

# Section 4: Financial Statements

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# Statement of Comprehensive Income

## Year Ended 30 June 2015

		Actual	Budget (Unaudited)	Actual
	Note	2015 \$000	2015 \$000	2014 \$000
<b>Revenues</b>				
Rates and Charges	3	60,161	59,149	57,829
Fees	3	19,759	19,698	18,790
Revenue Grants and Contributions				
Financial Assistance Grants	3	6,334	4,262	2,122
Other Grants	3	3,483	3,127	2,655
Capital Grants	3	4,314	4,308	3,423
Interest	3	2,260	2,153	2,616
Interest - Capital Funds	3	305	100	36
Investment Revenue	3	4,572	3,194	3,945
Bequests	3	156	258	290
Other	3	2,608	2,412	3,124
		103,952	98,661	94,830
Infrastructure Take Up Adjustments	4	5,011	-	22,573
<b>Total Revenue</b>		<b>108,963</b>	<b>98,661</b>	<b>117,403</b>
<b>Expenses</b>				
Maintenance of Facilities and Provision of Services				
Employee Benefits	3	36,948	36,399	36,156
Materials and Services	3	31,835	31,769	32,834
Impairments of Debts	3	262	85	46
Finance Costs				
Interest on Loans	3	487	491	624
Provision for Rehabilitation	23	267	344	46
Depreciation and Amortisation	6	19,008	18,471	18,213
State Government Fire Service Levy	2	6,333	6,333	6,072
Rate Remissions and Abatements	2	714	600	691
		95,854	94,492	94,682
Loss on Disposal of Fixed Assets	5	3,703	-	1,518
Write Down of Assets Held For Sale	13	-	-	1,474
<b>Total Expenses</b>		<b>99,557</b>	<b>94,492</b>	<b>97,673</b>
<b>Surplus (Deficit)</b>		<b>9,406</b>	<b>4,169</b>	<b>19,730</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to surplus or deficit				
Investment Revaluation	15	1,825		(34,971)
Actuarial Gains (Losses)	22	2,631		1,640
Net Infrastructure Asset Revaluation Increase (Decrease)	16	178,847		33,009
Museum Collection Revaluation Increase (Decrease)	17	-		2,770
<b>Comprehensive Result</b>		<b>192,709</b>	<b>4,169</b>	<b>22,177</b>

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



# Statement of Financial Position

## As At 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Equity</b>			
Capital Reserves	8	161,326	157,031
Revenue Reserves	8	888,795	881,406
Asset Revaluation Reserves	8	630,997	452,148
Investment Reserves	8	(23,953)	(25,778)
Trusts and Bequests	8	2,353	1,996
<b>Total Equity</b>		<b>1,659,518</b>	<b>1,466,803</b>
<i>Represented by:-</i>			
<b>Current Assets</b>			
Cash at Bank and on Hand	9	2,381	726
Rate and Sundry Receivables	10	3,472	4,209
Short Term Investments	11	58,304	58,924
Inventories	12	705	661
Assets Held for Sale	13	415	180
		<b>65,277</b>	<b>64,700</b>
<b>Non-current Assets</b>			
Deferred Receivables	14	258	258
Investment (TasWater)	15	229,157	227,332
Intangible Assets	16	4,658	4,411
Infrastructure and Other Assets	16	1,163,429	977,359
Museum Collection	17	236,035	235,709
		<b>1,633,537</b>	<b>1,445,069</b>
<b>Total Assets</b>		<b>1,698,814</b>	<b>1,509,769</b>
<b>Current Liabilities</b>			
Deposits and Prepayments	11	864	663
Employee Provisions	18	6,019	5,741
Interest Bearing Liabilities	19	2,132	2,592
Sundry Payables and Accruals	21	18,571	18,444
		<b>27,586</b>	<b>27,440</b>
<b>Non-current Liabilities</b>			
Employee Provisions	18	1,416	1,183
Superannuation Obligation	22	457	1,850
Interest Bearing Liabilities	19	5,368	7,499
Rehabilitation Provision	23	4,469	4,994
		<b>11,710</b>	<b>15,526</b>
<b>Total Liabilities</b>		<b>39,296</b>	<b>42,966</b>
<b>Net Assets</b>		<b>1,659,518</b>	<b>1,466,803</b>
<b>Commitments for</b>			
Capital Expenditure	24	4,856	6,630
Contingent Liabilities	25	-	-

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

# Statement of Changes in Equity

## Year Ended 30 June 2015

	2015 \$000	2014 \$000
<b>Total Equity</b>		
Balance 1 July	1,466,803	1,444,626
Net Surplus	9,410	19,730
Comprehensive Income	2,631	1,640
Asset Revaluations		
Infrastructure Assets	178,849	35,779
Water Corporation	1,825	(34,972)
Balance 30 June	<u>1,659,518</u>	<u>1,466,803</u>
<b>Capital Reserves</b>		
Balance 1 July	157,031	153,662
Net Surplus	4,295	3,369
Comprehensive Income	-	-
Transfers	-	-
Balance 30 June	<u>161,326</u>	<u>157,031</u>
<b>Revenue Reserves</b>		
Balance 1 July	881,406	863,726
Net Surplus	4,916	16,330
Comprehensive Income	2,631	1,640
Transfers	(158)	(290)
Balance 30 June	<u>888,795</u>	<u>881,406</u>
<b>Asset Revaluation Reserves</b>		
Balance 1 July	452,148	416,369
Asset Revaluations	178,849	35,779
Balance 30 June	<u>630,997</u>	<u>452,148</u>
<b>Investments</b>		
Water Corporation		
Balance 1 July	(25,778)	9,194
Asset Revaluations	1,825	(34,972)
Balance 30 June	<u>(23,953)</u>	<u>(25,778)</u>
<b>Trusts and Bequests</b>		
Balance 1 July	1,996	1,675
Net Surplus	199	31
Transfers	158	290
Balance 30 June	<u>2,353</u>	<u>1,996</u>
	<u>1,659,518</u>	<u>1,466,803</u>

Notes -

1) 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 2015

	Notes	2015 \$000	2014 \$000
		<b>Inflows (Outflows)</b>	<b>Inflows (Outflows)</b>
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Provision of Goods and Services (including GST)		(71,934)	(66,557)
Interest Paid		(470)	(630)
State Government Fire Service Levy		(6,333)	(6,072)
<b>Receipts</b>			
Rates		60,095	57,370
Fees and Charges		20,035	18,423
Grants and Contributions – Revenue		9,817	4,777
Interest Received		2,195	2,651
Other (including GST)		6,242	6,056
<b>Net Cash from Operating Activities</b>	26	19,647	16,018
<b>Cash Flows from Investing Activities</b>			
<b>Payments</b>			
Capital Works		(25,560)	(19,047)
<b>Receipts</b>			
Sale of Assets		653	719
Grants and Contributions – Capital		4,314	3,422
Distributions from Investments		4,572	3,945
<b>Net Cash Used In Investing Activities</b>		(16,021)	(10,961)
<b>Cash Flows from Financing Activities</b>			
<b>Payments</b>			
Loan Repayments		(2,592)	(2,707)
<b>Receipts</b>			
Loan Proceeds		-	-
<b>Net Cash From in Financing Activities</b>		(2,592)	(2,707)
Net Increase (Decrease) in Cash Held		1,034	2,350
Cash and Cash Equivalents at 1 July		59,649	57,299
<b>Cash and cash equivalents at 30 June</b>	26	60,683	59,649

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

# Notes to Financial Statements

## Year Ended 30 June 2015

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# Notes to Financial Statements

## Note 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 31) 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(g), 15, 16 and 17). Except as disclosed below the accounting policies adopted are consistent with those of the previous year.

#### b.i) Presentation of Financial Statements

AASB 101 Presentation of Financial Statements requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements.

#### Paragraph 8 of AASB 101 permits:

Although this Standard uses the terms 'other comprehensive income', 'profit or loss' and 'total comprehensive income', an entity may use other terms to describe the totals as long as the meaning is clear. For example, an entity may use the term 'net income' to describe profit or loss.

As the Council is by definition a 'not for profit' entity the use of this term to describe its revenues, expenditures and net effects of same would be fundamentally misleading to users of the financial statements. For clarity and continuity the Council will continue to use the term 'Statement of Comprehensive Income' to describe the change in equity as a result of its operations.

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

In the current year the Council has adopted the following 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.

#### AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities.

This amendment has no material effect on the reported amounts.

#### Standards Available for Early Adoption and not Adopted

At the reporting date a number of standards were available for early adoption and relevant to the Council's operations but were not applied by the Council. These are listed at Note 29.

#### 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 Statements are disclosed 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.

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

#### e) Revenue Recognition

##### Rates

Rate revenue is recognised on an accrual basis when the rates are levied.

##### Fees

Fee revenue is recognised when an entitlement for payment accrues.

##### Sales

Sales revenue is recognised when goods are sold or the service provided.

##### Infringements

Revenue from infringements is recognised on issue of the infringement notice.

##### Grants

Grant revenue is recognised when the Council has control over the funds.

##### Interest

Interest revenue is recognised as it is earned.

##### Investments

Investment revenue (from distributions) is recognised when received.

##### Bequests

Bequests are recognised as revenue when funds are received.

#### f) Financial Instruments

##### Rate Debtors

All rates levied during the reporting period are recognised as revenues. Uncollected rates are recognised as receivables (refer Notes 2 and 10).

##### Other Debtors

Receivables are carried at nominal amounts due less any allowance for impaired debts. The Council provides in respect



of 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 the Council's assets. The deposits are repayable either on demand or when certain conditions have been met depending on the individual conditions of the deposit. They are recorded at nominal value.

#### g) 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 (refer Note 11).

#### h) 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".

#### TasWater

At the reporting date the Council owned 14.80% of Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater. However, under the provisions of the Water and Sewer Corporations Act 2012, the Council does not have the power to govern the financial and operating policies of TasWater.

The investment in TasWater is recorded at the fair value of the Council's share of the underlying assets (refer Note 15). The returns from this investment are in the form of distributions (dividends, guarantee fees, income tax equivalents). All returns will be taken up as income in the year in which received.

#### i) Inventories

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

#### j) Recognition of Non-Current Assets

In the 2015 financial year Council has recognised all land under roads constructed or acquired from 1 July 2008 at the Valuer General's valuation.

Road earthworks are not recognised as assets.

Building assets at note 16 includes fixtures and fittings which are depreciated at the rates for Major and Minor Plant.

While the process of infrastructure asset recognition is largely complete in the major asset classes, the Council does find it necessary on occasion to take up assets as they are identified. The Parks and Recreation assets were reassessed in the 2013/2014 year (culverts, street lighting, retaining walls). Any adjustment arising from this process is treated as an

"infrastructure take-up adjustment" (Note 4).

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

The Queen Victoria Museum and Art Gallery collection was revalued as at 30 June 2014 (Note 17).

#### k) 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 Impairment of Assets, 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.

#### l) 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.

Significant additions to the collection are brought to account at curators valuation. Significance is defined at a threshold value of \$10,000. Additions below this amount are not brought to account.

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	5 - 15 years
Minor Plant	Straight Line	3 - 20 years
Computer Equipment	Straight Line	3 - 5 years
Furniture and Equipment	Straight Line	4 - 50 years
<b>Infrastructure</b>		
Road Pavement Sub-base	Straight Line	300 years
Arterial Road Pavement Base	Straight Line	100 years
Local Road Pavement Base	Straight Line	150 years
Road Sealed Surfaces	Straight Line	20 - 35 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
Waste Cell Clay Liner	Straight Line	100 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 2014/15 financial year useful lives of assets was reviewed. The changes to useful lives were:

	Reassessed Useful Life As at 2015	Useful Life As at 2014	Impact of Changes to Depreciation Expense \$000
Arterial Road Pavement Sub-base	300 years	100 years	(430)
Local Road Pavement Sub-base	300 years	150 years	(225)
Waste Cell Clay Liner	100 years	Not Depreciated	49

**m) Provision for Rehabilitation**

The Council operates a refuse disposal area (Launceston Waste Facility) which imposes obligations for rehabilitation 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 "Finance Costs".

**n) Taxation**

The Council is exempt from all forms of income taxation. 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.

**o) 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, 2015. The remuneration rate expected to apply at the time of settlement has been used in calculation of the entitlements. 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.

Personal Leave - No provision is made for personal leave as the entitlement is non-vesting and it is probable that the personal 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 22. From 11 February 2014 the Defined Benefit Fund was closed to new members. Employees engaged after this date receive accumulation benefits.

**p) Competition Policy Compliance**

Section 84(2)(da) of the Local Government Act 1993 requires the Council's financial statements to 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.

**Significant Business Activities**

The Council conducted a review during the year to identify any significant business activities. These are disclosed at Note 31.

The following items have been disclosed:

**Labour Costs**

Labour costs have been discounted by a factor of 1.2656 for the variance between private and public sector average weekly ordinary time earnings.

Superannuation costs have been adjusted to the 9.5% Superannuation Guarantee Levy

**Full Cost Attribution**

Service costs applied to all the Council's 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 (e.g. council rates). As these costs are not actually incurred, the Council's "General Public Services" function has been credited with collection of 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 noted at the foot of the statement for significant business activities. It has been calculated by applying a rate of 5% to net assets employed.

**q) Component Functions or Programs**

The Council categorises programs into eight categories for 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 the 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, Aurora Stadium 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. The livestock saleyards were made available for sale during the 2013/14 financial year.

### r) 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.

### s) Prior Period Disclosure

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

### t) Leases

#### Finance Lease as Lessee

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter.

At the reporting date the Council had no Finance Leases.

#### Operating Leases as Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when the Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

Other than Crown Land, the Council had no Operating Leases at the reporting date.

### Leasehold Improvement

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

At the reporting date the Council had no Non Cancellable Operating Leases.

### Operating Leases as Lessor

#### Not for Profit

The Council owns a range of facilities that are available for lease by not-for-profit sport, recreational and community organisations. Leases to not-for-profit organisations, in general, do not reflect commercial arrangements and have minimal lease payments. Land and buildings which are leased under these arrangements are recognised within Infrastructure Assets in the Statement of Financial Position and associated rental income is recognised in accordance with the Council's revenue recognition policy.

#### Commercial Arrangements

The Council also owns facilities that are leased in whole or in part to organisations and individuals on a commercial basis, the associated land and buildings are recognised within Infrastructure Assets in the Statement of Financial Position and valued in accordance with the Council's valuation policy and rental income is recognised in accordance with the Council's revenue recognition policy.

While the leases are on commercial terms, the dominant purpose of the Council holding these assets is to enhance its operating programs and facilities, not to earn rental income.



## Note 2 - Functions/Activities of the Council

	Note	2015 Actual \$000	2015 Budget \$000	2014 Actual \$000
<b>Total</b>				
<b>Revenues</b>				
Rates and Charges		60,161	59,149	57,829
Fees		19,759	19,698	18,790
Revenue Grants and Contributions				
Financial Assistance Grants		6,334	4,262	2,122
Other Grants		3,483	3,127	2,655
Interest		2,260	2,153	2,616
Interest - Capital Funds		305	100	36
Investment Revenue		4,572	3,194	3,945
Bequests		156	258	290
Other		2,608	2,412	3,125
		<u>99,638</u>	<u>94,353</u>	<u>91,408</u>
<b>Expenses</b>				
Provision of Services				
Employee Costs (Gross)		37,635	36,399	36,970
Less Amounts Capitalised		(687)	-	(814)
Employee Costs		<u>36,948</u>	<u>36,399</u>	<u>36,156</u>
Materials and Services		31,835	31,769	32,834
Impairment of Debts		262	85	46
Finance Costs				
Interest on Loans		487	491	624
Provision for Rehabilitation		267	344	46
Depreciation and Amortisation		19,008	18,471	18,213
State Government Fire Service Levy		6,333	6,333	6,072
Rate Remissions and Abatements		714	600	691
Loss on Disposal of Fixed Assets		3,703	-	1,518
Write Down of Assets Held For Sale		-	-	1,474
		<u>99,557</u>	<u>94,492</u>	<u>97,673</u>
Full Cost Attribution	1(o)	-	-	-
Competitive Neutrality	1(o)	-	-	-
		<u>99,557</u>	<u>94,492</u>	<u>97,673</u>
<b>Net Surplus (Deficit)</b>		<u><b>81</b></u>	<u><b>(139)</b></u>	<u><b>(6,265)</b></u>
<b>Capital Grants and Infrastructure Adjustments</b>				
Capital Grants and Contributions		4,314	4,308	3,423
Infrastructure Take Up Adjustments		5,011	-	22,570
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<u><b>9,406</b></u>	<u><b>4,169</b></u>	<u><b>19,728</b></u>
Infrastructure Assets		1,150,905		967,884
Work in Progress		17,182		13,886
Other Assets		530,727		528,000
<b>Total Assets</b>		<u><b>1,698,814</b></u>		<u><b>1,509,769</b></u>

General Public Services	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Rates and Charges		49,012	47,169
Fees		830	740
Revenue Grants and Contributions			
Financial Assistance Grants		2,053	712
Other Grants		106	20
Interest		2,246	2,601
Interest - Capital Funds		-	(135)
Investment Revenue		4,572	3,945
Bequests		-	-
Other		57	321
		<b>58,876</b>	<b>55,373</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs (Gross)		10,934	10,086
Less Amounts Capitalised		(45)	(522)
Employee Costs		10,889	9,564
Materials and Services		2,953	3,654
Impairment of Debts		-	1
Finance Costs			
Interest on Loans		487	624
Depreciation and Amortisation		1,882	1,010
Rate Remissions and Abatements		714	691
Loss on Disposal of Fixed Assets		44	231
Write Down of Assets Held For Sale		-	1,474
		16,969	17,249
Full Cost Attribution	1(o)	(1,873)	(1,936)
Competitive Neutrality	1(o)	(251)	(264)
		14,845	15,049
<b>Surplus (Deficit)</b>		<b>44,031</b>	<b>40,324</b>
<b>Capital Grants and Infrastructure Adjustments</b>			
Capital Grants and Contributions		70	50
Infrastructure Take Up Adjustments		530	53
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>44,631</b>	<b>40,427</b>
<b>Income</b>			
Infrastructure Assets		34,938	41,612
Work in Progress		345	142
Other Assets		294,692	291,276
<b>Total Assets</b>		<b>329,975</b>	<b>333,030</b>

Public Order & Safety	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Rates and Charges		6,443	6,138
Fees		335	304
Revenue Grants and Contributions			
Other Grants		-	3
Interest		14	15
Other		-	1
		<b>6,792</b>	<b>6,461</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs		357	295
Materials and Services		131	152
Impairment of Debts		8	19
Depreciation and Amortisation		13	13
State Government Fire Service Levy		6,333	6,072
Loss on Disposal of fixed Assets		-	13
Write Down of Assets Held For Sale		-	-
		6,842	6,564
Full Cost Attribution	1(o)	77	77
Competitive Neutrality	1(o)	-	-
		6,919	6,641
<b>Surplus (Deficit)</b>		<b>(127)</b>	<b>(180)</b>
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>(127)</b>	<b>(180)</b>
Infrastructure Assets		1,270	1,190
<b>Total Assets</b>		<b>1,270</b>	<b>1,190</b>

Health	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Fees		257	250
		<u>257</u>	<u>250</u>
<b>Expenses</b>			
Provision of Services			
Employee Costs		762	886
Materials and Services		107	62
Impairment of Debts		-	3
Depreciation and Amortisation		1	1
Loss on Disposal of fixed Assets		-	8
		<u>870</u>	<u>960</u>
Full Cost Attribution	1(o)	136	136
Competitive Neutrality	1(o)	-	-
		<u>1,006</u>	<u>1,096</u>
<b>Surplus (Deficit)</b>		<u><b>(749)</b></u>	<u><b>(846)</b></u>
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<u><b>(749)</b></u>	<u><b>(846)</b></u>
<b>Total Assets</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>Welfare</b>	<b>Note</b>	<b>2015 \$000</b>	<b>2014 \$000</b>
<b>Revenues</b>			
Revenue Grants and Contributions		10	18
Other Grants		13	-
Other		<u>23</u>	<u>18</u>
<b>Expenses</b>			
Provision of Services			
Employee Costs		570	576
Materials and Services		321	260
		<u>891</u>	<u>836</u>
Full Cost Attribution	1(o)	66	66
Competitive Neutrality	1(o)	-	-
		<u>957</u>	<u>902</u>
<b>Surplus (Deficit)</b>		<u><b>(934)</b></u>	<u><b>(884)</b></u>
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<u><b>(934)</b></u>	<u><b>(884)</b></u>
Infrastructure Assets		1,276	1,312
<b>Total Assets</b>		<u><b>1,276</b></u>	<u><b>1,312</b></u>



Housing and Community Amenities	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Rates and Charges		4,220	4,038
Fees		6,919	6,693
Revenue Grants and Contributions			
Other Grants		1,494	547
Interest - Capital Funds		277	87
Other		442	688
		<b>13,352</b>	<b>12,053</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs (Gross)		5,429	5,820
Less Amounts Capitalised		(171)	(259)
Employee Costs		5,258	5,561
Materials and Services		11,546	11,096
Impairment of Debts		214	(1)
Finance Costs			
Provision for Rehabilitation		267	46
Depreciation and Amortisation		3,131	3,460
Loss on Disposal of fixed Assets		345	-
		20,761	20,162
Full Cost Attribution	1(o)	(229)	(274)
Competitive Neutrality	1(o)	56	56
		20,588	19,944
<b>Surplus (Deficit)</b>		<b>(7,236)</b>	<b>(7,891)</b>
<b>Capital Grants and Infrastructure Adjustments</b>			
Capital Grants and Contributions		-	2,000
Infrastructure Take Up Adjustments		(1,080)	4,175
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>(8,316)</b>	<b>(1,716)</b>
Infrastructure Assets		244,984	216,596
Work in Progress		14,217	11,950
<b>Total Assets</b>		<b>244,984</b>	<b>216,596</b>

Recreation and Culture	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Fees		4,344	3,887
Revenue Grants and Contributions			
Other Grants		1,488	1,468
Interest - Capital Funds		28	84
Bequests		156	290
Other		1,827	1,648
		<b>7,843</b>	<b>7,377</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs (Gross)		11,634	10,908
Less Amounts Capitalised		(78)	(4)
Employee Costs		11,556	10,904
Materials and Services		10,504	11,543
Impairment of Debts		40	2
Depreciation and Amortisation		4,918	4,482
Loss on Disposal of fixed Assets		1,966	473
		28,984	27,404
Full Cost Attribution	1(o)	998	993
Competitive Neutrality	1(o)	111	111
		30,093	28,508
<b>Surplus (Deficit)</b>		<b>(22,250)</b>	<b>(21,131)</b>
<b>Capital Grants and Infrastructure Adjustments</b>			
Capital Grants and Contributions		3,544	546
Infrastructure Take Up Adjustments		6	7,982
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>(18,700)</b>	<b>(12,603)</b>
Infrastructure Assets		302,594	294,260
Work in Progress		1,160	699
Other Assets		236,035	235,709
<b>Total Assets</b>		<b>539,789</b>	<b>530,668</b>

Roads and Traffic	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Fees		6,128	5,944
Revenue Grants and Contributions			
Financial Assistance Grants		4,281	1,411
Other Grants		205	205
Other		28	51
		<b>10,642</b>	<b>7,611</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs (Gross)		5,569	5,172
Less Amounts Capitalised		(393)	(29)
Employee Costs		5,176	5,143
Materials and Services		4,496	4,980
Impairment of Debts		(2)	23
Depreciation and Amortisation		9,055	8,226
Loss on Disposal of fixed Assets		1,348	792
		20,073	19,164
Full Cost Attribution	1(o)	557	555
Competitive Neutrality	1(o)	80	80
		20,710	19,799
<b>Surplus (Deficit)</b>		<b>(10,068)</b>	<b>(12,188)</b>
<b>Capital Grants and Infrastructure Adjustments</b>			
Capital Grants and Contributions		700	826
Infrastructure Take Up Adjustments		5,555	10,360
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>(3,813)</b>	<b>(1,002)</b>
Infrastructure Assets		565,843	412,914
Work in Progress		1,460	1,095
<b>Total Assets</b>		<b>567,303</b>	<b>414,009</b>

Other	Note	2015 \$000	2014 \$000
<b>Revenues</b>			
Rates and Charges		486	484
Fees		946	971
Revenue Grants and Contributions			
Other Grants		180	394
Other		241	417
		<b>1,853</b>	<b>2,266</b>
<b>Expenses</b>			
Provision of Services			
Employee Costs		2,381	3,227
Materials and Services		1,777	1,087
Impairment of Debts		2	-
Depreciation and Amortisation		8	1,021
Loss on Disposal of fixed Assets		-	1
		4,168	5,336
Full Cost Attribution		268	383
Competitive Neutrality		3	17
		4,439	5,736
<b>Surplus (Deficit)</b>		<b>(2,586)</b>	<b>(3,470)</b>
<b>Net Surplus (Deficit) Before Other Comprehensive Income</b>		<b>(2,586)</b>	<b>(3,470)</b>
<b>Total Assets</b>		<b>-</b>	<b>-</b>



## Note 3 - Revenues and Expenses

	2015 \$000	2014 \$000
<b>Valuation and Rating</b>		
Gross Assessed Annual Value of the City	574,198	569,307
	<b>Cents/\$AAV</b>	<b>Cents/\$AAV</b>
<b>Rates</b>		
General Rate	8.0770	7.8800
General Rate (CBD Variation)	9.5770	9.3800
<b>Service Rates</b>		
Fire Protection - Urban	1.2970	1.2540
Fire Protection - Rural	0.3100	0.3100
Fire Protection - Lilydale District	0.3800	0.3700
	<b>\$</b>	<b>\$</b>
General Charge (Fixed Amount)	138	135
<b>Minimum Rates apply:-</b>		
Fire Levy	36	36
<b>SERVICE CHARGES</b>		
	<b>\$ Range</b>	<b>\$ Range</b>
Waste Management - on bin size	111 - 233	107 - 225
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, 2015 rates were based on valuations effective from 1 July, 2014 (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.

	Note	2015 \$000	2014 \$000
<b>Rating Revenue</b>			
General Rates		44,186	42,459
General Charge		4,826	4,710
General Rates (CBD Variation)		486	484
Fire Protection		6,443	6,138
Waste Management		4,220	4,038
		<u>60,161</u>	<u>57,829</u>
<b>Fees and Charges</b>			
Trading Fees		12,112	11,736
Regulatory Fees		2,531	2,262
Fines		1,406	1,470
Sales		3,542	3,069
Services		142	212
Venue Hire		26	41
		<u>19,759</u>	<u>18,790</u>
<b>Revenue Grants</b>			
<b>Financial Assistance and Flood Authority Grants</b>			
Grant Funds Received		4,236	4,158
Grant Received in Prior Year		-	(2,036)
Grant Received for Next Year		2,098	-
		<u>6,334</u>	<u>2,122</u>
<b>Other Grants</b>			
State Grant Queen Victoria Museum		1,358	1,321
Other Grants		2,125	1,334
		<u>3,483</u>	<u>2,655</u>
		<u>9,817</u>	<u>4,777</u>
<b>Capital Grants and Contributions</b>			
Flood Mitigation		-	500
Museum		-	17
Parks and Recreation		2,004	79
Sports Grounds		5	6
Roads		22	10
Other		2,283	2,811
		<u>4,314</u>	<u>3,423</u>
<b>Interest</b>			
Interest Untied Funds		1,890	2,234
Interest Rate Debts		370	382
		<u>2,260</u>	<u>2,616</u>
Interest Tied Funds (Capital Grants)		305	36
		<u>2,565</u>	<u>2,652</u>

	Note	2015 \$000	2014 \$000
<b>Investment Revenue</b>			
TasWater (Water Corporation) Distributions			
Dividends		3,013	2,119
Tax Equivalents		754	1,087
Guarantee fees		319	332
		4,086	3,538
Australian Pacific Airports Corporation		486	407
		4,572	3,945
<b>Bequests</b>		156	290
<b>Other Income</b>			
Rent		1,073	1,033
Sponsorship		537	534
Donations		164	103
Asset Disposal		30	77
Recycling		91	112
Other		713	1,265
		2,608	3,124
<b>Maintenance of Facilities and Provision of Services</b>			
Labour Costs		36,948	36,156
Materials and Services		31,835	32,834
		68,783	68,990
<b>Labour Costs</b>			
Wages and Salaries		24,945	24,864
Superannuation and Retiring Allowance		5,367	4,983
Employee Leave Entitlements		4,174	3,887
Payroll Tax		1,965	1,935
Workers Compensation Insurance		413	437
Other Costs		771	863
		37,635	36,969
Less Amounts Capitalised		687	813
		36,948	36,156
<b>Materials and Services</b>			
Energy			
Street Lighting		1,607	1,652
Utilities - Gas		701	652
Utilities - Electricity		1,057	1,198
Garbage Collection		2,992	2,773
Goods and Services		17,732	18,931
Property Expenses			
Water Fixed Charges		473	444
Water Volumetric Charges		271	278
Rent External		28	26
Land Tax		380	376

	Note	2015 \$000	2014 \$000
<b>Contributions</b>			
LGAT		55	43
CBD Promotion		486	482
Regional Cooperation		409	425
Flood Authority		167	162
Community Assistance Grants		159	58
Events Funding		340	343
Provision of Services		521	495
<b>Administration</b>			
Administration		556	641
Advertising and Promotion		226	257
Computers and Communication		431	430
Election Expenses		286	26
Expert Advice		726	897
Insurance (exc. Workers Compensation)		589	715
Maintenance		193	166
Payment and Debt Collection		403	328
Postage Printing and Stationery		349	348
Aldermanic and Mayoral Allowances		490	488
External Auditor's Remuneration:			
Auditing Financial Statements		49	47
Internal Auditor's Remuneration		27	30
Motor Vehicle Expense		132	123
		<u>31,835</u>	<u>32,834</u>
<b>Impairment of Debts</b>		<u>262</u>	<u>46</u>
<b>Finance Costs</b>			
Interest on Borrowings		487	624
Unwinding of Discount on Provision for Rehabilitation of Waste Centre	23	267	46
		<u>754</u>	<u>670</u>
<b>Depreciation</b>		<u>19,008</u>	<u>18,213</u>
<b>Loss on Disposal of Fixed Assets</b>	5	<u>3,703</u>	<u>1,518</u>
<b>State Government Fire Service Levy</b>		<u>6,333</u>	<u>6,072</u>
<b>Remissions and Abatements</b>		<u>714</u>	<u>691</u>
<b>Write down of Assets Held For Sale</b>		<u>-</u>	<u>1,474</u>



## Note 4 - Asset Take Up Adjustments

	Note	2015 \$000	2014 \$000
Adjustments to Infrastructure Assets	1(i)		
Assets Recognised (Derecognised):			
Gross Value		8,502	15,801
Accumulated Depreciation		(3,491)	6,772
		<u>5,011</u>	<u>22,573</u>
<b>Reconciliation of Assets Recognised</b>			
Roads			
Gross		3,145	26,148
Accumulated Depreciation		(206)	(7,081)
Parks			
Gross		947	984
Accumulated Depreciation		(662)	2,313
Stormwater			
Gross		2,905	(705)
Accumulated Depreciation		(3,498)	(233)
Museum Collection			
Gross		289	530
Waste Management			
Gross		238	(6,326)
Accumulated Depreciation		-	6,321
Flood Protection			
Gross		(1,361)	(3,556)
Accumulated Depreciation		875	824
Rehabilitation Obligation			
Accumulated Depreciation		-	4,649
Other			
Gross		2,339	(1,274)
Accumulated Depreciation		-	(21)
		<u>5,011</u>	<u>22,573</u>

## Note 5 - Profit / Loss on Disposal of Fixed Assets

Proceeds from Disposal	653	719
Less Carrying Amounts	(4,326)	(2,160)
Profit (Loss)	<u>(3,673)</u>	<u>(1,441)</u>
Gains on Disposal	30	77
Loss on Disposal	(3,703)	(1,518)
	<u>(3,673)</u>	<u>(1,441)</u>

Asset disposals include infrastructure assets at their written down value replaced before they are fully depreciated.

	Note	2015 \$'000	2014 \$'000
<b>Note 6 - Depreciation and Amortisation</b>			
Buildings		3,286	2,338
Plant and Equipment		1,919	2,521
Infrastructure		13,307	12,900
Data Systems		496	454
Total Depreciation		19,008	18,213

Building equipment depreciation is now shown in Buildings depreciation. It was previously disclosed in Plant and Equipment depreciation.

## Note 7 - Management Indicators

The Local Government (Management Indicators) Order 2014 sets out Management Indicators that the Council must disclose in the Financial Statements. These indicators are set out below.

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>a) Underlying surplus or deficit</b>				
Recurrent income less	97,540	93,443	88,961	85,837
Recurrent expenditure	95,854	94,682	89,999	87,484
Underlying surplus (deficit)	1,686	(1,239)	(1,038)	(1,647)
<b>Benchmark</b>	0	0	0	0

Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature and Financial Assistant Grants received in advance. Recurrent Expenditure excludes loss on disposal of assets

### Comment

The Council has been reviewing operations expenditure and in the year ending 30 June 2015 it has resulted in an underlying surplus of \$1.686m

### Reconciliation of Underlying Surplus to Statement of Comprehensive Income

Underlying Surplus (Deficit)	1,686	(1,239)	(1,038)	(1,647)
Add				
Capital Grants	4,314	3,423	3,620	-
Infrastructure Take	5,011	22,573	3,603	-
Less				
FAG grant in advance current year	2,098	-	-	1,251
FAG grant in advance prior year	-	(2,036)	-	-
Assets Held for Sale	-	(1,474)	-	-
Loss on Disposal of Fixed Assets	(3,703)	(1,518)	-	-
Surplus (Deficit)	9,406	19,730	6,185	(396)

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
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**(b) Underlying surplus ratio**

This ratio serves as an overall measure of financial operating effectiveness.

<u>Underlying surplus or (deficit)</u>	1,686	(1,239)	(1,038)	(1,647)
Recurrent income	97,540	93,443	88,961	85,837
Underlying surplus ratio %	2%	-1%	-1%	-2%
<b>Benchmark</b>	0%	0%	0%	0%

Comment

The operational expenditure review has resulted in the underlying surplus ratio returning to positive.

**(c) Net financial liabilities**

Liquid assets less	64,157	63,859	61,126	67,191
Total liabilities	39,296	42,966	47,112	61,102
Net financial liabilities	24,861	20,893	14,014	6,089
<b>Benchmark</b>	0	0	0	0

Note - positive balance is favourable to benchmark

Comment

The Council holds significant liquid assets to match project commitments.

**(d) Net financial liabilities ratio**

This ratio indicates the net financial obligations of the Council compared to its recurrent income.

<u>Net financial liabilities</u>	24,861	20,893	14,014	6,089
Recurrent income	97,540	93,443	88,961	85,837
Net financial liabilities ratio %	25%	22%	16%	7%
<b>Benchmark</b>	0% - (50%)	0% - (50%)	0% - (50%)	0% - (50%)

Comment

The Council is in a strong position to meet ongoing liabilities from operational income.

**(e) Asset consumption ratio**

This ratio indicates the level of service potential available in the Council's existing asset base. An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of the Council.

***Transport Infrastructure***

<u>Depreciated replacement cost</u>	576,406	416,989	360,708	327,505
Current replacement cost	825,946	692,728	596,804	549,539
Asset consumption ratio %	70%	60%	60%	60%
<b>Benchmark</b>	>60%	>60%	>60%	>60%

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>Buildings</b>				
Depreciated replacement cost	202,229	177,182	168,458	169,094
Current replacement cost	294,398	259,135	243,435	242,098
Asset consumption ratio %	69%	68%	69%	70%
<b>Benchmark</b>	>60%	>60%	>60%	>60%
<b>Drainage</b>				
Depreciated replacement cost	159,457	144,489	128,375	160,381
Current replacement cost	224,206	202,094	174,317	258,065
Asset consumption ratio %	71%	71%	74%	62%
<b>Benchmark</b>	>60%	>60%	>60%	>60%
<b>Other</b>				
Depreciated replacement cost	83,590	93,471	126,077	104,412
Current replacement cost	104,657	119,395	181,242	159,563
Asset consumption ratio %	80%	78%	70%	65%
<b>Benchmark</b>	>60%	>60%	>60%	>60%

**Comment**

The Asset Consumption ratio for Transport Infrastructure increased from 60% to 70% in the 2014/15 financial year. This is mainly due to reviewing Road Pavement useful lives as noted in note 1(l). Overall the percentages show a sustainable position for the Council.

**(f) Asset renewal funding ratio**

An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of the Council.

<b>Transport Infrastructure</b>				
Projected capital funding outlays**	52,110	38,506	40,724	42,530
Projected capital expenditure funding	52,110	38,506	40,724	42,530
Asset renewal funding ratio %	100%	100%	100%	100%
<b>Benchmark</b>	90 - 100%	90 - 100%	90 - 100%	90 - 100%
<b>Buildings</b>				
Projected capital funding outlays**	3,235	7,492	7,292	7,067
Projected capital expenditure funding***	3,235	7,492	7,292	7,067
Asset renewal funding ratio %	100%	100%	100%	100%
<b>Benchmark</b>	90 - 100%	90 - 100%	90 - 100%	90 - 100%

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
<b>Drainage</b>				
Projected capital funding outlays**	7,700	7,475	6,761	6,088
Projected capital expenditure funding***	7,700	7,475	6,761	6,088
Asset renewal funding ratio %	100%	100%	100%	100%
<b>Benchmark</b>	90 - 100%	90 - 100%	90 - 100%	90 - 100%
<b>Other</b>				
Projected capital funding outlays**	19,577	46,771	45,896	29,407
Projected capital expenditure funding***	19,577	46,771	45,896	29,407
Asset renewal funding ratio %	100%	100%	100%	100%
<b>Benchmark</b>	90 - 100%	90 - 100%	90 - 100%	90 - 100%

**Comment**

As part of the Strategic Financial Plan the Council has a strategy to allocate funding equal to the requirement dictated by the Asset Management Plan of the Council over the medium term.

Over the next ten years the Asset Management Plan indicates that the level of required spending on capital renewals will be significantly less than the depreciation expense for Transport Infrastructure and Drainage.

Beyond the ten year period the level of spending will increase and the Council will follow the Asset Management Plan to achieve the lowest 'whole of life cost' for maintaining Council assets.

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

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

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

**(g) Asset sustainability ratio**

Capex on replacement/renewal	9,745	14,452	14,658	13,512
Annual depreciation expense	19,008	18,213	18,528	19,778
Asset sustainability ratio %	51%	79%	79%	68%
<b>Benchmark</b>	100%	100%	100%	100%

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



	Capital Renewal Expenditure \$'000	Capital New/ Upgrade Expenditure \$'000	Total Capital Expenditure \$'000
<b>Capex</b>			
Transport Infrastructure	3,495	2,094	5,589
Buildings	868	2,581	3,449
Drainage	-	821	821
Land	-	2,054	2,054
Plant	850	81	931
Other	4,532	8,562	13,094
	<u>9,745</u>	<u>16,193</u>	<u>25,938</u>
Annual Depreciation Expense			19,008
Asset Sustainability ratio %			136%
<b>Benchmark</b>			100%

**Comment**

The Asset Management Plan has identified infrastructure that needs renewing and the spending level follows the Asset Management Plan. See comment at note 7 (f) for further explanation.

## Note 8 - Movements in Equity

	2015 \$000	2014 \$000
<b>Total Reserves</b>		
Capital Reserves	161,326	157,031
Revenue Reserves	888,795	881,406
Asset Revaluation Reserves	630,997	452,148
Investment Reserves	(23,953)	(25,778)
Trusts and Bequests	2,353	1,996
Balance - 30 June	<u>1,659,518</u>	<u>1,466,803</u>
<b>Summary of Movements</b>		
Balance -1 July	1,466,803	1,444,626
Net Surplus (Deficit)	9,410	19,730
Comprehensive Income	183,305	2,447
Transfers	-	-
Balance - 30 June	<u>1,659,518</u>	<u>1,466,803</u>
<b>Capital Reserves</b>		
<b>Government Grants</b>		
Balance -1 July	147,116	144,305
Net Surplus (Deficit)	2,298	2,811
	<u>149,414</u>	<u>147,116</u>
<b>Other Contributions</b>		
Balance -1 July	9,915	9,357
Net Surplus (Deficit)	1,997	558
Balance - 30 June	<u>11,912</u>	<u>9,915</u>

	2015 \$000	2014 \$000
<b>Revenue Reserves</b>		
<b>General</b>		
Balance -1 July	866,955	852,113
Net Surplus (Deficit)	(517)	11,753
Transfers	7,823	3,089
Balance - 30 June	<u>874,261</u>	<u>866,955</u>
<b>CBD</b>		
Balance -1 July	6	8
Net Surplus (Deficit)	-	(2)
Balance - 30 June	<u>6</u>	<u>6</u>
<b>Special Committees</b>		
Balance -1 July	129	103
Net Surplus (Deficit)	(91)	26
Balance - 30 June	<u>38</u>	<u>129</u>
<b>Public Open Space</b>		
Balance -1 July	(16)	38
Net Surplus (Deficit)	20	(54)
Transfers	98	-
Balance - 30 June	<u>102</u>	<u>(16)</u>
<b>Self Insurance</b>		
Balance -1 July	2,357	2,198
Net Surplus (Deficit)	186	-
Transfers	-	159
Balance - 30 June	<u>2,543</u>	<u>2,357</u>
<b>Employee Benefits</b>		
Balance -1 July	(1,861)	(2,551)
Net Surplus (Deficit)	(1,227)	(950)
Comprehensive Income	2,631	1,640
Balance - 30 June	<u>(457)</u>	<u>(1,861)</u>
<b>Waste Centre Reserve</b>		
Balance -1 July	11,944	10,000
Net Surplus (Deficit)	2,406	1,944
Transfers	(2,289)	-
Balance - 30 June	<u>12,061</u>	<u>11,944</u>
<b>Special Reserve - Water Corporation</b>		
Balance -1 July	-	-
Net Surplus (Deficit)	4,086	3,538
Transfers	(4,086)	(3,538)
Balance - 30 June	<u>-</u>	<u>-</u>
<b>Flood Authority Reserve</b>		
Balance -1 July	1,892	1,817
Net Surplus (Deficit)	53	75
Transfers	(1,704)	-
Balance - 30 June	<u>241</u>	<u>1,892</u>

	2015 \$000	2014 \$000
<b>Asset Revaluation Reserves</b>		
<b>General</b>		
Balance -1 July	452,148	416,369
Comprehensive Income	178,849	35,779
Balance - 30 June	<u>630,997</u>	<u>452,148</u>
<b>Investment Reserve</b>		
<b>Investment Water Corporation</b>		
Balance -1 July	(25,778)	9,194
Comprehensive Income	1,825	(34,972)
Balance - 30 June	<u>(23,953)</u>	<u>(25,778)</u>
<b>Trusts and Bequests</b>		
Cliff Grounds	5	5
John Hart	20	20
John Hart (Interest)	5	4
Mary Nichols Bequest	2	2
Mary Nichols (Interest)	7	6
Plomley Foundation - Capital	1,324	1,324
Plomley Foundation - Management	66	46
Museum - Thomas Knowles	3	3
Museum - Bessant Bequest	251	241
Museum Armitage Bequest	355	345
Museum Ralph Bequest	315	-
	<u>2,353</u>	<u>1,996</u>
<b>Summary of Trust and Bequests</b>		
Balance -1 July	1,996	1,675
Net Surplus (Deficit)	199	31
Transfers	158	290
Balance - 30 June	<u>2,353</u>	<u>1,996</u>

## Note 9 - Cash at Bank and on Hand

	2015 \$000	2014 \$000
Cash on Hand	14	12
Cash at Bank	2,329	585
Special Committees	38	129
	<u>2,381</u>	<u>726</u>

The \$2,097,974 first instalment of the 2016 Financial Assistance Grants was transferred into the trading account overnight on the 30 June 2015

## Note 10 - Rate and Sundry Receivables

	2015 \$000	2014 \$000
<b>(a) Current Receivables</b>		
Rate Debtors	771	1,049
Accrued Revenue	165	165
Sundry Debtors	1,930	2,348
Prepayments	190	126
Parking Infringement Debtors	2,345	2,328
	<u>5,401</u>	<u>6,016</u>
Impairment of Debtors		
Sundry Debtors	(437)	(222)
Parking Infringement Debtors	(1,492)	(1,585)
	<u>(1,929)</u>	<u>(1,807)</u>
	<u>3,472</u>	<u>4,209</u>
Movement in Impaired Debts	(122)	45
<b>(b) Collection Performance</b>		
<b>- Rate Receivables</b>		
Rate Revenue	60,161	57,830
Interest on Rates	370	382
	<u>60,531</u>	<u>58,212</u>
Percentage Rate Debtors Outstanding	1.27%	1.80%

## Note 11 - Investments

	2015 \$000	2014 \$000
<b>Current</b>		
Bank Guaranteed Bills and Deposits	58,304	58,924
	<u>58,304</u>	<u>58,924</u>
<b>Restricted Assets and Deposits</b>		
Restricted assets		
a) Included in the above and invested on behalf of:-		
i) Trusts and Bequests	2,353	1,996
ii) Museum Unused Grants and Contributions	34	19
iii) River Dredging and Flood Protection Contributions	241	1,892
b) Provision for Retiring Allowance	70	192
c) Provision for Waste Centre Development and Rehabilitation	12,061	11,944
	<u>14,759</u>	<u>16,043</u>
Grant funds brought to account as income but not fully expended and held in specific bank deposits at year end	1,508	9,929
Total Restricted assets	<u>16,267</u>	<u>25,972</u>
Deposits		
Other Deposits	864	663
Total Deposits	<u>864</u>	<u>663</u>
Total Restricted Assets and Deposits	<u>17,131</u>	<u>26,635</u>

	2015 \$000	2014 \$000
<b>Committed Funds</b>		
Capital	4,856	6,630
Net Capital works (carried forward)	9,956	11,770
	<u>14,812</u>	<u>18,400</u>
Current Liabilities (excluding deposits)	26,723	26,778
	<u>41,535</u>	<u>45,178</u>
<p>The ongoing operations of the Council, together with the investments held, will provide sufficient funds for the Council to meet the commitments.</p>		
<b>Non-Current</b>		
TasWater	15 229,157	227,332

## Note 12 - Inventories

	2015 \$000	2014 \$000
<b>Inventories</b>		
Stores	570	549
Trading Stock	135	111
Other	-	1
	<u>705</u>	<u>661</u>

## Note 13 - Assets Held for Resale

	2015 \$000	2014 \$000
<b>Assets Held For Sale</b>		
Carrying Value	415	1,654
Less Fair Value Adjustment	-	1,474
Value Held for Sale	<u>415</u>	<u>180</u>

During the 2014 financial year Council took the decision to sell the Stockyards as a going concern.

The original purchase did not proceed during the current year and at balance date a new purchaser has entered into a purchase agreement.

At balance date the Council had called for expressions of interest to purchase a parcel of land in West Launceston.

## Note 14 - Deferred Receivables

	2015 \$000	2014 \$000
<b>Deferred Receivables</b>		
Loans - Australia Pacific Airports (Launceston) Pty Ltd	<u>258</u>	<u>258</u>

## Note 15 - Investment (TasWater)

At 30 June 2013 the Council held a 51.9% ownership interest in Tasmanian Water and Sewerage Corporation (Northern Region) Pty Limited, trading as Ben Lomond Water by a 2011 Allocation Order from the State Treasurer.

On 1 July 2013 all Tasmanian Water Corporations were merged to form the Tasmanian Water Corporation, trading as TasWater.

Each Council's ownership share of TasWater is calculated on its voting share set down in TasWater's constitution. The Council does not have significant influence to allow the use of the equity method to account for its investment.

	2015 \$000	2014 \$000
Water Corporation net equity	1,548,356	1,536,024
Year end report used for determining net assets	30 June 2015	30 June 2014
Launceston City Council ownership percentage	14.80%	14.80%
Fair value of the Council's share of Water Corporation	229,157	227,332
Previously assessed value	<u>227,332</u>	<u>262,303</u>
Net Increase (decrease) in fair value	<u>1,825</u>	<u>(34,971)</u>

## Note 16 - Infrastructure Assets

	2015 \$000	2014 \$000
Intangible Assets at Written Down Value	4,658	4,411
Tangible Assets at Written Down Value	1,146,247	963,473
Work in Progress	17,182	13,886
Written Down Value 30 June	<u>1,168,087</u>	<u>981,770</u>
<b>(a) Capital Expenditure</b>		
Completed Works	20,500	15,882
Change in Work in Progress	3,296	2,417
	<u>23,796</u>	<u>18,299</u>
<b>(b) Movement in Asset Values</b>		
Written Down Value 1 July	981,770	934,736
Capital Expenditure	23,796	18,299
Depreciation and Amortisation	(19,008)	(18,213)
Disposals at Written Down Value	(2,088)	(2,160)
Asset Recognition Adjustment	5,011	22,573
Less Museum Collection Additions	(326)	(172)
Asset Revaluation Increment (Decrement)	178,847	33,009
Asset Revaluation Rehabilitation Take Up	320	(4,648)
Transfer of Assets Held for Sale	(235)	(1,654)
Written Down Value 30 June	<u>1,168,087</u>	<u>981,770</u>



	2015 \$000	2014 \$000
<b>(c) Total Infrastructure Carrying Amount</b>		
Infrastructure and Other Assets at Cost	41,028	51,266
Infrastructure and Other Assets at Valuation	1,560,005	1,380,614
	<u>1,601,033</u>	<u>1,431,880</u>
Less Accumulated Depreciation	450,128	463,996
	<u>1,150,905</u>	<u>967,884</u>
Work in Progress at Cost	17,182	13,886
Written Down Value 30 June	<u>1,168,087</u>	<u>981,770</u>
<b>(d) Infrastructure by Function</b>		
<u>General Public Services</u>		
Freehold Land at Valuation	2,559	2,558
Buildings at Valuation	23,532	20,976
Plant and Equipment at Cost	32,927	43,971
Intangibles at Cost	8,101	7,295
	<u>67,119</u>	<u>74,800</u>
Less Accumulated Depreciation	32,181	33,188
	<u>34,938</u>	<u>41,612</u>
<u>Public Order and Safety</u>		
Freehold Buildings at Valuation	1,277	1,252
Roads Infrastructure at Valuation	294	221
	<u>1,571</u>	<u>1,473</u>
Less Accumulated Depreciation	301	283
	<u>1,270</u>	<u>1,190</u>
<u>Roads and Traffic</u>		
Freehold Land at Valuation	16,631	14,015
Freehold Buildings at Valuation	18,726	18,345
Roads Infrastructure at Valuation	769,801	643,052
	<u>805,158</u>	<u>675,412</u>
Less Accumulated Depreciation	239,315	262,498
	<u>565,843</u>	<u>412,914</u>
<u>Housing and Community Amenities</u>		
Freehold Land at Valuation	9,817	10,017
Leasehold Land at Valuation	270	270
Freehold Buildings at Valuation	23,933	9,873
Leasehold Buildings at Valuation	-	-
Stormwater Infrastructure at Valuation	214,291	197,239
Flood Protection Infrastructure at Valuation	55,106	49,923
Cemetery & Crematoria Infrastructure at Valuation	7,322	6,070
Refuse Disposal Infrastructure at Valuation	25,253	23,032
	<u>335,992</u>	<u>296,424</u>
Less Accumulated Depreciation	91,008	79,828
	<u>244,984</u>	<u>216,596</u>
<u>Welfare</u>		
Freehold Land at Valuation	435	435
Freehold Buildings at Valuation	1,304	1,338
Leasehold Buildings at Valuation	200	197
	<u>1,939</u>	<u>1,970</u>
Less Accumulated Depreciation	663	658
	<u>1,276</u>	<u>1,312</u>

	2015 \$000	2014 \$000
<b>Recreation and Culture</b>		
Freehold Land at Valuation	78,627	79,143
Leasehold Land at Valuation	455	455
Freehold Buildings at Valuation	225,470	206,801
Leasehold Buildings at Valuation	121	27
Parks and Recreation Infrastructure		
- Swim Centres at Valuation	1,419	15,530
- Parks at Valuation	83,162	79,845
	389,254	381,801
Less Accumulated Depreciation	86,660	87,541
	302,594	294,260
<b>Summary of Assets at Written Down Value</b>		
General Public Services	34,938	41,612
Public Order and Safety	1,270	1,190
Roads and Traffic	565,843	412,914
Housing and Community Amenities	244,984	216,596
Welfare	1,276	1,312
Recreation and Culture	302,594	294,260
	1,150,905	967,884

In accordance with Accounting Standard AASB 116 the Council has adopted either the cost basis or fair value basis for the valuation of property, plant and equipment depending upon asset class. 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 2015.

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.

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

Buildings	As at 30 June 2015
Roads	As at 30 June 2015
Drainage	As at 01 January 2015
Land	As at 30 June 2013
Parks	As at 30 June 2015
Other	As at 30 June 2015

	2015 \$000	2014 \$000
<b>(e) Infrastructure - Movements in Carrying Amounts Summary</b>		
Opening Balance		
At Cost	51,266	52,463
At Valuation	1,380,614	1,304,619
Accumulated Depreciation	(463,996)	(433,815)
	967,884	923,267
Additions	23,261	16,228
Adjustments		
Gross	5,734	15,305
Accumulated Depreciation	(3,490)	2,088
Revaluations		
Gross	148,174	52,405
Accumulated Depreciation	30,673	(19,396)
Disposals		
Gross	(10,021)	(9,130)
Accumulated Depreciation	7,698	5,330
Depreciation	(19,008)	(18,213)
Balance - 30 June	1,150,905	967,884
Work in Progress	17,182	13,886
	1,168,087	981,770
Intangible Assets at Written Down Value	4,658	4,411
Tangible Assets at Written Down Value	1,146,247	963,473
Work in Progress	17,182	13,886
Total Written Down Value - 30 June	1,168,087	981,770
<b>Land</b>		
Opening Balance		
At Valuation	107,272	108,822
	107,272	108,822
Additions	-	23
Adjustments		
Gross	2,336	(1,348)
Transfers		
Gross	(615)	-
Disposals		
Gross	(200)	(225)
Balance - 30 June	108,793	107,272
<b>Buildings</b>		
Opening Balance		
At Valuation	258,968	243,434
Accumulated Depreciation	(81,786)	(74,976)
	177,182	168,458
Additions	3,677	2,362
Adjustments		
Gross	766	-
Accumulated Depreciation	(13)	-
Transfers		
Gross	24,755	13,587
Accumulated Depreciation	(5,199)	(4,620)
Revaluations		
Gross	6,232	-
Accumulated Depreciation	(1,885)	-

	2015 \$000	2014 \$000
Disposals		
Gross	-	(248)
Accumulated Depreciation	-	58
Depreciation	(3,286)	(2,415)
Balance - 30 June	<u>202,229</u>	<u>177,182</u>
<b>Plant and Equipment</b>		
Opening Balance		
At Cost	51,266	52,463
Accumulated Depreciation	(22,785)	(21,636)
	28,481	30,827
Additions	2,465	1,354
Adjustments		
Gross	3	74
Accumulated Depreciation	-	(21)
Transfers		
Gross	(11,035)	(124)
Accumulated Depreciation	3,263	54
Disposals		
Gross	(1,670)	(2,501)
Accumulated Depreciation	1,338	1,763
Depreciation	(2,415)	(2,945)
Balance - 30 June	<u>20,430</u>	<u>28,481</u>
<b>Data Systems (Intangible Asset - included in Plant and Equipment)</b>		
Opening Balance	8,101	7,295
At Cost	(3,442)	(2,884)
Accumulated Depreciation	4,659	4,411
<b>Roads and Bridges</b>		
Opening Balance		
At Valuation	692,741	596,804
Accumulated Depreciation	(275,752)	(236,096)
	416,989	360,708
Additions	11,719	4,459
Adjustments		
Gross	3,131	62,940
Accumulated Depreciation	(206)	(21,663)
Transfers		
Gross	378	(22,686)
Accumulated Depreciation	(18)	8,819
Revaluations		
Gross	125,361	53,535
Accumulated Depreciation	32,126	(19,483)
Disposals		
Gross	(7,384)	(2,324)
Accumulated Depreciation	4,184	1,331
Depreciation	(9,874)	(8,647)
Balance - 30 June	<u>576,406</u>	<u>416,989</u>

	2015 \$000	2014 \$000
<b>Drainage</b>		
Opening Balance		
At Cost	-	-
At Valuation	202,150	174,317
Accumulated Depreciation	(57,661)	(45,942)
	<u>144,489</u>	<u>128,375</u>
Additions	713	452
Adjustments		
Gross	2,848	252
Accumulated Depreciation	(3,498)	(9)
Transfers		
Gross	1,270	27,073
Accumulated Depreciation	(588)	(10,270)
Revaluations		
Gross	17,225	-
Accumulated Depreciation	(1,571)	-
Depreciation	(1,431)	(1,384)
Balance - 30 June	<u>159,457</u>	<u>144,489</u>
<b>Other</b>		
Opening Balance		
At Cost	-	-
At Valuation	119,483	181,242
Accumulated Depreciation	(26,012)	(55,165)
	<u>93,471</u>	<u>126,077</u>
Additions	4,687	7,578
Adjustments		
Gross	(3,349)	(46,613)
Accumulated Depreciation	227	23,781
Transfers		
Gross	(14,753)	(17,850)
Accumulated Depreciation	2,541	6,017
Revaluations		
Gross	(644)	(1,130)
Accumulated Depreciation	2,003	87
<b>Disposals</b>		
Gross	(767)	(3,832)
Accumulated Depreciation	2,176	2,178
Depreciation	(2,002)	(2,822)
Balance - 30 June	<u>83,590</u>	<u>93,471</u>
Overall Total (Written Down Value)	<u>1,150,905</u>	<u>967,884</u>

## Note 17 - Queen Victoria Museum and Art Gallery

	2015 \$000	2014 \$000
<b>Museum Collection</b>		
Opening Balance	235,709	232,238
Additions	326	701
Revaluation Increase/(Decrease)	-	2,770
Collection Carrying Value	<u>236,035</u>	<u>235,709</u>
<p>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 2014.</p> <p>This amount has been disclosed as a separate asset class in the Statement of Financial Position.</p>		
<b>Results from Operations</b>		
<b>Revenue</b>		
Fees and Charges	396	415
State Government Operations Grant	1,358	1,312
Other Grants	62	117
Bequests and Donations	288	533
Interest	56	60
Other Income	22	11
	<u>2,182</u>	<u>2,457</u>
<b>Expenses</b>		
Provision of Services	5,014	5,151
Depreciation	743	741
Full Cost Attribution	293	293
	<u>6,050</u>	<u>6,185</u>
Operating Surplus / (Deficit)	<u>(3,868)</u>	<u>(3,728)</u>

## Note 18 - Employee Provisions and Statistics

	2015	2014
Full Time Equivalent Employees at year end	428	427
	\$000	\$000
<b>Current Provisions</b>		
Accrued Time	110	114
Annual Leave	2,579	2,502
Long Service Leave	3,260	3,058
Retiring Allowance	70	67
	<u>6,019</u>	<u>5,741</u>
<b>Non-Current Provisions</b>		
Long Service Leave	1,283	1,058
Retiring Allowance	133	125
	<u>1,416</u>	<u>1,183</u>



## Note 19 - Interest Bearing Liabilities

	2015 \$000	2014 \$000
(a) Currency of loans	2,132	2,592
Current	5,368	7,499
Non-current	<u>7,500</u>	<u>10,091</u>
(b) Summary Movement in Loans		
Balance - 1 July	10,091	12,798
Repayments	(2,591)	(2,707)
Borrowing	-	-
Balance - 30 June	<u>7,500</u>	<u>10,091</u>
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.		
Gross PBAA loans due	(6)	(37)
Less subsidy	6	37
Year end net balance	<u>-</u>	<u>-</u>

## Note 20 - Lease Commitments

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

## Note 21 - Sundry Payables and Accruals

	2015 \$000	2014 \$000
Accrued Expenses	15,378	14,742
Unearned Income	221	504
Sundry Creditors	2,972	3,198
	<u>18,571</u>	<u>18,444</u>

## Note 22 - Superannuation

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.

### Accumulation Funds

New employees engaged after 11 February 2014 have accumulation only benefits with a choice of complying superannuation fund. Existing employee members of the Launceston City Council Defined Benefits Fund are able to leave the fund and transfer to a complying accumulation fund of their choice.

The Council has no ongoing responsibility to make good any

deficiencies that may occur in these schemes.

### Defined Benefit Funds

The Council contributes, in respect of its employees, to two defined benefit superannuation funds. The Launceston City Council Defined Benefit Fund, was established for employees of the Council and now includes some employees transferred to the Water Corporation. The Quadrant Defined Benefits Superannuation Scheme, was established in respect of employees of all local government authorities in the State, some of whom are employees of the Council.

Membership of the Launceston City Council Defined Benefits Fund was compulsory for all employees who were not existing

members of the Quadrant Defined Benefits Superannuation Scheme up to 11 February 2014. From 11 February 2014 Council closed the Launceston City Council Defined Benefit Fund to new members.

In accordance with statutory requirements the Council contributes to both funds the amounts determined by the actuaries. As such, assets accumulate in the funds 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 two funds' 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 Defined Benefits Fund has been classified as a multi-employer sponsored plan.

As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119, the Council does not use defined benefit accounting for these contributions, and accordingly no asset or liability is recognised in these accounts in respect of the scheme.

For the year ended 30 June 2015 the Council contributed 11% 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.

Details of the overall fund status as extracted from the actuarial assessments by Rice Warner as at 30th June, 2014 are as follows:-

	\$000
Accrued Benefits	58,093
Net Market Value	66,310
Less Vested Benefits	57,475
Net Market Value less Vested Benefits	8,835
Surplus/(Deficit)	

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

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

Net Investment Return	7% p.a.
Salary Inflation	4%
Price Inflation	n/a

#### 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 2014.
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 2014.
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 2017.

The Actuary recommended that in future the Council contribute 11% of salaries in 2014/15 and 9.5% thereafter.

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 2017 and is expected to be completed late in 2017.

As required in terms of paragraph 148 of AASB 119 Employee Benefits, Council discloses the following details:

The 2014 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Clause 1.9.2 of the Scheme Trust Deed, there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to participate is required to be provided with a benefit at least equal to their vested benefit in terms of Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved.

Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.

- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides

that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits.

The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 would be applied in this case (as detailed above).

- The Fund is a defined benefit fund.

- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

### Contributions

	2015 \$000	2014 \$000
During the reporting period the amount of contributions paid to the scheme was:	12	11
During the next reporting period the expected amount of contributions paid to the scheme is:	9	12

- As reported, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Favourable investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.

An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

### City of Launceston Employees Superannuation 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.

	2015 \$000	2014 \$000
In accordance with Note 1(n) the Council has taken up a liability of:	457	1,850

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 Geoff McRae FIAA on behalf of Rice Warner, as at 31 May 2015.

	2015 \$000	2014 \$000
The amount taken up as an employee benefit obligation is made up as follows:		
<b>Balance Sheet Calculation</b>		
Fair value of plan assets	54,778	49,870
Less present value of defined benefit obligation	(55,235)	(51,720)
Employee benefit asset (obligation)	(457)	(1,850)

	2015 \$000	2014 \$000
<b>Defined Benefit Obligation</b>		
<b>Reconciliation of Obligation</b>		
Present value of defined benefit obligation - 1 July	51,720	50,438
Current service cost	3,029	3,331
Interest cost	1,604	1,476
Member contributions and transfers from other funds	2,861	2,224
Actuarial (gains)/losses due to changes in financial assumptions	710	(13)
Actuarial (gains)/losses due to changes in experience	(87)	1,878
Benefits and tax paid	(4,601)	(7,614)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Exchange rate changes	-	-
Present value of defined benefit obligation - 30 June	<u>55,236</u>	<u>51,720</u>
<b>Assets</b>		
<b>Reconciliation of Assets</b>		
Fair value of plan - 1 July	49,869	47,888
Expected return on plan assets	1,497	1,439
Actuarial (gains)/losses	3,363	3,505
Employer contributions	1,791	2,428
Member contributions and transfers from other funds	2,861	2,224
Benefits and tax paid	(4,601)	(7,614)
Settlements and curtailments	-	-
Business combinations	-	-
Exchange rate changes	-	-
Fair value of defined benefit obligation - 30 June	<u>54,780</u>	<u>49,870</u>
<b>Expense recognised in Operating Surplus</b>		
Current service cost	3,029	3,331
Interest cost	1,604	1,476
Expected return on plan assets	(1,497)	(1,439)
Superannuation expense	<u>3,136</u>	<u>3,368</u>
<b>Expense recognised in Other Comprehensive Income</b>		
Actuarial gains/(losses)	<u>2,631</u>	<u>1,640</u>

### General plan information

The Plan is a sub fund of the "profit for members" superannuation scheme known as the Quadrant Superannuation Scheme ("the Scheme") and the Trustee of the Scheme is Quadrant Superannuation Pty Ltd. The Scheme and the Plan are subject to the requirements of the Superannuation Industry (Supervision) Act 1992 and related regulations. Under this legislation, the Trustee is required to measure the value of the assets of the Plan against the total members' vested entitlements and to take action if a shortfall in the value of the assets emerges. Such action could include actuarial management of the Plan, including an increase to the amount of employer contributions.

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 30 June 2014 by Geoff McRae FIAA of Rice Warner.

The investigation showed the following figures determined in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	2015 \$,000	2014 \$,000
Present Value of Defined Benefits	34,189	39,044
Accumulation Benefits	17,192	14,841
<b>Value of Accrued Benefits</b>	<b>51,381</b>	<b>53,885</b>
<b>Vested Benefits</b>	<b>48,980</b>	<b>37,071</b>

#### Principal actuarial assumptions and recommendations

The actuary recommended that the Employer contribute at the rate of 10% of salaries until 31 July 2015 and then 11% 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:	7.0%	7.0%
Rate of inflationary salary increases:	4.0%	4.0%

#### Revenue Reserves – Gain recognised

	2015 \$'000	2014 \$'000
Actuarial gains (losses)	2,631	1,640
	<u>2,631</u>	<u>1,640</u>

#### 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.

	2015 \$,000	2014 \$,000
<b>Actual Return on Plan Assets</b>		
Present value of defined benefit obligation at end of year	55,235	51,720
Fair value of plan assets at end of year	(54,778)	(49,870)
(Surplus)/Deficit in plan	<u>457</u>	<u>1,850</u>
Experience adjustments - plan liabilities	87	(1,878)
Experience adjustments - plan assets	3,363	3,505
Actual return on Fund assets	4,967	4,943
<b>Principal Assumptions</b>		
Discount Rate p.a. (net of allowance for tax)	2.60%	3.00%
Salary Increases	4.00%	3.00%

#### 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 2015 are as follows:

	2016 \$,000	2015 \$,000
Expected employer contributions (for defined benefits only)	1,858	1,907
Expected member contributions (incl. deemed member contributions)	1,014	1,143

### Sensitivity Analysis

The table below shows how the net liability on the Statement of Financial Position would have been affected by changes in the key actuarial assumptions.

Assumption	Change in Assumption		Movement in Net Liability \$'000	
Discount Rate	Increase by:	1.00% p.a.	Decrease by:	1,900
Discount Rate	Decrease by:	1.00% p.a.	Increase by:	2,477
Salary Growth Rate	Increase by:	1.00% p.a.	Decrease by:	2,277
Salary Growth Rate	Decrease by:	1.00% p.a.	Increase by:	2,100

### Note 23 - Rehabilitation Provision

	2015 \$000	2014 \$000
<b>Provision for Rehabilitation</b>		
Balance at 1 July	4,994	9,818
Revaluation Adjustment opening balance	(236)	(4,870)
Rehabilitation Works Carried Out	(556)	
Unwinding of discount - expensed as borrowing	267	46
Balance at 30 June	<u>4,469</u>	<u>4,994</u>
<b>Reconciliation</b>		
Asset Revaluation / Adjustment	320	(4,648)
Rehabilitation Works Carried Out	(556)	(222)
Total Revaluation of Opening Balance	<u>(236)</u>	<u>(4,870)</u>

The Council operates a Waste Facility 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 11).

The cost of rehabilitation is re assessed each year.

### Note 24 - Commitments for Capital Expenditure

At the reporting date,		
Plant and Equipment	724	759
Refuse Infrastructure	543	1,783
Roads Infrastructure	572	691
Parks and Recreation Infrastructure	514	174
Drainage Infrastructure	1,591	50
Flood Protection Infrastructure	279	2,544
Buildings	633	629
	<u>4,856</u>	<u>6,630</u>
These expenditures are due for payment:		
Not later than one year	4,856	6,630

## Note 25 - Contingent Liabilities

At the reporting date of 30 June 2015 the Council had no contingent liabilities that would materially affect any of the amounts or disclosures in these accounts.

In accordance with the Urban Drainage Act 2013 the Council is responsible for stormwater drainage within the municipality.

TasWater is seeking to recover a fee from Council for the use of the Combined Waste Water system. While the Council accepts that a fee is payable we have been unable to reach agreement with TasWater as to the amount. In accordance with the Act the matter has progressed to arbitration and at the balance date it is not possible to quantify the outcome.

The Council is presently involved in a matter that is yet to be finalised. The outcome cannot be reliably estimated however the matter is not expected to have a material effect on the financial position of the Council.

## Note 26 - Cash Flow

	2015 \$000	2014 \$000
<b>Operating Activities to Net Surplus</b>		
Net Surplus	9,406	19,730
<b>Non-Cash Charges</b>		
Depreciation	19,008	18,213
Employee Provisions	1,750	1,230
Provision for Rehabilitation discount unwound	267	46
Allowance for Impaired Debts	122	(45)
Loss (Profit) on Sale of Non-current Assets	3,673	1,441
Write Down of Available for Sale Asset	-	1,474
<b>Changes in Assets and Liabilities</b>		
Rate and Sundry Receivables	793	89
Inventories	(40)	(14)
Sundry Creditors	(1,435)	3,824
Deposits	-	(29)
<b>Non-Cash Income</b>		
Infrastructure Take-up Adjustments	(5,011)	22,573
<b>Investing Activities</b>		
Distributions from Investments	(4,572)	(3,945)
Grants and Contributions Capital	(4,314)	(3,423)
Net Cash from Operating Activities	<u>19,647</u>	<u>61,163</u>

### (b) Reconciliation of Cash and Cash Equivalents

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	2,381	726
Short Term Investments	<u>58,304</u>	<u>58,924</u>
	<u>60,685</u>	<u>59,650</u>



## Note 27 - Financial Instruments

### Risk Management

The Council holds cash and cash equivalent assets and liabilities for current and future capital and operational requirements.

These assets are exposed to a variety of financial risks including:

- (i) market risk,
- (ii) credit risk,
- (iii) liquidity risk and
- (iv) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise

potential adverse effects on the financial performance of the Council.

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

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

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

	2015 \$000	2014 \$000
<b>Carrying Value</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalents	60,684	59,650
Available for Sale - Water Corporation	229,157	227,332
Current Receivables	3,472	4,209
Deferred Receivables	258	258
<b>Total Financial Assets</b>	<b>293,571</b>	<b>291,449</b>
<b>Financial Liabilities</b>		
At Amortised Cost	26,934	29,198
<b>Total Financial Liabilities</b>	<b>26,934</b>	<b>29,198</b>
<b>Net Total</b>	<b>266,637</b>	<b>262,251</b>
<b>Fair Value</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalents	60,684	59,650
Available for Sale - Water Corporation	229,157	227,332
Current Receivables	3,472	4,209
Deferred Receivables	258	258
<b>Total Financial Assets</b>	<b>293,571</b>	<b>291,449</b>
<b>Financial Liabilities</b>		
At Amortised Cost	27,250	29,550
<b>Total Financial Liabilities</b>	<b>27,250</b>	<b>29,550</b>
<b>NET TOTAL</b>	<b>266,321</b>	<b>261,899</b>

Fair Value is determined as follows.

Cash and Cash Equivalents, Receivables, Payables:

Estimated to be the carrying value which approximates market value.

Held to Maturity Investments:

Based upon their face value plus any accrued earnings.

Borrowings:

Based upon their current discharge value.

Financial Assets classified :

“at fair value through profit and loss” or

“Available for Sale”

Based upon quoted market prices at the reporting date or independent valuation.

#### “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 Corporate Services Directorate manages its 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 and an Investment Report is prepared regularly setting out the portfolio breakup and 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 using 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.

	2015 \$000	2014 \$000
<b>Increase of Values/Rates</b>		
<b>Profit</b>		
Impact of a 10% movement in Market Values	-	-
Impact of a 1% movement in Interest Rates	532	496
<b>Equity</b>		
Impact of a 10% movement in Market Values	-	-
Impact of a 1% movement in Interest Rates	532	496
<b>Decrease of Values/Rates</b>		
<b>Profit</b>		
Impact of a 10% movement in Market Values	-	-
Impact of a 1% movement in Interest Rates	(532)	(496)
<b>Equity</b>		
Impact of a 10% movement in Market Values	-	-
Impact of a 1% movement in Interest Rates	(532)	(496)

**(b) Receivables**

The Council's major receivables comprise:

- Rates and Charges and
- 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 annual charges is minimised by the ability of the Council to secure a charge over property relating to the debts (i.e., the property can be sold to recover the debt). The Council is also able to charge interest on overdue rates and annual 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 an extensive impairment provision for loss on infringement debtors.

The level of outstanding receivables is reported monthly 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****(i) Ageing of Receivables**

	2015 \$000	2014 \$000
<b>Current</b>		
Rate Debtors	157	391
Accrued Revenue	165	165
Sundry Debtors	1,660	2,023
Prepayments	190	126
Parking Infringement Debtors	82	76
	<u>2,254</u>	<u>2,781</u>
<b>Overdue</b>		
Rate Debtors	614	658
Accrued Revenue	-	-
Sundry Debtors	270	325
Prepayments	-	-
Parking Infringement Debtors	2,263	2,252
	<u>3,147</u>	<u>3,235</u>
<b>Total Receivables</b>	<u>5,401</u>	<u>6,016</u>

**(ii) Movement in Provision for Impairment of Receivables**

	2015 \$000	2014 \$000
Balance at the beginning of the year	(1,807)	(1,852)
Add new provisions recognised during the year	(191)	(9)
Less amounts already provided for and written back	69	54
<b>Balance at the end of the year</b>	<u>(1,929)</u>	<u>(1,807)</u>

**(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 (i.e. prices) or indirectly (i.e. derived from prices).

Level 3

Inputs for the asset or liability that are not based on observable market data.

	2015 \$000	2014 \$000
Level 3 - Investment in Water Authority	229,157	227,332

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

	2015 \$000	2014 \$000
<b>Liquidity Table</b>		
<b>Variable Interest</b>		
<b>Fixed Rate Maturity</b>		
<u>Less than 1 Year</u>		
Deposits	-	-
Sundry Creditors	-	-
Secured Loans	2,132	2,592
	<u>2,132</u>	<u>2,953</u>
<u>1 to 5 Years</u>		
Deposits	-	-
Sundry Creditors	-	-
Secured Loans	5,368	7,499
	<u>5,368</u>	<u>7,499</u>
<b>Non Interest</b>		
Deposits	864	663
Sundry Creditors	18,571	18,444
Secured Loans	-	-
	<u>19,435</u>	<u>19,107</u>
<b>Total Cash Outflows</b>		
Deposits	864	663
Sundry Creditors	18,571	18,444
Secured Loans	7,500	10,091
	<u>26,935</u>	<u>29,198</u>
<b>Actual Carrying Amount</b>		
Deposits	864	663
Sundry Creditors	18,571	18,444
Secured Loans	7,500	10,091
	<u>26,935</u>	<u>29,198</u>

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:

	2015 \$000	2014 \$000
Secured Loans		
Carrying Value	7,500	10,091
Average Interest Rate	5.19%	5.20%

## Note 28 - Fair Value Measurements

The Council measures infrastructure assets at fair value on a recurring basis.

The museum collection is periodically valued by a suitably qualified valuer.

All other Council assets and liabilities are measured at their nominal value.

For valuation purposes infrastructure assets are grouped into the following categories:

Category	Includes
Land	All developed and undeveloped freehold and leasehold land owned or controlled by the Council.
Buildings	All buildings owned by the Council. This includes Administration, Commercial, Recreational, Cultural, Residential and other buildings.
Roads and Bridges	All sealed and unsealed roads and all bridges within the municipality. Roads includes road pavement, sealed surfaces footpaths and kerb and channel.
Drainage	All stormwater and drainage infrastructure in the municipality.
Other	Flood protection, parks infrastructure, refuse disposal and any other assets not included in another categories.

### (a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The following table shows the assigned level for each asset held at fair value by the Council. The table presents the Council's assets measured and recognised at fair value at 30 June 2015.

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

Land is recorded at the Valuer-General's valuation.

As at 30 June 2015	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	16	-	108,793	-	108,793
Buildings	16	-	-	202,229	202,229
Roads and Bridges	16	-	-	576,406	576,406
Drainage	16	-	-	159,457	159,457
Other Infrastructure	16	-	-	83,590	83,590
			<u>108,793</u>	<u>1,021,682</u>	<u>1,130,475</u>
<b>Non-recurring fair value measurements</b>					
Assets held for sale	13	415	-	-	415
		<u>415</u>	<u>-</u>	<u>-</u>	<u>415</u>

As at 30 June 2014	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	16	-	107,272	-	107,272
Buildings	16	-	-	177,182	177,182
Roads and Bridges	16	-	-	416,989	416,989
Drainage	16	-	-	144,489	144,489
Other Infrastructure	16	-	-	93,471	93,471
			<u>107,272</u>	<u>832,131</u>	<u>939,403</u>
<b>Non-recurring fair value measurements</b>					
Assets held for sale	13	180	-	-	180
		<u>180</u>	<u>-</u>	<u>-</u>	<u>180</u>

#### Transfers between levels of the hierarchy

Council policy is to recognise transfers into or between hierarchy levels at the end of the reporting period.

The following assets have been subject to a transfer between levels in the hierarchy.

Hierarchy Transfers 2015 Asset	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land available for sale		200	-	(200)	-
Other Transfers		-	-	-	-
		<u>200</u>	<u>-</u>	<u>(200)</u>	<u>-</u>

Hierarchy Transfers 2014 Asset	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Stock Market		180	-	(180)	-
Other Transfers		(250)	-	250	-
		<u>(70)</u>	<u>-</u>	<u>70</u>	<u>-</u>

**(b) Highest and Best Use**

AASB 13 Fair Value Measurement requires the fair value of non-financial assets to be calculated based on their "highest and best use".

At the reporting date all assets at fair value are utilised at their highest and best use as public assets.

**(c) Valuation Techniques**

The Council adopted AASB 13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Level 1 Measurements (recurring and non-recurring)

Level 1 assets are measured at market valuation or contract price.

Level 2 Measurements (recurring and non-recurring)

Level 2 assets are measured at Valuer-General's valuation.

Level 3 Measurements (recurring and non-recurring)

Level 3 assets are measured at their replacement cost. Inputs used are cost of materials, cost of labour and other intangible costs.

**Level 1 Assets**Assets held for sale

These assets are measured at market valuation or contract price.

**Level 2 Assets**Land

Land is measured at the Valuer-General's Valuation.

**Level 3 Assets**Buildings

Building are measured at their depreciated replacement cost. Replacement costs are measured at the cost of replacing the existing economic benefits based on an efficient set of modern

equivalent assets to achieve the required level of service output.

Roads and Bridges

Roads and Bridges are measured at their depreciated replacement cost.

Replacement costs are measured at the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

Drainage

Drainage infrastructure is measured at its depreciated replacement cost.

Replacement costs are measured at the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

Other Infrastructure

Other infrastructure is measured at its depreciated replacement cost.

Replacement costs are measured at the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

**(d) Unobservable inputs and sensitivities**Replacement costs

The replacement costs comprise of materials, labour and other intangible costs.

Price fluctuations in any one or more of these inputs could have a material effect on the fair value of assets measured at replacement cost.

Useful Life

Changes in the useful life will change the amount of accumulated depreciation used to calculate cost which could result in a material change to the fair value.

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

Balance at beginning of reporting period	
Additions	
Gain/loss recognised in Operating Result	
Gain/loss recognised in Other Comprehensive Income	
Disposals	
Transfers into level 3	
Transfers out of level 3	
Closing balance	

	2015 \$000	2014 \$000
	832,131	783,618
	20,796	14,851
	(16,687)	3,420
	178,847	33,009
	(1,591)	(2,837)
	(200)	250
	8,386	(180)
	<b>1,021,682</b>	<b>832,131</b>

**(f) Valuation processes**

The asset valuation is based on the asset replacement cost at the end of its useful life. The asset replacement cost is defined as the total project cost of the asset, which includes design, project management and construction costs including supply of all materials.

Valuations have been prepared with consideration of the current cost of delivering infrastructure projects, contractor rates, modern renewal / rehabilitation practice, asset componentisation and benchmarked rates.

Except where stated below all valuations are performed utilising Council staff. The method of valuation is reviewed annually.

The basis of valuations for each asset class is provided below:

Asset Group	Basis of Valuation
Drainage	Rates per metre for various diameters of pipelines and include house connections and fittings allowance Rates vary depending on whether beneath private or public land. Manholes identify number and allow for an average size "Chamber Manholes" identify number and allow for an average size Gully pits identify number and allow for connections No allowance for kerb adaptors or connections to kerbs
Roads	Pavement (road sub base and base) m2 Kerb and Channel in metres left and right Road surface m2 Footpath m2 left and right Verge (includes guide posts, table drains, bollards as a count and guardrail in lineal metres). Street Light Poles as a count (LCC's poles – those with only a light, as distinct from Aurora's – those with wires and a light). Bridge – type includes timber, concrete and steel – for vehicles and or pedestrians in m2. Culvert – includes box culverts in m2 or Reinforced Concrete Pipe in pipe diameter size and location.
Buildings	Independent market valuation.
Parks and Recreation	Improved grounds m2 Trees are based on a standard unit price Fencing is valued based on a linear metre on material type Furniture and fittings are based total number across facilities Under surface based on m2 Playgrounds based on components and type of system

**(g) Assets and liabilities not measured at fair value but for which fair value is disclosed**

The Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer Note 27)

The Council's borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 27 is provided by TASCORP (Level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

## Note 29 - Early Adoption of Accounting Standards

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

### AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014 by the International Accounting Standards Board (IASB),

### AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101

### AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

This Standard effects the withdrawal of AASB 1031 Materiality by amending AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to supersede AASB 1031 and deletes references to AASB 1031 in the Australian Accounting Standards listed in the Appendix to this Standard

### AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

This standard extends the scope to AASB 124 Related Party Disclosures to include not-for-profit public sector entities.

### AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

This Standard relieves not-for-profit public sector entities from the following disclosures specified in AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows



## Note 30 - Authorities

During the financial year the Council had two authorities set up under of the Local Government Act 1993. The income and expenditure of these authorities is included in the Council's Financial Statements.

Section 84 of the Local Government Act 1993 requires Controlling Authorities, in this case Launceston City Council, to disclose the revenue and expenditure of Authorities under it's control.

### York Park and Inveresk Precinct Authority

This is a Controlling Authority set up under section 29 of the Local Government Act.

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

This is a Single Authority set up under section 30 of the Local Government Act.

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'

	2015 \$000	2014 \$000
<b>York Park and Inveresk Precinct Authority</b>		
<b>Revenue</b>		
Rental Income	407	365
Operating and Sponsorship	852	948
Capital Grants	1,250	-
Other Income	39	71
	<u>2,548</u>	<u>1,384</u>
<b>Expenses</b>		
Provision of Services	1,383	1,573
Employee Benefits	634	622
Depreciation	1,162	1,158
Overheads	327	430
Other	454	121
<b>Total Expenses</b>	<u>3,960</u>	<u>3,904</u>
<b>Surplus / (Deficit)</b>	<u>(1,412)</u>	<u>(2,520)</u>
<b>Launceston Flood Authority</b>		
<b>Revenue</b>		
State Government	492	476
Commonwealth Government	1,000	
Launceston City Council	167	162
Interest Income	79	79
Other Income	135	5
<b>Total Revenue</b>	<u>1,873</u>	<u>722</u>
<b>Expenses</b>		
Operations Costs	1,821	647
Depreciation	562	501
<b>Total Expenses</b>	<u>2,383</u>	<u>1,148</u>
<b>Surplus / (Deficit)</b>	<u>(510)</u>	<u>(426)</u>

From this reporting period depreciation charges are included in the Launceston Flood Authority expenses.

## Note 31 - Significant Business Activities

The Tasmanian Government guidelines for Significant Business identifies a Business Activity as one that operates in a competitive market. Determining factors on whether the Council activity is Significant include, but are not limited to:

The relevant market

The size of the local government activity compared to the whole market

The competitive impact of the council's activity in the market

The Council has identified the following as Significant Business Activities.

	2015 Actual \$000	2015 Budget \$000	2014 Actual \$000
<b>Off Street Parking</b>			
<b>Revenue</b>			
Operating Revenue	2,546	2,700	2,519
	2,546	2,700	2,519
<b>Expenses</b>			
Employee Benefits	534	491	503
Material and Services	391	570	402
Depreciation	244	250	290
	1,169	1,311	1,195
Full Cost Attribution	35	36	36
Competitive Neutrality	192	192	190
Notional Cost of Capital	1,412	1,412	1,424
	2,808	2,951	2,845
<b>Operating Surplus / (Deficit)</b>	(262)	(251)	(326)
Less Notional Income Tax	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>(262)</b>	<b>(251)</b>	<b>(326)</b>
<b>Launceston Aquatic</b>			
<b>Revenue</b>			
Operating Revenue	2,732	2,904	2,615
	2,732	2,904	2,615
<b>Expenses</b>			
Employee Benefits	1,727	1,810	1,635
Material and Services	1,681	1,531	1,810
Depreciation	695	724	700
	4,103	4,065	4,145
Full Cost Attribution	69	69	69
Competitive Neutrality	79	79	77
Notional Cost of Capital	1,443	1,443	1,470
	5,694	5,656	5,761
<b>Operating Surplus / (Deficit)</b>	(2,962)	(2,752)	(3,146)
Less Notional Income Tax	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>(2,962)</b>	<b>(2,752)</b>	<b>(3,146)</b>

	2015 Actual \$000	2015 Budget \$000	2014 Actual \$000
<b>LAFit</b>			
<b>Revenue</b>			
Operating Revenue	677	919	293
	677	919	293
<b>Expenses</b>			
Employee Benefits	353	347	205
Material and Services	162	191	143
Depreciation	48	55	24
	563	593	372
Full Cost Attribution	69	69	35
Competitive Neutrality	6	6	3
Notional Cost of Capital	9	9	4
	647	677	414
<b>Operating Surplus / (Deficit)</b>	30	242	(121)
Less Notional Income Tax	9	73	-
<b>Net Surplus / (Deficit)</b>	<b>21</b>	<b>169</b>	<b>(121)</b>

LAFit commenced operations in January 2014

## Note 32 - Special Committees

	2015 \$000	2014 \$000
<b>Committee Name</b>		
Dilston Hall	3	2
Karoola Hall and Recreation Ground	4	3
Lebrina Progress Association	8	5
Lilydale District Swimming Pool	-	22
Lilydale Memorial Hall Committee	7	6
Lilydale Recreational Ground	6	6
Myrtle Park Hall and Recreational Ground	-	74
North Esk Memorial Hall and Recreational Ground	10	10
Nunamara Hall	-	1
Balance - 30 June	<b>38</b>	<b>129</b>
<b>Summary of Special Committees</b>		
Balance 1 July	129	103
Receipts	29	62
Expenses	120	36
Balance 30 June	<b>38</b>	<b>129</b>

The following Committees ceased to operate in the 2015 financial year with funds held transferred to Cash at Bank.  
The Lilydale District Swimming Pool Committee  
The Myrtle Park Hall and Recreation Ground Committee

## Note 33 - 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 R I Soward (Deputy)	No relevant disclosures
Alderman R L McKendrick	No relevant disclosures
Alderman R J Sands	No relevant disclosures
Alderman D H McKenzie	No relevant disclosures
Alderman J G Cox	No relevant disclosures
Alderman D C Gibson	No relevant disclosures
Alderman J Finlay	No relevant disclosures
Alderman D W Alexander	No relevant disclosures
Alderman A W Dawkins	No relevant disclosures
Alderman S R F Wood	No relevant disclosures
Alderman E K Williams	No relevant disclosures

## Note 34 - 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 2015.

REMUNERATION BAND	NUMBER OF EMPLOYEES
\$150,001 - \$170,000	2
\$190,001 - \$210,000	3
\$290,001 - \$310,000	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 six senior positions, the amounts have been annualised where necessary.

# Statement by the General Manager

The accompanying financial statements of the Launceston City Council set out on pages XX to XXX 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.

Date

28/09/2015

Robert Dobrzynski  
General Manager





## Independent Auditor's Report

### To the Aldermen of Launceston City Council

### Financial Report for the Year Ended 30 June 2015

#### Report on the Financial Report

I have audited the accompanying financial report of Launceston City Council (Council), which comprises the statement of financial position as at 30 June 2015 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 2015 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 my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those

...1 of 2



risk assessments, I considered 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 or the asset renewal funding ratio 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**



E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
28 September 2015







Town Hall, 18-28 St John Street, Launceston  
PO Box 396, LAUNCESTON TAS 7250 T 03 6323 3000  
[www.launceston.tas.gov.au](http://www.launceston.tas.gov.au)

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