318</b>	<b>6,249</b>
Full Cost Attribution (Note 1q)	75	73
Competitive Neutrality (Note 1q)	-	-
	<b>6,393</b>	<b>6,322</b>
<b>Surplus (Deficit)</b>	<b>(154)</b>	<b>(306)</b>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	-	-
Infrastructure Take Up Adjustments	-	-
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>(154)</b>	<b>(306)</b>
Infrastructure Assets	1,001	1,014
Work in Progress	-	-
Other Assets	-	-
<b>Total Assets</b>	<b>1,001</b>	<b>1,014</b>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 2 FUNCTIONS / ACTIVITIES OF THE COUNCIL *continued*

	2013 \$'000	2012 \$'000
<b>HEALTH</b>		
<b>REVENUES</b>		
Fees and Charges	287	250
Other Grants	-	2
Other	-	-
	287	252
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	752	733
Less Amounts Capitalised	-	-
Employee Costs	752	733
Materials and Services	180	169
Impairment of Debts	(1)	2
Depreciation and Amortisation	1	1
	932	905
Full Cost Attribution (Note 1q)	132	128
Competitive Neutrality (Note 1q)	-	-
	1,064	1,033
<b>Surplus (Deficit)</b>	(777)	(781)
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	-	-
Infrastructure Take Up Adjustments	-	-
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	(777)	(781)
Infrastructure Assets	-	-
Work in Progress	-	-
Other Assets	-	-
<b>Total Assets</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**2 FUNCTIONS / ACTIVITIES OF THE COUNCIL** *continued*

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>WELFARE</b>		
<b>REVENUES</b>		
Fees and Charges	2	44
Other Grants	89	28
Other	6	11
	<u>97</u>	<u>83</u>
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	505	576
Less Amounts Capitalised	-	-
Employee Costs	505	576
Materials and Services	357	598
	<u>862</u>	<u>1,174</u>
Full Cost Attribution (Note 1q)	64	62
Competitive Neutrality (Note 1q)	-	-
	<u>926</u>	<u>1,236</u>
<b>Surplus (Deficit)</b>	<u>(829)</u>	<u>(1,153)</u>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	-	-
Infrastructure Take Up Adjustments	-	-
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<u>(829)</u>	<u>(1,153)</u>
Infrastructure Assets	1,324	1,237
Work in Progress	-	-
Other Assets	-	-
<b>Total Assets</b>	<u>1,324</u>	<u>1,237</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 2 FUNCTIONS / ACTIVITIES OF THE COUNCIL *continued*

	2013 \$'000	2012 \$'000
<b>HOUSING AND COMMUNITY AMENITIES</b>		
<b>REVENUES</b>		
Rates and Charges	3,859	3,663
Fees and Charges	5,936	6,043
Other Grants	469	758
Interest	266	545
Other	493	407
	11,023	11,416
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	5,407	4,953
Less Amounts Capitalised	(552)	(491)
Employee Costs	4,855	4,462
Materials and Services	9,024	8,543
Impairment of Debts	13	2
Finance Costs - Provision for Rehabilitation	326	983
Change in Provision for Rehabilitation	-	(759)
Depreciation and Amortisation	3,713	4,323
Remissions and Abatements	-	2
	17,931	17,556
Full Cost Attribution (Note 1q)	(240)	(223)
Competitive Neutrality (Note 1q)	55	53
	17,746	17,386
<b>Surplus (Deficit)</b>	<b>(6,723)</b>	<b>(5,970)</b>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	-	11,973
Infrastructure Take Up Adjustments	(9,269)	3,992
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>(15,992)</b>	<b>9,995</b>
Infrastructure Assets	198,646	211,980
Work in Progress	9,362	46,322
Other Assets	-	-
<b>Total Assets</b>	<b>208,008</b>	<b>258,302</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**2 FUNCTIONS / ACTIVITIES OF THE COUNCIL** *continued*

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>RECREATION AND CULTURE</b>		
<b>REVENUES</b>		
Fees and Charges	3,358	3,198
Other Grants	1,332	1,324
Interest	100	243
Other	1,735	1,802
	<b>6,525</b>	<b>6,567</b>
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	10,355	9,800
Less Amounts Capitalised	-	(128)
Employee Costs	10,355	9,672
Materials and Services	11,258	12,168
Impairment of Debts	31	6
Depreciation and Amortisation	4,362	4,181
	<b>26,006</b>	<b>26,027</b>
Full Cost Attribution (Note 1q)	964	933
Competitive Neutrality (Note 1q)	108	105
	<b>27,078</b>	<b>27,065</b>
<b>Surplus (Deficit)</b>	<b>(20,553)</b>	<b>(20,498)</b>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	2,004	274
Infrastructure Take Up Adjustments	574	-
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>(17,975)</b>	<b>(20,224)</b>
Infrastructure Assets	288,436	285,241
Work in Progress	1,557	2,612
Other Assets	232,238	231,913
<b>Total Assets</b>	<b>522,231</b>	<b>519,766</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 2 FUNCTIONS / ACTIVITIES OF THE COUNCIL *continued*

	2013 \$'000	2012 \$'000
<b>ROADS AND TRAFFIC</b>		
<b>REVENUES</b>		
Fees and Charges	5,962	6,201
Financial Assistance Grants	2,424	3,587
Other Grants	222	282
Other	48	9
	8,656	10,079
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	5,166	4,494
Less Amounts Capitalised	(891)	(1,318)
Employee Costs	4,275	3,176
Materials and Services	5,908	5,130
Impairment of Debts	1	(51)
Depreciation and Amortisation	8,218	8,917
	18,402	17,172
Full Cost Attribution (Note 1q)	532	502
Competitive Neutrality (Note 1q)	78	76
	19,012	17,750
<b>Surplus (Deficit)</b>	<b>(10,356)</b>	<b>(7,671)</b>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	1,583	1,406
Infrastructure Take Up Adjustments	12,138	(1,020)
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>3,365</b>	<b>(7,285)</b>
Infrastructure Assets	388,190	355,325
Work in Progress	540	1,206
Other Assets	-	-
<b>Total Assets</b>	<b>388,730</b>	<b>356,531</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**2 FUNCTIONS / ACTIVITIES OF THE COUNCIL** *continued*

	<b>2013</b> <b>\$'000</b>	<b>2012</b> <b>\$'000</b>
<b>OTHER</b>		
<b>REVENUES</b>		
Rates and Charges	466	455
Fees	986	1,148
Other Grants	589	368
Other	57	137
	<b>2,098</b>	<b>2,108</b>
<b>EXPENSES</b>		
Provision of Services		
Employee Costs (Gross)	3,381	3,479
Less Amounts Capitalised	(37)	(5)
Employee Costs	3,344	3,474
Materials and Services	927	603
Impairment of Debts	-	2
Depreciation and Amortisation	1,153	1,198
	<b>5,424</b>	<b>5,277</b>
Full Cost Attribution (Note 1q)	364	361
Competitive Neutrality (Note 1q)	16	16
	<b>5,804</b>	<b>5,654</b>
<b>Surplus (Deficit)</b>	<b>(3,706)</b>	<b>(3,546)</b>
<b>Capital Grants and Infrastructure Adjustments</b>		
Capital Grants and Contributions	-	-
Infrastructure Take Up Adjustments	-	-
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>	<b>(3,706)</b>	<b>(3,546)</b>
Infrastructure Assets	1,691	1,861
Work in Progress	1	-
Other Assets	-	-
<b>Total Assets</b>	<b>1,692</b>	<b>1,861</b>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 3 VALUATION AND RATING

	2013 \$'000	2012 \$'000
Gross Assessed Annual Value of the City	560,577	563,134
<b>Rates</b>	<b>Cents/\$AAV</b>	<b>Cents/\$AAV</b>
General Rate	7.5400	7.2500
General Rate (CBD Variation)	8.9202	8.5900
<b>Service Rates</b>		
Fire Protection - Urban	1.2010	1.1840
Fire Protection - Rural	0.2910	0.2970
Fire Protection - Lilydale District	0.3500	0.3700
	<b>\$</b>	<b>\$</b>
General Charge (Fixed Amount)	125.00	120.00
<b>Minimum Rates apply:-</b>		
Fire Levy	36.00	35.00
	2013 \$ RANGE	2012 \$ RANGE
<b>Service Charges</b>		
Waste Management - on bin size	103 - 217	99 - 208
Onsite Disposal System	600 - 660	600 - 660

The Assessed Annual Value of the City is as determined by the Valuer-General and for the year ended 30 June, 2013 (2012) rates were based on valuations effective from 1 July, 2011 (1 July 2011).

The rate to be raised from an individual property is calculated by applying the rate in the \$AAV upon the Assessed Annual Value of the property and adding other applicable charges. The fire rate raised is subject to minimum amounts.

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**4 REVENUE AND EXPENSE ANALYSIS**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Rating Revenue</b>		
General Rates	41,171	38,050
General Charge	4,345	4,073
CBD (Variation Amount)	466	455
Fire Protection	5,961	5,745
Waste Management Charge	3,859	3,663
	<b>55,802</b>	<b>51,986</b>
<b>Fees and Charges</b>		
Statutory Fees and Charges	5,438	5,730
Trading Revenue	11,969	12,044
	<b>17,407</b>	<b>17,774</b>
<b>Revenue Grants</b>		
<b>Financial Assistance Grant</b>		
Financial Year Grants	3,864	4,290
Grant Received in Prior Year	(2,283)	(1,031)
Grant Received for Next Year	2,036	2,283
	<b>3,617</b>	<b>5,542</b>
State Grant Queen Victoria Museum	1,298	1,287
Other Grants	1,436	1,494
	<b>2,734</b>	<b>2,781</b>
	<b>6,351</b>	<b>8,323</b>
<b>Capital Grants and Contributions</b>		
Flood Mitigation	-	11,750
Museum	4	-
Other Amenities	-	220
Parks and Recreation	1,000	2
Public Halls	-	-
Sports Ground	1,000	272
Roads	1,583	1,406
Other	33	34
	<b>3,620</b>	<b>13,684</b>
<b>Interest</b>		
Interest Untied Funds	2,586	2,761
Interest Rate Debts	362	342
	<b>2,948</b>	<b>3,103</b>
Interest Tied Funds (Capital Grants)	209	603
	<b>3,157</b>	<b>3,706</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 4 REVENUE AND EXPENSE ANALYSIS *continued*

	2013 \$'000	2012 \$'000
<b>Investment Revenue</b>		
Ben Lomond Water (Note 23)		
Dividends	620	1,336
Tax Equivalents	1,719	1,160
Guarantee Fees	126	37
	2,465	2,533
APAL Pty Ltd (Note 19)	322	323
	2,787	2,856
<b>Other Income</b>	2,383	2,443
<b>Maintenance of Facilities and Provision of Services</b>		
Labour Costs	32,317	31,191
Materials and Services	30,757	29,637
	63,074	60,828
<b>Labour Costs</b>		
Wages and Salaries	23,962	23,026
Superannuation and Retiring Allowance	3,207	3,210
Employee Leave Entitlements	3,460	3,665
Payroll Tax	1,926	1,822
Workers Compensation Insurance	379	299
Other Costs	1,029	1,178
	33,963	33,200
Less Amounts Capitalised	1,646	2,009
	32,317	31,191
<b>Materials and Contracts</b>		
Street Lighting	1,639	1,497
Garbage Collection	2,757	2,672
Loss on Disposal of Fixed Assets (Note 6)	530	712
Aldermanic and Mayoral Allowances	472	457
Community Assistance Grants	75	77
Events Funding	206	383
External Auditor's Remuneration:		
- Auditing Financial Statements	48	44
Internal Auditor's Remuneration	52	18
Water and Sewerage Costs	517	701
Land Tax	274	446
Provision of Services	24,187	22,630
	30,757	29,637
<b>Impaired Debts</b>	48	(27)
<b>Finance Costs</b>		
Interest on Borrowings	757	887
Unwinding of Discount on Provision for Rehabilitation of Waste Centre (Note 20)	326	983
	1,083	1,870

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**5 ASSET TAKE UP ADJUSTMENTS**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Adjustments to Infrastructure Assets (Note 1i)		
Assets Recognised (Derecognised):		
Gross Value	4,069	10,018
Accumulated Depreciation	4,066	(352)
Completed Works:		
Accumulated Depreciation Adjustment	1,644	2,318
Expenditure not Capitalised	(6,176)	(8,936)
	<b>3,603</b>	<b>3,049</b>

**6 PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Proceeds from Disposal	262	510
Less Carrying Amounts	(792)	(1,222)
Profit / (Loss)	<b>(530)</b>	<b>(713)</b>

**7 DEPRECIATION AND AMORTISATION EXPENSE**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Buildings	2,110	1,755
Plant and Equipment	2,907	3,001
Roads and Bridges	7,852	8,627
Drainage Systems	2,120	2,868
Flood Protection Systems	438	435
Recreation Facilities	1,932	2,059
Stock Sales Market	31	31
Refuse Disposal Area	703	539
Data Systems	435	461
Total Depreciation	<b>18,528</b>	<b>19,778</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 8 MOVEMENTS IN EQUITY

	2013 \$'000	2012 \$'000
<b>Total Reserve</b>		
Capital Reserves	153,662	150,070
Revenue Reserves	863,726	855,203
Asset Revaluation Reserves	425,563	442,389
Trusts and Bequests	1,675	1,590
Balance - 30 June	1,444,626	1,449,252
<b>Summary of Movements</b>		
Balance - 1 July	1,449,252	1,415,935
Net Surplus (Deficit)	5,940	16,337
Comprehensive Income	(10,566)	16,980
Balance - 30 June	1,444,626	1,449,252
<b>Capital Reserves</b>		
<b>Government Grants</b>		
Balance -1 July	143,857	130,288
Net Surplus (Deficit)	448	13,569
Balance - 30 June	144,305	143,857
<b>Capital Reserves</b>		
<b>Other Contributions</b>		
Balance -1 July	6,213	6,125
Net Surplus (Deficit)	3,144	88
Balance - 30 June	9,357	6,213
<b>Revenue Reserves</b>		
<b>General</b>		
Balance -1 July	851,830	860,170
Net Surplus (Deficit)	(2,797)	(3,395)
Comprehensive Income	-	40
Transfers	4,897	(4,985)
Balance - 30 June	853,930	851,830
<b>CBD</b>		
Balance -1 July	(9)	10
Net Surplus (Deficit)	17	(19)
Balance - 30 June	8	(9)
<b>Special Committees</b>		
Balance -1 July	140	117
Net Surplus (Deficit)	(37)	23
Balance - 30 June	103	140

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**8 MOVEMENTS IN EQUITY** *continued*

	2013 \$'000	2012 \$'000
<b>Public Open Space</b>		
Balance -1 July	63	36
Net Surplus (Deficit)	(25)	27
Balance - 30 June	38	62
<b>Self Insurance</b>		
Balance -1 July	2,198	2,274
Net Surplus (Deficit)	-	174
Transfers	-	(250)
Balance - 30 June	2,198	2,198
<b>Employee Benefits</b>		
Balance -1 July	(9,560)	(3,623)
Net Surplus (Deficit)	749	477
Comprehensive Income	6,260	(6,414)
Balance - 30 June	(2,551)	(9,560)
<b>Waste Centre Reserve</b>		
Balance -1 July	10,541	-
Net Surplus (Deficit)	1,943	2,767
Transfers	(2,484)	7,774
Balance - 30 June	10,000	10,541
<b>Special Reserve - Water Corporation</b>		
Balance -1 July	-	-
Net Surplus (Deficit)	2,465	2,533
Transfers	(2,465)	(2,533)
Balance - 30 June	-	-
<b>Asset Revaluation Reserves</b>		
General		
Balance -1 July	438,110	416,304
Comprehensive Income	(21,741)	21,806
Balance - 30 June	416,369	438,110
<b>Investment Ben Lomond Water</b>		
Balance -1 July	4,279	2,730
Comprehensive Income	4,915	1,549
Balance - 30 June	9,194	4,279

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 8 MOVEMENTS IN EQUITY *continued*

	2013 \$'000	2012 \$'000
<b>Trusts and Bequests</b>		
<b>Balance - 30 June</b>		
Cliff Grounds	5	5
John Hart	20	20
John Hart (Interest)	3	2
Mary Nichols Bequest	2	2
Mary Nichols (Interest)	6	6
Plomley Foundation - Capital	1,325	1,325
Plomley Foundation - Management	27	7
Museum - Thomas Knowles	2	2
Museum - Bessant Bequest	233	221
Museum - Armitage	52	-
	<b>1,675</b>	<b>1,590</b>
<b>Summary of Trusts and Bequests</b>		
Balance -1 July	1,590	1,504
Net Surplus (Deficit)	33	92
Transfers	52	(6)
Balance - 30 June	<b>1,675</b>	<b>1,590</b>

### 9 CASH AT BANK AND ON HAND

	2013 \$'000	2012 \$'000
Cash on Hand	11	15
Cash at Bank	2,182	652
Special Committees	103	140
	<b>2,296</b>	<b>807</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**10 RATE AND SUNDRY RECEIVABLES**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>(a) Current Receivables</b>		
Rate Debtors	1,280	1,451
Accrued Revenue	312	151
Sundry Debtors	1,992	2,460
Prepayments	113	129
Parking Infringement Debtors	2,407	2,636
	<u>6,104</u>	<u>6,827</u>
Impairment of Debtors		
Sundry Debtors	(214)	(180)
Parking Infringement Debtors	(1,638)	(1,721)
	<u>(1,852)</u>	<u>(1,901)</u>
	<u>4,252</u>	<u>4,927</u>
Movement in Impaired Debts	(49)	(143)
<b>(b) Collection Performance – Rate Receivables</b>		
Rate Revenue	55,802	51,986
Interest on Rates	362	342
	<u>56,164</u>	<u>52,327</u>
Percentage Rate Debtors Outstanding	2.28%	2.77%

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 11 INVESTMENTS

	2013 \$'000	2012 \$'000
<b>Current</b>		
Bank Guaranteed Bills and Deposits	55,003	61,737
	55,003	61,737
<b>Restricted Assets and Deposits</b>		
Restricted assets		
a) Included in the above and invested on behalf of:-		
i) Trusts and Bequests (Note 8)	1,675	1,590
ii) Grants and Contributions (Note 12)	26	20
iii) River Dredging and Flood Protection Contributions	1,817	1,426
b) Provision for Retiring Allowance (Note 13)	172	165
c) Provision for Waste Centre Rehabilitation (Note 8)	10,000	10,541
	13,690	13,742
Grant funds brought to account as income but not fully expended and held in specific bank deposits at year end	10,639	10,213
Total Restricted assets	24,329	23,955
Deposits		
Grant funds not yet recorded as income and shown as a deposit liability at balance date (Note 1(f))	-	573
Other Deposits	693	727
Total Deposits	693	1,300
Total Restricted Assets and Deposits	25,022	25,255
Committed Funds		
Capital Expenditure (Note 17)	5,306	7,312
Net Capital Works (carried forward)	19,688	27,982
Current Liabilities (excluding Deposits)	23,177	26,132
	48,171	61,426
<b>Non-Current</b>		
Ben Lomond Water (Note 23)	262,303	257,388

### 12 CONDITIONS OVER CONTRIBUTIONS

	2013 \$'000	2012 \$'000
Museum project grants received conditionally and recognised as revenue where that condition has not been met at balance date	26	20
Museum project grants recognised as revenue in previous years and expended during the current year	20	3
Net increase (decrease) in restricted assets resulting from grants and contributions	6	17

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 13 EMPLOYEE PROVISIONS AND STATISTICS

	2013	2012
Full Time Equivalent employee numbers at year end	431	431
	\$'000	\$'000
<b>Current Provisions</b>		
Accrued Time	130	119
Annual Leave	2,450	2,568
Long Service Leave	3,156	3,332
Retiring Allowance	63	61
	5,799	6,079
<b>Non-Current Provisions</b>		
Long Service Leave	727	668
Retiring Allowance	110	104
	837	772

### 14 SUPERANNUATION

In accordance with statutory requirements the Council contributes, to the funds, amounts determined by the Actuaries. As such, assets accumulate to meet member's benefits as they accrue. If the assets of the funds were insufficient to satisfy benefits payable to its beneficiaries the Council would be required to meet its share of the deficiency.

The details of the actuarial reviews are:

#### Quadrant Defined Benefit Superannuation Scheme

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

At the present time the Council contributes 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus over vested benefits was \$4,793,408 and the value of total accrued benefits was \$57,330,437. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	0% pa for 2011/12 and 7.0% thereafter
Salary Inflation	4.0% pa
Price Inflation	n/a

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 14 SUPERANNUATION *continued*

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.
2. The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2011.
3. Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% in 2013/14, and 11% of salaries in 2014/15.

The Actuary will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2014 and is expected to be completed late in 2014 or early in 2015. The Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

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

The Quadrant Superannuation Scheme includes contributions by other organisations and the benefits noted above include benefits due to the employees of those organisations).

### City of Launceston Employees Superannuation Sub-Fund

With effect from 1 July 2006, the assets and members of the City of Launceston fund transferred to a sub-fund of the Quadrant Superannuation Scheme on a "successor fund" basis.

	2013 \$'000	2012 \$'000
In accordance with Note 1(p) the Council has taken up a liability of:	2,550	9,560

in respect of the excess of benefit liabilities over assets in the Fund. The Council does not have any immediate requirement to fund the shortfall and continues to fund at the level of contributions assessed by the Scheme's actuary as being required to meet the long term requirements of the Fund.

The calculation of the liability is based on an actuarial review for the purpose of AASB 119 performed by David B Quinn Watson F.I.A.A. on behalf of DeeDeeRa Actuaries Pty Ltd, as at 30 June 2013.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 14 SUPERANNUATION *continued*

The amount taken up as an employee benefit obligation is made up as follows:

	2013 \$'000	2012 \$'000
<b>Balance Sheet asset calculation</b>		
Fair value of plan assets	47,888	38,399
Less present value of defined benefit obligation	(50,438)	(47,958)
Employee benefit asset (obligation)	(2,550)	(9,560)
<b>Defined Benefit Obligation</b>		
<b>Reconciliation of obligation</b>		
Present value of defined benefit obligation - 1 July	47,958	42,069
Current service cost	3,232	2,846
Interest cost	1,165	1,706
Member contributions and transfers from other funds	3,677	2,961
Actuarial (gains)/losses	(1,617)	3,674
Benefits and tax paid	(3,977)	(5,299)
<b>Present value of defined benefit obligation - 30 June</b>	<b>50,438</b>	<b>47,958</b>
<b>Assets</b>		
<b>Reconciliation of the fair value of plan assets</b>		
Fair value of plan assets - 1 July	38,399	38,446
Expected return on plan assets	2,685	2,691
Actuarial gains/(losses)	4,643	(2,739)
Employer contributions	2,462	2,339
Member contributions and transfers from other funds	3,677	2,961
Benefits and tax paid	(3,977)	(5,299)
<b>Fair value of plan assets - 30 June</b>	<b>47,889</b>	<b>38,398</b>
<b>Expense Recognised in Surplus</b>		
Current Service cost	3,232	2,846
Interest Cost	1,165	1,706
Expected Return on Plan Assets	(2,685)	(2,691)
<b>Superannuation Expense</b>	<b>1,712</b>	<b>1,861</b>

#### General plan information

Members of the Fund are entitled to receive lump sum benefits on leaving service due to retirement, death, total and permanent disablement and resignation. The most recent actuarial investigation into the Fund in accordance with the Superannuation Industry (Supervision) Act was carried out as at 1 July 2011 by Geoff Morley BSc BComm FIAA FIA of Bendzulla Actuarial Pty Ltd. The investigation showed the following figures determined in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	\$'000
Present Value of Defined Benefits	39,044
Accumulation Benefits	14,841
<b>Value of Accrued Benefits</b>	<b>53,885</b>
<b>Vested Benefits</b>	<b>37,071</b>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 14 SUPERANNUATION *continued*

#### Principal actuarial assumptions and recommendations

The actuary recommended that the Employer contribute at the rate of 9% of salaries until 31 January 2012 and then 10% of salaries thereafter. The funding method used to make the contribution recommendation was the "entry age normal method". The economic assumptions used in the investigation were:

Rate of investment return:	7.00%
Rate of inflationary salary increases:	4.00%

#### Revenue Reserves – Gain recognised

	2013 \$'000	2012 \$'000
Actuarial gains (losses)	6,260	(6,414)

#### Asset allocation

The table below shows the benchmark (target) asset allocation of the Fund assets as at 30 June 2013 together with the actual allocation for the current and prior year.

STRATEGIC ASSET ALLOCATION	BENCHMARK ALLOCATION	AS AT 30 JUNE 2013 %	AS AT 30 JUNE 2012 %
Australian Shares	34.9	30.8	30.90
International Shares	29.2	32.4	29.54
Unlisted Property	11.4	11.6	13.24
Growth Alternatives	-	-	8.54
Fixed Interest	13.6	12.8	14.31
Private Equity	0.8	0.8	-
Infrastructure	6.7	6.9	-
Cash	3.4	4.7	3.47
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### Method of determining Expected Return on plan assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the expected long term allocation of assets to each asset class. Returns are net of investment tax and investment fees.

ACTUAL RETURN ON PLAN ASSETS	2013 \$'000	2012 \$'000	2011 \$'000
Present value of defined benefit obligation at end of year	50,438	47,958	42,068
Fair value of plan assets at end of year	(47,888)	(38,399)	(38,446)
(Surplus)/Deficit in plan	2,550	9,559	3,622
Experience adjustments - plan liabilities	(2,684)	1,351	494
Experience adjustments - plan assets	4,643	(2,740)	(1,153)
Actual return on Fund assets	7,328	(49)	1,047

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 14 SUPERANNUATION *continued*

	2013	2012
<b>Principal Assumptions</b>		
Discount rate p.a. (net of allowance for tax)	3.10%	2.60%
Return on Investments	6.80%	6.80%
Salary Increases p.a.	3.00%	4.00%

#### Expected Contributions

Based on the data provided to us and the recommended contributions, we calculate that the expected contributions to the Fund for the year ending 30 June 2014 are as follows:

	2014 \$'000	2013 \$'000
Expected employer contributions (for defined benefits only)	2,070	2,167
Expected member contributions (incl. deemed member contributions)	1,241	1,300

### 15 INTEREST BEARING LIABILITIES (SECURED LOANS)

	2013 \$'000	2012 \$'000
(a) Currency of loans		
Current	2,707	2,573
Non-current	10,091	12,797
	12,798	15,370
(b) Movement in General Loans		
Balance - 1 July	15,370	15,377
Repayments	(2,572)	(2,347)
Borrowing	-	2,340
Balance - 30 June	12,798	15,370
The loans are secured over the future revenue of the Council. Public Bodies Assistance Act (PBAA) loan balances are net of subsidies due from the State Government as noted below.		
Gross PBAA loans due	95	151
Less subsidy	(95)	(151)
Year end net balance	-	-

### 16 LEASE COMMITMENTS

At the reporting date, the Council had no material obligations under leases.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 17 COMMITMENTS FOR CAPITAL EXPENDITURE

	2013 \$'000	2012 \$'000
At the reporting date, the Council had entered into contracts for the following capital expenditure:		
Plant and Equipment	474	484
Refuse Infrastructure	12	2,601
Roads Infrastructure	352	177
Parks and Recreation Infrastructure	113	422
Drainage Infrastructure	18	711
Flood Protection Infrastructure	4,317	2,650
Buildings	20	267
	5,306	7,312
These expenditures are due for payment:		
Not later than one year	5,306	7,312

### 18 SUNDRY PAYABLES AND ACCRUALS

	2013 \$'000	2012 \$'000
Accrued Expenses	13,854	16,725
Unearned Income	763	726
Contract Retentions	-	9
Sundry Creditors	-	20
	14,617	17,480

### 19 DEFERRED RECEIVABLES

	2013 \$'000	2012 \$'000
Loans - Australia Pacific Airports (Launceston) Pty Ltd	258	258

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**20 OTHER PROVISIONS**

	2013 \$'000	2012 \$'000
<b>Provision for Rehabilitation</b>		
Balance at 1 July	10,541	10,575
Revaluation Adjustment Opening Balance	(1,049)	(1,828)
Liability for New Waste Cell	-	811
Unwinding of Discount - expensed as borrowing costs (Note 1n)	326	983
Balance at 30 June	9,818	10,541
Revaluation Income Statement Adjustment	-	759
Contingent Costs on Recognition of New Cell	-	149
Asset Revaluation Reserve	(403)	920
Rehabilitation Works Carried Out	1,452	-
Total Revaluation of Opening Balance	1,049	1,828

The Council operates a waste centre which is recognised as an asset. Operation of a waste disposal area carries legal obligations for rehabilitation of the area at the conclusion of the site's useful life. The provision represents the net present value of future obligations already incurred (Note 1).

The cost of rehabilitation is reassessed each year. At 30 June 2012 there was a reduction in the liability for the existing landfill site of \$1,828,000, in accordance with AASB137 and AASB Interpretation 1, the carrying value of \$920,000 was offset against the asset revaluation reserve and the remaining \$908,000 was taken to the operating result.

In 2013 \$1,452,000 of rehabilitation works were carried out. The remaining rehabilitation obligations were reassessed at 30 June 2013 resulting in an increase of \$403,000.

**21 INFRASTRUCTURE ASSETS**

	2013 \$'000	2012 \$'000
Intangible Assets	4,674	4,646
Tangible Assets	930,062	948,018
Total Written Down Value 30 June	934,736	952,664
<b>(a) Capital Expenditure</b>		
Completed Works	58,229	34,631
Change in Work in Progress	(38,779)	(13,240)
	19,450	21,391
<b>(b) Movement in Asset Values</b>		
Written Down Value 1 July	952,664	927,567
Capital Expenditure	19,450	21,391
Depreciation and Amortisation	(18,528)	(19,778)
Disposals at Written Down Value	(791)	(1,222)
Asset Recognition Adjustment	3,603	3,049
Less Museum Collection Additions	(324)	-
Asset Revaluation Increment (Decrement)	(21,741)	20,887
Asset Revaluation Rehabilitation Take-up	403	920
Change in Contingency Rehabilitation	-	(149)
Written Down Value 30 June	934,736	952,664

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 21 INFRASTRUCTURE ASSETS *continued*

	2013 \$'000	2012 \$'000
<b>(c) Total Infrastructure Carrying Amount</b>		
Infrastructure and Other Assets		
At Cost	52,463	51,351
At Valuation	1,304,620	1,317,782
	1,357,083	1,369,133
Less Accumulated Depreciation	433,816	466,717
	923,267	902,416
Work in Progress at Cost	11,469	50,248
Written Down Value 30 June	934,736	952,664
<b>(d) Infrastructure by Function</b>		
<b>General Public Services</b>		
Freehold Land at Valuation	2,558	2,558
Buildings at Valuation	20,852	20,840
Plant and Equipment at Cost	45,359	44,710
Intangibles at Cost	7,104	6,641
	75,873	74,748
Less Accumulated Depreciation	31,895	28,989
	43,978	45,759
<b>Public Order and Safety</b>		
Freehold Buildings at Valuation	1,252	1,252
Less Accumulated Depreciation	251	238
	1,001	1,013
<b>Roads and Traffic</b>		
Freehold Land at Valuation	13,915	14,057
Freehold Buildings at Valuation	18,345	18,345
Roads Infrastructure at Valuation	596,804	549,538
	629,064	581,940
Less Accumulated Depreciation	240,875	226,615
	388,189	355,325
<b>Housing and Community Amenities</b>		
Freehold Land at Valuation	11,454	10,008
Leasehold Land at Valuation	270	270
Freehold Buildings at Valuation	9,797	9,583
Stormwater Infrastructure at Valuation	172,221	258,065
Flood Protection Infrastructure at Valuation	48,228	41,230
Cemetery & Crematoria Infrastructure at Valuation	3,098	2,729
Refuse Disposal Infrastructure at Valuation	26,876	18,458
	271,944	340,341
Less Accumulated Depreciation	73,297	128,362
	198,647	211,979

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 21 INFRASTRUCTURE ASSETS *continued*

	2013 \$'000	2012 \$'000
<b>(d) Infrastructure by Function</b> <i>continued</i>		
<b>Welfare</b>		
Freehold Land at Valuation	435	435
Freehold Buildings at Valuation	1,338	1,240
Leasehold Buildings at Valuation	197	197
	1,970	1,871
Less Accumulated Depreciation	646	635
	1,324	1,236
<b>Recreation and Culture</b>		
Freehold Land at Valuation	79,315	78,807
Leasehold Land at Valuation	495	2,005
Freehold Buildings at Valuation	191,330	190,059
Parks and Recreation Infrastructure		
- Swim Centres at Valuation	16,128	14,802
- Parks at Valuation	85,872	79,476
	373,140	365,149
Less Accumulated Depreciation	84,703	79,909
	288,437	285,240
<b>Other Economic Affairs</b>		
Freehold Land at Valuation	380	380
Freehold Buildings at Valuation	324	324
Leasehold Buildings at Valuation	-	258
Stock Sales Market Infrastructure at Valuation	3,137	2,868
	3,841	3,829
Less Accumulated Depreciation	2,150	1,969
	1,691	1,860
<b>Summary of Assets at Written Down Value</b>		
General Public Services	43,978	45,760
Public Order and Safety	1,001	1,014
Roads and Traffic	388,189	355,325
Housing and Community Amenities	198,647	211,980
Welfare	1,324	1,237
Recreation and Culture	288,437	285,241
Other Economic Affairs	1,691	1,861
	923,267	902,417

The Council has adopted either the cost basis or fair value basis for the valuation of property, plant and equipment depending upon asset class. This is in accordance with Accounting Standard AASB 116. Assets listed as being at cost include some assets disclosed at valuation prior to 30 June, 2001 but deemed to be at cost as at that date.

Where assets are recorded at valuation, the valuation has been performed by the Council's officers with the exception of land and buildings. Land is valued using values supplied by the State Valuer-General as at July 2013 and buildings have been valued by LG Valuations as at 30 June 2012.

Infrastructure assets at valuation are at written down replacement cost. Replacement cost is the current cost of a new asset that could provide the same service as the existing asset. Accumulated depreciation or amortisation recognises the amount of the replacement cost that is pro-rata to the proportion of the asset's useful life that has expired.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 21 INFRASTRUCTURE ASSETS *continued*

#### (d) Infrastructure by Function *continued*

Infrastructure valuations are based on component replacement values dated as follows:

Buildings	As at 30 June 2012
Roads	As at 01 July 2012
Stormwater	As at 01 January 2013
Land	As at 30 June 2013
All others	As at 30 June 2008 but indexed at 30 June 2013.

	2013 \$'000	2012 \$'000
<b>(e) Infrastructure Movements in Carrying Amounts</b>		
<b>Summary</b>		
Balance - 1 July		
At Cost	51,351	46,538
At Valuation	1,317,783	1,273,591
Accumulated Depreciation	(466,716)	(456,039)
	902,418	864,090
Additions	52,053	25,723
Adjustments		
Gross	3,745	10,960
Accumulated Depreciation	5,710	1,760
Revaluations		
Gross	(65,995)	16,156
Accumulated Depreciation	44,657	4,731
Disposals		
Gross	(1,853)	(3,832)
Accumulated Depreciation	1,062	2,610
Depreciation	(18,528)	(19,777)
Balance - 30 June	923,267	902,416
Work in Progress	11,469	50,248
	934,736	952,664
Intangible Assets at Written Down Value	4,674	4,646
Tangible Assets at Written Down Value	930,062	948,019
Total Written Down Value - 30 June	934,736	952,664
<b>Land</b>		
Balance - 1 July		
At Valuation	108,519	108,378
Additions	19,443	142
Adjustments - Gross	1,436	
Revaluations - Gross	(20,416)	-
Disposals - Gross	(160)	-
Balance - 30 June	108,822	108,519

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**21 INFRASTRUCTURE ASSETS** *continued*

	<b>2013</b> <b>\$'000</b>	<b>2012</b> <b>\$'000</b>
<b>(e) Infrastructure Movements in Carrying Amounts</b> <i>continued</i>		
<b>Buildings</b>		
Balance - 1 July		
At Valuation	242,098	199,829
Accumulated Depreciation	(73,004)	(74,068)
	169,094	125,761
Additions	1,708	13,579
Adjustments - Gross		
Gross	(195)	11,346
Accumulated Depreciation	25	(524)
Revaluations		
Gross	-	17,815
Accumulated Depreciation	-	3,238
Disposals		
Gross	(176)	(471)
Accumulated Depreciation	112	107
Depreciation	(2,110)	(1,755)
Balance - 30 June	168,458	169,094
<b>Plant and Equipment</b>		
Balance - 1 July		
At Cost	51,351	46,538
Accumulated Depreciation	(18,849)	(17,633)
	32,502	28,905
Additions	2,064	7,744
Disposals		
Gross	(952)	(2,932)
Accumulated Depreciation	555	2,247
Depreciation	(3,342)	(3,462)
Balance - 30 June	30,827	32,502
<b>Roads and Bridges</b>		
Balance - 1 July		
At Valuation	549,538	544,525
Accumulated Depreciation	(222,031)	(215,291)
	327,507	329,234
Additions	700	397
Adjustments		
Gross	18,253	4,765
Accumulated Depreciation	(704)	1,770
Revaluations		
Gross	28,608	-
Accumulated Depreciation	(5,705)	-
Disposals		
Gross	(295)	(148)
Accumulated Depreciation	196	116
Depreciation	(7,852)	(8,627)
Balance - 30 June	360,708	327,507

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 21 INFRASTRUCTURE ASSETS *continued*

	2013 \$'000	2012 \$'000
<b>(e) Infrastructure Movements in Carrying Amounts <i>continued</i></b>		
<b>Drainage</b>		
Balance - 1 July		
At Valuation	258,065	252,384
Accumulated Depreciation	(97,684)	(94,813)
	160,381	157,571
Additions	1,408	304
Adjustments		
Gross	(3,328)	5,386
Accumulated Depreciation	409	(11)
Transfers		
Gross	3,709	-
Accumulated Depreciation	(1,165)	-
Revaluations		
Gross	(85,537)	-
Accumulated Depreciation	54,618	-
Depreciation	(2,120)	(2,869)
Balance - 30 June	128,375	160,381
<b>Other</b>		
Opening Balance		
At Valuation	159,562	168,475
Accumulated Depreciation	(55,149)	(54,244)
	104,413	114,231
Additions	26,731	3,565
Adjustments		
Gross	(12,421)	(10,537)
Accumulated Depreciation	5,979	525
Transfers		
Gross	(3,709)	-
Accumulated Depreciation	1,165	-
Revaluations		
Gross	11,350	(1,659)
Accumulated Depreciation	(4,256)	1,493
Disposals		
Gross	(271)	(281)
Accumulated Depreciation	200	140
Depreciation	(3,104)	(3,064)
Balance - 30 June	126,077	104,413

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**22 CASH FLOW**

	2013 \$'000	2012 \$'000
<b>(a) Reconciliation of Net Cash Used in Operating Activities to Net Surplus</b>		
Net Surplus	5,940	16,337
<b>Non-Cash Charges</b>		
Depreciation	18,528	19,778
Employee provisions	(966)	5,927
Provision for rehabilitation discount unwound	326	224
Allowance for impaired debts	(48)	(143)
Loss (profit) on sale of non-current assets	530	712
<b>Changes in Assets and Liabilities</b>		
Rate and sundry receivables	1,703	(873)
Inventories	8	48
Sundry creditors	(2,862)	(4,894)
Deposits	(608)	(5,750)
<b>Non-Cash Income</b>		
Infrastructure take-up adjustments	(3,603)	(3,049)
<b>Investing Activities</b>		
Distributions from Investments	(2,787)	(2,533)
Grant and Contributions - Capital	(3,620)	(7,934)
Net Cash from Operating Activities	12,541	17,850
<b>(b) Reconciliation of Cash and Cash Equivalents</b>		
For the purposes of the Statement of Cash Flows, the Council considers cash to include cash on hand and in banks and investments in money market instruments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:-		
Cash	2,296	807
Short Term Investments	55,003	61,737
	57,299	62,544

As at the balance date the following credit standby arrangement was accessible:-  
Bank overdraft facility \$250,000 limit. The total amount available was unused at balance date.  
There were no loan facilities available at balance date.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 23 INVESTMENT – BEN LOMOND WATER

#### Formation of Ben Lomond Water

In February of 2008 State and Local Governments reached agreement to establish three, Local Government owned, vertically integrated businesses providing bulk, distribution and retail water and sewerage services, and a common service provider subsidiary company. The Water and Sewerage Corporations Act 2008 (Corporations Act) was subsequently enacted and received Royal Assent on 13 June 2009.

As a result of the operation of that Act the water and sewerage assets of the Council (including certain funds held for capital works) vested in the Tasmanian Water and Sewerage Corporation (Northern Region) Pty Limited, trading as Ben Lomond Water, as at 1 July 2009. On that date the Council became a part owner of that authority with an ownership share calculated in accordance with the asset value transferred and determined by an Allocation Order from the State Treasurer.

The Council's share of Ben Lomond Water was initially assessed in the Treasurer's 2009 Draft Treasurer's Allocation Order as being 55.3%. This was the ownership share used in the 2010 Council financial statements. In February 2011 the Treasurer issued a revised Allocation Order which altered the Council's ownership share to 51.9% of Ben Lomond Water.

#### Initial recognition of investment in Ben Lomond Water

Subsequent to the transfer, Ben Lomond Water adopted a different asset valuation basis for the assets acquired from the Councils. This change was a result of the accounting standards applying to Ben Lomond Water being different to those applying to the councils.

The result of this change and the application to those values of the Council's ownership percentage was to reduce the value of the Council's investment.

#### Valuation of the Council's investment in Ben Lomond Water

In addition to the initial write down of the valuation of the investment which occurred in the 2010 financial statements, the Council recorded an additional write down of \$13,850,000 in the 2011 financial year due to the need to adjust the Council's ownership percentage based on the Treasurer's Revised Allocation Order.

#### Merger of Ben Lomond Water

On 1 July 2013 all Tasmanian Water Corporations will merge to form The Tasmanian Water Corporation Pty Ltd (TasWater). Councils ownership interest in Ben Lomond Water will convert to an ownership interest in TasWater.

	2013 \$'000	2012 \$'000
Ben Lomond Water net equity	505,401	495,930
Year end report used for determining net assets	30 June 2013	30 June 2012
Launceston City Council ownership percentage	51.9%	51.9%
Fair value of the Council's share of Ben Lomond Water	262,303	257,388
Previously assessed value	257,388	255,800
Net Increase (decrease) in fair value	4,915	1,588



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 24 FINANCIAL INSTRUMENTS *continued*

#### (a) Cash and Cash Equivalents, Financial Assets “at fair value through the Profit and Loss”, “Available-for-sale” financial assets and “Held-to-maturity” Investments

The Council’s objective is to optimise its return on cash and investments within the restraints of its investment policy and risk profile, whilst maintaining an adequate level of liquidity and preserving capital.

The Council’s Corporate Services Directorate manages the Cash and Investments portfolio.

The Council has an Investment Policy that sets minimum investment ratings and maximum exposure levels to ratings, fund, and institution.

This Policy is regularly reviewed by the Council and an Investment Report is prepared on a regular basis setting out the portfolio breakup and its performance.

The major risk associated with fair value at profit and loss investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash and Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash and Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to the Council – be it of a capital or income nature.

The Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high investment ratings.

The following represents a summary of the sensitivity of the Council’s Statement of Comprehensive Income and Accumulated Surplus (during 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.

FINANCIAL LIABILITIES	INCREASE OF VALUES/RATES		DECREASE OF VALUES/RATES	
	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
<b>2013</b>				
Impact of a 10% movement in Market Values	-	-	-	-
Impact of a 1% movement in Interest Rates	445	445	445	445
<b>2012</b>				
Impact of a 10% movement in Market Values	-	-	-	-
Impact of a 1% movement in Interest Rates	472	472	472	472

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 24 FINANCIAL INSTRUMENTS *continued*

#### (b) Receivables

The Council's major receivables comprise

- (i) Rates and Annual Charges and
- (ii) User Charges and Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to the Council may not be repaid in full. The Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

Credit risk on rates and charges is minimised by the ability of the Council to secure a charge over property relating to the debts, that is, the property can be sold to recover the debt. The Council is also able to charge interest on overdue rates and charges which further encourages the payment of debt.

Infringement debtors are determined by the incidence of infringement rather than a Council decision. Since 2009 the Council has given the Monetary Penalties Enforcement Service of the Department of Justice responsibility to collect outstanding infringement debtors. The Council has a policy of booking extensive impairment for loss on infringement debtors.

The level of outstanding receivables is reported regularly and monitored for acceptable collection performance. The Council makes provision for doubtful receivables as required and carries out credit checks on most non-rate debtors excluding infringements. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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

RECEIVABLES CREDIT RISK	2013		2012	
	CURRENT \$'000	OVERDUE \$'000	CURRENT \$'000	OVERDUE \$'000
<b>(i) Ageing of Receivables</b>				
Rate Debtors	814	466	1,033	419
Accrued Revenue	312	-	151	-
Sundry Debtors	1,717	275	1,864	596
Prepayments	113		129	-
Parking Infringement Debtors	71	2,336	40	2,596
	<b>3,027</b>	<b>3,077</b>	<b>3,217</b>	<b>3,611</b>

	2013 \$'000	2012 \$'000
<b>(ii) Movement in Provision for Impairment of Receivables</b>		
Balance at the beginning of the year	(1,900)	(2,043)
Less new provisions recognised during the year	4	93
Less amounts already provided for and written back this year	44	50
<b>Balance at 30 June</b>	<b>(1,852)</b>	<b>(1,900)</b>

#### (c) Fair Value Hierarchy

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

- Level 1. Quoted prices (unadjusted) in active markets for identical assets/liabilities.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (ie prices) or indirectly (ie derived from prices).
- Level 3. Inputs for the asset or liability that are not based on observable market data.

	2013 \$'000	2012 \$'000
Level 3 - Ben Lomond Water	262,303	257,388

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 24 FINANCIAL INSTRUMENTS *continued*

#### (d) Payables and Borrowings

Payables and 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.

The Council manages this risk by cash forecasting to maintain adequate liquidity levels and cash holdings. The Council also has an unused overdraft facility.

The contractual undiscounted cash outflows (ie. principal only) of the Council's payables and borrowings are set out in the Liquidity Table below:

LIABILITIES LIQUIDITY TABLE	FIXED RATE MATURITY				TOTAL	ACTUAL
	VARIABLE INTEREST \$'000	LESS THAN 1 YEAR \$'000	1 TO 5 YEARS \$'000	NON INTEREST \$'000	CASH OUTFLOWS \$'000	CARRYING AMOUNT \$'000
<b>2013</b>						
Deposits	-	-	-	693	693	693
Sundry Creditors	-	-	-	14,617	14,617	14,617
Secured Loans	-	2,707	10,091	-	12,798	12,798
<b>Total Financial</b>	<b>-</b>	<b>2,707</b>	<b>10,091</b>	<b>15,310</b>	<b>28,108</b>	<b>28,108</b>
<b>2012</b>						
Deposits	-	-	-	1,300	1,300	1,300
Sundry Creditors	-	-	-	17,480	17,480	17,480
Secured Loans	-	2,573	12,798	-	15,371	15,371
<b>Total Financial</b>	<b>-</b>	<b>2,573</b>	<b>12,798</b>	<b>18,780</b>	<b>34,150</b>	<b>34,150</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. The Council manages this risk by monitoring the lending market and taking opportunities to fix rates at below market in rising markets and taking short term borrowing in high interest markets.

The following interest rates were applicable to the Council's Liabilities at balance date:

	2013		2012	
	CARRYING VALUE \$'000	AVERAGE INTEREST RATE \$'000	CARRYING VALUE \$'000	AVERAGE INTEREST RATE \$'000
Bank Overdraft	-	9.63%	-	10.80%
Secured Loans	12,798	5.19%	15,371	5.18%
	<b>12,798</b>		<b>15,371</b>	

### 25 AUTHORITIES

During the financial year the Council had two authorities set up under the Local Government Act. The income and expenditure of these authorities is included in the Council's financial statements.

Section 84 of the Local Government Act requires Controlling Authorities, in this case Launceston City Council, to disclose the revenue and expenditure of Authorities under its control.

#### York Park and Inveresk Precinct Authority (Controlling Authority)

The principal objective of the Authority is to "Help develop the Inveresk Precinct as an international centre for art, education, tourism and recreation."

#### Launceston Flood Authority (Single Authority)

This authority was formed by the Council resolution on 1 September 2008 and was established by gazettal on 10 September 2008. The authority was established to "...perform all tasks necessary for the construction and maintenance of flood levees, to initiate and manage effective emergency management procedures and to take all necessary measures, so as to address the flood risk to the 'flood risk area' ....."

**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED 30 JUNE 2013

**25 AUTHORITIES** *continued*

REVENUE AND EXPENSES	2013 \$'000	2012 \$'000
<b>York Park and Inveresk Precinct Authority</b>		
<b>Revenue</b>		
Rental Income	371	379
Operating and Sponsorship Income	817	902
Other Income	114	121
<b>Total Revenue</b>	<b>1,302</b>	<b>1,402</b>
<b>Expenses</b>		
Provision of Services	1,208	1,301
Employee Benefits	521	461
Depreciation	735	515
Overheads	428	692
Other	175	242
<b>Total Expenses</b>	<b>3,067</b>	<b>3,211</b>
<b>Surplus (Deficit)</b>	<b>(1,765)</b>	<b>(1,809)</b>
<b>Launceston Flood Authority</b>		
<b>Revenue</b>		
State Funding	464	745
Launceston City Council Funding	158	153
Interest Income - Capital	89	101
Other Income	268	140
<b>Total Revenue</b>	<b>979</b>	<b>1,139</b>
<b>Expenses</b>		
Operations - Costs	397	322
Other Costs	190	174
<b>Total Expenses</b>	<b>587</b>	<b>496</b>
<b>Surplus (Deficit)</b>	<b>392</b>	<b>643</b>

**26 SPECIAL COMMITTEES**

COMMITTEE NAME	2013 \$'000	2012 \$'000
Dilston Hall	1	1
Karoola Hall and Recreation Ground	3	4
Lebrina Progress Association	6	8
Lilydale District Swimming Pool	22	20
Lilydale Memorial Hall Committee	6	8
Lilydale Recreational Ground	5	4
Myrtle Park Hall and Recreational Ground	32	64
North Esk Memorial Hall and Recreational Ground	12	12
Nunamara Hall	1	1
Ravenswood Memorial Hall	15	16
Balance - 30 June	103	138

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## 26 SPECIAL COMMITTEES *continued*

	2013 \$'000	2012 \$'000
<b>Summary of Special Committees</b>		
Balance - 1 July	138	117
Receipts	47	21
Expenses	82	-
Balance - 30 June	103	138

## 27 RELATED PARTY TRANSACTIONS

The Council has dealings from time to time with its Aldermen in both their private and business capacities. Transactions between the Council and its related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Aldermen are required to disclose pecuniary interests in matters which come before the Council. In addition, under Section 84(2) of the Local Government Act 1993, the Council is required to "specify any interests as notified to the General Manager of any Councillor in respect of any body or organisation with which the Council has major financial dealings."

### Relevant matters notified are:

Alderman A M Van Zetten (Mayor)	No relevant disclosures
Alderman J D Ball (Deputy)	No relevant disclosures
Alderman R L Armitage	No relevant disclosures
Alderman J G Cox	No relevant disclosures
Alderman D C Gibson	No relevant disclosures
Alderman R L McKendrick	No relevant disclosures
Alderman D H McKenzie	No relevant disclosures
Alderman I S Norton	No relevant disclosures
Alderman A C Peck	No relevant disclosures
Alderman R J Sands	No relevant disclosures
Alderman R I Soward	No relevant disclosures
Alderman A L Waddle	No relevant disclosures

## 28 ANNUAL REMUNERATION OF SENIOR OFFICERS

Under Section 72(1)(cd) of the Local Government Act 1993, the Council is required to report the total annual remuneration paid to employees who hold positions designated by the Council as senior positions. The Council has determined that senior positions comprise Director and General Manager positions. Accordingly, the following information is provided in respect of the year ended 30 June 2013.

REMUNERATION BAND	NUMBER OF EMPLOYEES
\$150,000 - \$170,000	2
\$170,001 - \$190,000	2
\$190,001 - \$210,000	1
\$270,001 - \$290,000	1

Remuneration is defined in the Act as including salary payable, employer contributions to superannuation, the value of the use of any motor vehicle provided to the employee, and the value of any other allowances or benefits paid or payable to, or provided for the benefit of the employee.

So as to represent the normal remuneration which applies to the five senior positions, the amounts have been annualised where necessary.

This report excludes officers no longer employed at year end.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 29 SUBSEQUENT EVENTS

Effective from 1 July 2013 the Water and Sewerage Corporation Act 2012 merged the three Tasmanian water authorities, (Ben Lomond Water, Cradle Mountain Water and Southern Water) and the common services provider, (Onstream) into a single corporation of the Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater.

At this time the Council's interest in the Tasmanian Water and Sewerage Corporation (Northern Region) Pty Limited, trading as Ben Lomond Water, converted to an interest in TasWater.

All Tasmanian councils hold an equal number of shares in the new authority.

Any income derived from the new authority will be in the form of dividends, guarantee fees and tax equivalents.

Any changes to the Council's investment in TasWater will be treated as a non-adjusting event and accounted for in the next financial year.

### 30 CONTINGENT LIABILITIES

At the reporting date of 30 June 2013 the Council had no contingent liabilities that would materially affect any of the amounts or disclosures in these accounts.

### 31 MUSEUM COLLECTION

	2013 \$'000	2012 \$'000
Collection at 2010 Valuation	231,913	231,913
Additions	325	-
Carrying Value	232,238	231,913

The independent valuation of the Queen Victoria Museum and Art Gallery by Simon Storey FAVAA of Simon Storey Valuations was completed during the financial year to 30 June 2010.

The collection is valued at \$232,238,000 (2012, \$231,913,000). This amount has been disclosed as a separate asset class in the Statement of Financial Position.

### 32 EARLY ADOPTION OF ACCOUNTING STANDARDS

At the reporting date updates the following standards were available for early adoption and relevant to the Councils operations but were not applied by the Council.

#### AASB 2010-7

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

Relates to amendments arising from the issuance of AASB 9 Financial Instruments as issued in December 2010.

#### AASB 2011-2

Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements. [AASB 101 & AASB 1054]

Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.

#### AASB 2011-6

Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.

[AASB 127, AASB 128 & AASB 131]

These amendments result from the proposals that were included in Exposure Draft ED 205 Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 32 EARLY ADOPTION OF ACCOUNTING STANDARDS *continued*

#### AASB 2011-8

Amendments to Australian Accounting Standards arising from AASB 13.

[AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

These amendments arise from the issuance of AASB 13 Fair Value Measurement in September 2011.

These amendments change the definition of fair value in AASB 13.

Council will review its fair value methodologies for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13.

To the extent that the methodologies don't comply, changes will be necessary however no substantial changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for Council's property, plant and equipment as from 2013-14.

#### AASB 2011-10

Amendments to Australian accounting standards arising from AASB 119 (September 2011).

This standard makes significant changes to the recognition, remeasurement, presentation and disclosure of defined benefit liabilities/assets.

The effect these changes may have on future reporting cannot be quantified so far in advance with any accuracy due to uncertainty of short term market movements and their effects on long term investments.

The changes to the disclosure requirements will result in material changes to the borrowing costs when there are material changes in any defined benefit liability.

The removal of the 'corridor' method for measurement of plan assets and liabilities could result in larger year on year movements in defined benefit liabilities.

The standard has changed the recognition criteria for short term employee liabilities from 'due to be settled' to 'expect to be settled'.

Council policy is for short term benefits to be taken in the period they are incurred or shortly thereafter. As a result no material variances are expected as a result of this change.

#### AASB 2011-11

Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.

These amendments arise from the issuance of AASB 119 Employee Benefits (September 2011).

Council will not be reporting under the reduced disclosure options so the changes are not relevant to Council.

#### AASB 2012-1

Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements.

[AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]

These amendments arise from the proposals that were included in Exposure Draft ED 219 AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13: Tier 2 Proposals and result from the application of the AASB's Tier 2 Disclosure Principles.

Council will not be reporting under the reduced disclosure options so the changes are not relevant to Council.

#### AASB 2012-3

Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.

[AASB 132]

These amendments arise from the issuance of Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) by the International Accounting Standards Board in December 2011.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 32 EARLY ADOPTION OF ACCOUNTING STANDARDS *continued*

#### **AASB 2012-5**

Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

[AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]

These amendments result from proposals that were included in Exposure Draft ED 213 Improvements to IFRSs published in July 2011 and follow the issuance of Annual Improvements to IFRSs 2009–2011 Cycle issued by the International Accounting Standards Board.

#### **AASB 2012-6**

Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures.

This Standard amends the mandatory effective date of AASB 9 Financial Instruments so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013.

#### **AASB 2012-10**

Amendments to Australian accounting standards – transition guidance and other amendments.

Relates to the issuance of International Financial Reporting Standard Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance, and the decision of the AASB to defer the mandatory application of AASB 10 Consolidated Financial Statements and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.

#### **AASB 2013-3**

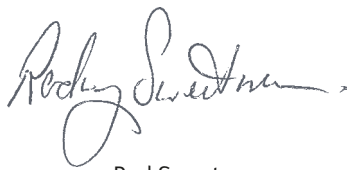
Amendments to AASB 136 – recoverable amount disclosures for non-financial assets.

This Standard amends the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

## STATEMENT BY THE ACTING GENERAL MANAGER

The accompanying financial statements of the Launceston City Council set out on pages 71 to 123 has been drawn up in accordance with the requirements of the Local Government Act 1993 and Australian Accounting Standards and to the best of our knowledge and belief fairly represents -

- a) the financial position of the Council; and
- b) the results of the Council's operations; and
- c) the cash flow of the Council.



Rod Sweetnam  
(Acting General Manager)

Date 23/09/2013



# Tasmanian Audit Office

## Independent Auditor's Report

### To the Aldermen of Launceston City Council

### Financial Report for the Year Ended 30 June 2013

I have audited the accompanying financial report of Launceston City Council (Council), which comprises the statement of financial position as at 30 June 2013 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

### Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2013 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### *The Responsibility of the General Manager for the Financial Report*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement,

...1 of 2

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

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

### **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### **Tasmanian Audit Office**



H M Blake  
**Auditor-General**

HOBART  
24 September 2013



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