

Muswellbrook Shire Council
**General Purpose
Financial Statements**

for year ended 30 June 2015



**muswellbrook
shire council**

Muswellbrook Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 29 October 2015. Council has the power to amend and reissue these financial statements.

As a designated reporting entity, Muswellbrook Shire Council is required to make public its Annual Financial Statements.

In New South Wales local government entities like Muswellbrook Shire Council present their statements in three parts.

The first are the General Purpose Financial Reports which are prepared using the accounting principles of accrual accounting and the consolidation of the operations of the separate “funds” that operate as part of Council. These statements are designed to provide an overall of the Council’s financial performance during and current financial position as the end of the 2014/15 Financial Year.

The second part is the Special Purpose Financial Reports. These reports outline the financial performance and current position of the “minor funds”. These are funds which Council is either required or has chosen to separate from the general operations of Council. At Muswellbrook Shire Council, these consist of the Water and Sewer Funds, which Council is required to treat as separate entities for purpose of these reports and the Commercial Buildings fund, which Council has resolved to separate from the general operations of Council as this is considered a “non-core” activity of Council and is being carried out with the aim of achieving profit. The aim of preparing these Special Purpose Reports is to demonstrate that these operations are being operated without being subsidised using Council’s General Revenues.

The final part of these reports are the Special Schedules. These schedules provide a range of

additional information to the figures provided in the General and Special Purpose Financial Statements. It is important to note that the figures provided in these schedules are not audited as the other reports are and, as such care should be taken before reaching decisions about Council’s financial position based on the figures presented therein. The Schedules exist only to provide additional information to the figures presented in the reports.

However, from 2015/16 Special Schedule 7 – Report on Infrastructure Assets and Condition of Public Works will be audited. As a transition to this situation, Council’s auditors have prepared a list of suggestions for the ongoing improvement of reporting in regard to this schedule. It is expected that the auditing of this schedule will provide a higher level of accountability for Councils in terms of the management of public infrastructure and an improved capability to assess Council’s financial sustainability.

General Purpose Financial Reports

Like all General Purpose Financial Reports, Council’s include an Income Statement (Profit and Loss), Balance Sheet and Statements of Changes in Equity and Cashflow. These are referred to as the “Primary Financial Statements”. These reports will be familiar to all users of Financial Reports. In addition to these standard reports, a series of “Notes” providing further details of the figures provided in the Primary Financial Statements have been prepared and are presented in the Statements.

For further information concerning the figures presented in the Income Statement, refer to Note 3 (Income from Continuing Operations), Note 4 (Expenses from Continuing Operations) and Note 5 (Gains and Losses from the Disposal of Assets).

Further details concerning the Balance Sheet are found in Note 6 (Cash and Cash Equivalent Assets), Note 7 (Receivables), Note 8 (Inventories and Other Assets), Note 9 (Property, Plant and Equipment), Note 10 (Payables, Borrowings and Provisions) and Note 14 (Investment Properties).

Additional Information concerning the Statement of Changes in Equity can be found in Note 20 (Equity – Retained Earnings and Revaluation Reserves) while Note 11 (Statement of Cash Flows – Additional Information) will provide greater details of the figures provided in the Statement of Cash Flows.

The remainder of the Notes do not refer to the Primary Statements but still provide important information for readers. Note 1 (Summary of Significant Accounting Policies) outlines the methodologies that have been used in preparing the reports. Note 2 (Council Functions/Activities – Financial Information) allocates the incomes, expenses and assets of Council to the individual functions of Council, allowing readers to evaluate the financial performance of each of these functions. Note 12 (Commitments for Expenditure) outlines the amounts that Council is committed to spending in future years, either through contracts or other agreements or through other resolutions of Council. Note 13 (Statement of Performance Measures –

Indicators) provides information concerning a number of key accounting and asset management measures. Note 21 (Financial Result and Financial Position by Fund) is interesting in that it provides an insight into the 2014/15 results for each of the individual funds. The consolidation that occurs in the preparation of the reports can lead readers to believe that because the overall financial position of Council is sound that each of the individual funds must also be in a sound condition. While this is generally true, the high level of strength of Council's minor funds (especially water and sewer) can, to some degree, hide some of the weaknesses of the General Fund. As such, a review of this note is vital in ensuring a more accurate understanding of Council's Financial Position and Performance.

Examination of the Primary Financial Statements, along with the Notes outlined above, should provide readers with a solid understanding of Council's financial performance for 2014/15 and position as at 30 June 2015.

The remaining notes not specifically mentioned above have been provided as a means of providing very specific additional information. At Muswellbrook Shire Council, most of these remaining notes are either not pertinent or provide details of relatively minor aspects of Council's financial situation.

Special Purpose Financial Reports

These reports are prepared to show the financial performance and position of the individual Business Activities that are included in the Consolidated Reports. Council is

required to have separate funds for the Water and Sewer Business Activities under the Local Government Act 1993 which requires that revenues raised relating to provision of water and sewerage services may only be applied to the provision of those services. This prevents General Fund rates and other revenues being used to subsidise the provision of these services and vice versa. These reports are prepared as if these water and sewer funds were entirely separate entities from Council and Income Statements and Balance Sheets are prepared for each fund.

Council has also chosen to prepare these reports in relation to its Commercial Buildings Fund. This has been done with the aim of ensuring compliance with National Competition Guidelines for this “non-core” revenue generation activity of Council.

Special Schedules

The Special Schedules are mostly prepared in order to provide additional information to other government departments. For example, Special Schedules 3 to 6 relate to water and sewer operations and present that information in a slightly different format to

that used in the Special Purpose Reports. These schedules are produced for the New South Wales Office of Water.

Special Schedule 1, like Note 2 of the General Purpose Financial Statements, provides details of individual activities conducted by Council. Special Schedule 2 provides additional detail concerning the level and nature of Council’s debt. Special Schedule 7 discloses an estimate of the current condition of Council’s infrastructure and has been used in recent times by outside parties as an indicator of Council’s financial sustainability.

Auditor’s Reports

Both the General and Special Purpose reports are required to be independently audited. Council has appointed Hill Rogers Spencer Steer as its auditor. This firm is well respected within the Local Government industry. Audits are conducted both in regard to these reports and in regard to the financial controls and processes in place to prepare them.

A copy of the signed auditors report, outlining the conduct of the audit and commenting on the results in the accounts are provided with the reports.

Muswellbrook Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

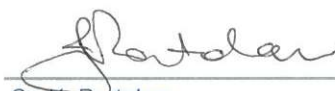
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 26 October 2015.



Cr. M. Rush
MAYOR



Cr. K. Portolan
COUNCILLOR



Steve McDonald
GENERAL MANAGER



Grant O'Leary
RESPONSIBLE ACCOUNTING OFFICER

Muswellbrook Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
17,864	Rates and Annual Charges	3a	17,715	17,120
11,478	User Charges and Fees	3b	10,647	11,888
2,659	Interest and Investment Revenue	3c	2,340	2,909
1,194	Other Revenues	3d	1,392	1,213
5,702	Grants and Contributions provided for Operating Purposes	3e,f	5,209	4,547 ²
24,837	Grants and Contributions provided for Capital Purposes	3e,f	22,576	12,884
Other Income:				
	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures and Associates using the equity method	19	30	12
63,734	Total Income from Continuing Operations		59,909	50,573
Expenses from Continuing Operations				
13,424	Employee Benefits and On-Costs	4a	12,798	12,788
1,080	Borrowing Costs	4b	919	886
8,818	Materials and Contracts	4c	8,897	8,804
12,048	Depreciation and Amortisation	4d	10,831	10,642
	Impairment	4d	-	-
6,141	Other Expenses	4e	5,886	5,182
	Interest and Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	618	6
	Net Share of interests in Joint Ventures and Associates using the equity method	19	-	-
41,511	Total Expenses from Continuing Operations		39,949	38,308
22,223	Operating Result from Continuing Operations		19,960	12,265
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
22,223	Net Operating Result for the Year		19,960	12,265
22,223	Net Operating Result attributable to Council		19,960	12,265
	Net Operating Result attributable to Non-controlling Interests		-	-
(2,614)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,616)	(619)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years

Muswellbrook Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		19,960	12,265
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(8,350)	94,922
Adjustment to correct prior period errors			-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements			-
Total Items which will not be reclassified subsequently to the Operating Result		(8,350)	94,922
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Other Movements in reserves (enter details here)	20b (ii)	-	-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements			-
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		(8,350)	94,922
Total Comprehensive Income for the Year		11,610	107,187
Total Comprehensive Income attributable to Council		11,610	107,187
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Muswellbrook Shire Council
Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	9,296	3,352
Investments	6b	7,148	4,990
Receivables	7	5,459	8,110
Inventories	8	2,131	2,081
Other	8	28	53
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		24,062	18,586
Non-Current Assets			
Investments	6b	38,964	38,261
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	550,049	541,572
Investments accounted for using the equity method	19	89	59
Investment Property	14	8,861	7,485
Intangible Assets	25	-	-
Non-current assets classified as "held for sale"	22	-	-
Total Non-Current Assets		597,963	587,377
TOTAL ASSETS		622,025	605,963
LIABILITIES			
Current Liabilities			
Payables	10	5,504	5,112
Borrowings	10	2,925	829
Provisions	10	2,773	2,888
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Current Liabilities		11,202	8,829
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	13,675	11,973
Provisions	10	5,056	4,679
Investments accounted for using the equity method	19	-	-
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Non-Current Liabilities		18,731	16,652
TOTAL LIABILITIES		29,933	25,481
Net Assets		592,092	580,482
EQUITY			
Retained Earnings	20	291,432	271,472
Revaluation Reserves	20	300,660	309,010
Council Equity Interest		592,092	580,482
Non-controlling Equity Interests		-	-
Total Equity		592,092	580,482

Muswellbrook Shire Council

Statement of Changes in Equity

for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		271,472	309,010	580,482	-	580,482
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		271,472	309,010	580,482	-	580,482
c. Net Operating Result for the Year		19,960	-	19,960	-	19,960
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(8,350)	(8,350)	-	(8,350)
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	(8,350)	(8,350)	-	(8,350)
Total Comprehensive Income (c&d)		19,960	(8,350)	11,610	-	11,610
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		291,432	300,660	592,092	-	592,092
2014						
Opening Balance (as per Last Year's Audited Accounts)		259,207	214,088	473,295	-	473,295
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		259,207	214,088	473,295	-	473,295
c. Net Operating Result for the Year		12,265	-	12,265	-	12,265
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	94,922	94,922	-	94,922
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	94,922	94,922	-	94,922
Total Comprehensive Income (c&d)		12,265	94,922	107,187	-	107,187
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		271,472	309,010	580,482	-	580,482

Muswellbrook Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
17,864	Rates and Annual Charges		18,724	16,575
11,478	User Charges and Fees		11,585	12,836
2,659	Investment and Interest Revenue Received		2,499	2,469
30,539	Grants and Contributions		26,703	14,486
	Bonds, Deposits and Retention amounts received		97	298
1,194	Other		5,309	1,139
Payments:				
(13,424)	Employee Benefits and On-Costs		(12,900)	(12,946)
(8,818)	Materials and Contracts		(9,702)	(11,800)
(1,080)	Borrowing Costs		(639)	(535)
	Bonds, Deposits and Retention amounts refunded		(79)	(251)
(6,141)	Other		(7,816)	(4,843)
	Net Cash from Boundary Adjustments		-	-
34,271	Net Cash provided (or used in) Operating Activities	11b	33,781	17,428
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		7,491	13,371
	Sale of Investment Property		-	-
	Sale of Real Estate Assets		-	226
	Sale of Infrastructure, Property, Plant and Equipment		167	533
	Sale of Shares in Companies		-	-
	Sale of Interests in Joint Ventures and Associates		-	-
	Sale of Disposal Groups		-	-
	Deferred Debtors Receipts		-	-
	Distributions Received from Joint Ventures and Associates		-	-
	Other Investing Activity Receipts		-	-
Payments:				
	Purchase of Investment Securities		(10,303)	(13,283)
(500)	Purchase of Investment Property		(2,531)	(2,105)
(37,655)	Purchase of Infrastructure, Property, Plant and Equipment		(26,369)	(25,571)
	Purchase of Real Estate Assets		(26)	(60)
	Purchase of Shares in Companies		-	-
	Purchase of Interests in Joint Ventures and Associates		-	-
	Deferred Debtors and Advances Made		-	-
	Contributions Paid to Joint Ventures and Associates		-	-
	Other Investing Activity Payments		-	-
(38,155)	Net Cash provided (or used in) Investing Activities		(31,571)	(26,889)
Cash Flows from Financing Activities				
Receipts:				
2,500	Proceeds from Borrowings and Advances		5,350	5,700
	Proceeds from Finance Leases		-	-
	Other Financing Activity Receipts		-	-

Payments:			
(1,124)	Repayment of Borrowings and Advances	(1,616)	(744)
	Repayment of Finance Lease Liabilities	-	-
	Distributions to Non-controlling Interests	-	-
	Other Financing Activity Payments		-
<u>1,376</u>	Net Cash Flow provided (used in) Financing Activities	<u>3,734</u>	<u>4,956</u>
(2,508)	Net Increase/(Decrease) in Cash & Cash Equivalents	5,944	(4,505)
	plus: Cash & Cash Equivalents - beginning of year	11a 3,352	7,857
<u>(2,508)</u>	Cash & Cash Equivalents - end of the year	<u>11a 9,296</u>	<u>3,352</u>
Additional Information:			
	plus: Investments on hand - end of year	6b 46,112	43,251
	Total Cash, Cash Equivalents & Investments	<u>55,408</u>	<u>46,603</u>

Please refer to Note 11 for information on the following:

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

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

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) and Regulations, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non-current assets (eg. Infrastructure, Property, Plant and Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

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

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

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

Critical judgements in applying Council's accounting policies

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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

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

(i) The Consolidated Fund

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

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Commercial Buildings

(ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these statements.

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

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

(iii) Joint Arrangements

Joint Operations (controlled assets and operations)

The proportionate interests of Council in the assets, liabilities, income and expenses of all Joint Operation activities have been incorporated throughout the financial statements under the appropriate notes and line items.

Detailed information relating to Council's Joint Operations can be found at Note 19 (c).

Joint Ventures

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

(iv) Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (i.e. where Council is deemed to have "significant influence" over another entities operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Ventures.

Such entities are usually termed Associates.

Any interests in Associates are accounted for using the equity method and are carried at cost.

Detailed information relating to Council's interest in Associates can be found at Note 19 (b).

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

▪ Upper Hunter Weeds Authority

This organisation is responsible for the control of noxious plants in an area consisting of the Muswellbrook, Singleton and Upper Hunter Local Government areas.

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(d) Leases

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

Finance Leases

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash and Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired and at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans and Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date or the term to maturity from the reporting date is less than twelve months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising

from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting and Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as **"fair value through profit or loss"** category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as **"available-for-sale"** are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any

impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

(g) Fair value estimation

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

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

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

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates and Annual Charges) are generally due for settlement no more than thirty days from the date of recognition.

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

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Muswellbrook Shire Council

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

Note 1. Summary of Significant Accounting Policies

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (IPP and E)

Acquisition of assets

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

At balance date, the following classes of IPP and E were stated at their Fair Value;

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges and footpaths**
(Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Stormwater Drainage** (Internal Valuation)
- **Water and Sewerage Networks**
(Internal Valuation)
- **Swimming Pools**
(Internal Valuation)
- **Other Open Space/Recreational Assets**
(Internal Valuation)
- **Other Infrastructure**
(Internal Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p),

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant and Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

the profit or loss, then increase is first recognised in profit or loss.

- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant and Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant and Equipment	> \$2,000

Buildings and Land Improvements

Park Furniture and Equipment	> \$2,000
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Building

- construction/extensions	100% Capitalised
- renovations	> \$5,000

Other Structures	> \$2,000
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Water and Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

Drains and Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction and reconstruction	> \$5,000
Reseal/Re-sheet and major repairs	> \$5,000
Bridge construction and reconstruction	> \$5,000

Other Infrastructure Assets

Swimming Pools	> \$5,000
Other Open Space/Recreational Assets	> \$5,000
Other Infrastructure	> \$5,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method (in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's IPP and E include:

Plant and Equipment

- Office Equipment	5 to 20 years
- Office furniture	10 years
- Computer Equipment	4 years
- Vehicles	7 to 10 years
- Heavy Plant/Road Making equip.	7 to 10 years
- Other plant and equipment	7 to 10 years

Other Equipment

- Playground equipment	5 years
- Benches, seats etc	10 years

Buildings

- Buildings	50 to 70 years
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Muswellbrook Shire Council

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

Note 1. Summary of Significant Accounting Policies

Water and Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	50 years
- Pumps and telemetry	25 to 50 years

Stormwater Assets

- Drains	60 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Sealed Roads : Other	20-40 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter and Paths	40 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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

(k) Land

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

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "*all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed*".

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Investment property

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/2014.

(q) Provisions for close down, restoration and environmental clean up costs – including Waste Management Facilities

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either:-

- (i) their carrying amount or
- (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is

recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(s) Impairment of assets

All Council's IPP and E is subject to annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Goodwill and other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

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

The amounts for goods and services are unsecured and are usually paid within thirty days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;

- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the twelve months after the reporting period.

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

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Other Long Term Obligations

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

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Richard Boyfield of Mercer Consulting (Australia) Pty Ltd AFS Licence #4117700 as at 30 June 2015.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 225,838.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2015.

(y) Self insurance

Council has determined to self-insure for various risks including public liability, professional indemnity and workers compensation.

(z) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is

given to the time when each asset or liability is expected to be settled.

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

Exceptions

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

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

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

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

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

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

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

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

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

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

AASB 124 - Related Party Disclosures

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

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

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

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ae) Disclaimer

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual		Original Budget 2015	Actual		Original Budget 2015	Actual		Actual 2015	Actual 2014		
		2015	2014		2015	2014		2015	2014				
Governance		-	-	663	558	548	(663)	(558)	(548)	86	1,837	-	-
Administration	2,487	3,153	2,759	4,470	4,446	4,370	(1,983)	(1,293)	(1,611)	31	3	51,010	44,620
Public Order and Safety	727	350	956	1,181	1,158	1,038	(454)	(808)	(82)	246	341	4,397	4,585
Health		-	-		-	-	-	-	-	-	-	231	248
Environment	3,933	4,172	4,934	5,489	6,005	6,024	(1,556)	(1,833)	(1,090)	18	477	528	550
Community Services and Education	201	58	203	482	442	428	(281)	(384)	(225)		236	12,308	9,911
Housing and Community Amenities	809	656	824	1,767	1,946	1,964	(958)	(1,290)	(1,140)	187	117	5,740	5,408
Water Supplies	6,828	5,649	6,018	5,364	4,840	5,071	1,464	809	947	38	44	61,712	60,762
Sewerage Services	5,186	4,546	5,717	3,630	3,096	2,989	1,556	1,450	2,728	33	43	61,946	57,855
Recreation and Culture	1,093	1,290	3,133	5,056	4,990	4,668	(3,963)	(3,700)	(1,535)	47	378	47,205	46,477
Fuel and Energy	-	-	-		-	-	-	-	-	-	-		-
Mining, Manufacturing and Construction	-	-	-		-	-	-	-	-	-	-		-
Transport and Communication	18,591	21,682	9,336	11,560	10,880	10,206	7,031	10,802	(870)	15,095	1,216	364,965	364,979
Economic Affairs	7,656	2,949	3,222	1,849	1,588	1,002	5,807	1,361	2,220	1,783	12	11,894	10,509
Total Functions and Activities	47,511	44,505	37,102	41,511	39,949	38,308	6,000	4,556	(1,206)	17,564	4,704	621,936	605,904
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)													
General Purpose Income ¹	-	30	12		-	-	-	30	12		-	89	59
	16,223	15,374	13,459			-	16,223	15,374	13,459	3,452	1,726		-
Operating Result from Continuing Operations	63,734	59,909	50,573	41,511	39,949	38,308	22,223	19,960	12,265	21,016	6,430	622,025	605,963

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER AND SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

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

HOUSING AND COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

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

FUEL AND ENERGY - Gas Supplies

AGRICULTURE

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT AND COMMUNICATION

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

ECONOMIC AFFAIRS

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates and Annual Charges			
Ordinary Rates			
Residential		4,653	4,450
Farmland		1,260	1,245
Mining		3,860	3,777
Business		1,195	1,159
Other		-	-
Total Ordinary Rates		10,968	10,631
Special Rates			
Water Supplies		-	-
Sewerage Services		-	-
Environmental		-	-
Infrastructure		-	-
Drainage		-	-
Town Improvement		-	-
Parking		-	-
Main Street		-	-
Tourism		-	-
Total Special Rates		-	-
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,837	1,682
Stormwater Management Services		154	150
Water Supply Services		1,434	1,404
Sewerage Services		3,196	3,134
Drainage		-	-
Waste Management Services (non-domestic)		126	119
Environmental		-	-
Coastal Protection		-	-
Section 611 Charges		-	-
Waste Levy		-	-
Total Annual Charges		6,747	6,489
TOTAL RATES AND ANNUAL CHARGES		17,715	17,120

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges and Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		-	-
Water Supply Services		2,821	3,034
Sewerage Services		424	445
Drainage Services		-	-
Waste Management Services (non-domestic)		-	-
Other		-	-
Total User Charges		3,245	3,479
Other User Charges and Fees			
(i) Fees and Charges - Statutory and Regulatory Functions (per s.608)			
Building Regulation		104	91
Building Services - Other		-	-
Inspection Services		34	36
Planning and Building Regulation		-	-
Private Works - Section 67		46	195
Regulatory/ Statutory Fees		89	94
Registration Fees		-	-
Regulatory Fees		-	-
Section 149 Certificates (EPA Act)		45	66
Section 603 Certificates		14	21
Tapping Fees		-	-
Town Planning		26	49
Development/Building Control		378	683
Water and Sewer Related Sales		409	772
DECCW Levy Recovered		1,519	1,191
Other		-	-
Total Fees and Charges - Statutory/Regulatory		2,664	3,198

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(ii) Fees and Charges - Other (incl. General User Charges (per s.608))			
Aerodrome		-	-
Aged Care		-	-
Caravan Park		-	-
Cemeteries		68	60
Child Care		-	-
Community Centres		36	35
Gravel Pits		-	-
Lease Rentals		-	-
Leaseback Fees - Council Vehicles		57	58
Leisure Centre		38	39
Library and Art Gallery		63	44
Multipurpose Centre		-	-
Park Rents		25	39
Parking Fees		-	-
Quarry Revenues		-	-
Refuse and Effluent Disposal		-	-
Recycling Income (Non Domestic)		-	-
Restoration Charges		-	-
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,479	1,888
Saleyards		-	-
Sundry Sales		-	-
Swimming Centres		518	564
Tourism		-	-
Waste Disposal Tipping Fees		2,266	2,419
Water Connection Fees		-	-
Gym Centre		86	7
Road Vehicle Permits		32	6
Infringements		-	-
Other		70	52
Total Fees & Charges - Other		4,738	5,211
TOTAL USER CHARGES AND FEES		10,647	11,888

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest and Investment Revenue (incl. losses)			
Interest and Dividends			
- Interest on Overdue Rates and Annual Charges (incl. Special Purpose Rates)		102	96
- Interest earned on Investments (interest and coupon payment income)		2,189	2,623
- Interest on Deferred Debtors		-	-
- Interest and Dividend Income (Other)		-	-
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	90
- Fair Valuation movements in Investments (Other)		-	-
Impairment Losses/Reversals			
- Impairment (Losses)/Reversals - Investments other than AFS		133	171
- Impairment (Losses)/Reversals - Available for Sale Investments	20b(ii)	-	-
Available for Sale Revaluation Reserves realised on Investment sale		-	-
Amortisation of Premiums and Discounts			
- Interest Free (and Interest Reduced) Loans provided		-	-
- "Held to Maturity" Investments		(84)	(71)
Fair Valuation of Financial Liabilities on recognition			
- Interest Free (or favourable) Loans and Advances Received		-	-
Other		-	-
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>2,340</u>	<u>2,909</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates and Annual Charges (General Fund)		102	96
General Council Cash and Investments		852	1,006
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		97	101
- Section 64		661	770
Water Fund Operations		350	655
Sewerage Fund Operations		278	281
Domestic Waste Management operations			-
Other Externally Restricted Assets			-
Restricted Investments/Funds - Internal:			
Internally Restricted Assets			-
Total Interest and Investment Revenue Recognised		2,340	2,909

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

(d) Other Revenues

Fair Value Adjustments - Investment Properties	14	-	-
Rental Income - Investment Properties	14	930	773
Rental Income - Other Council Properties		203	253
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	-	-
Ex Gratia Rates		-	-
Fines		69	110
Fines - Parking		-	-
Fines - Other		-	-
Legal Fees Recovery - Rates and Charges (Extra Charges)		32	26
Legal Fees Recovery - Other		44	-
Commissions and Agency Fees		-	-
Computer Bureau Income		-	-
Diesel Rebate		-	-
Insurance Claim Recoveries		34	-
Recycling Income (non domestic)		-	-
Sale of Abandoned Vehicles		-	-
Sale of Land for Overdue Rates		-	-
Sales - General		-	-
Income relating to the Clean Energy Future Scheme		33	-
Insurance Rebates		47	51
Other		-	-
<u>TOTAL OTHER REVENUE</u>		<u>1,392</u>	<u>1,213</u>

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	-	-	-	-
Financial Assistance - General Component	2,500	1,221	-	-
Financial Assistance - Local Roads Component	876	431	-	-
Pensioners' Rates Subsidies - General Component	76	74	-	-
Other Grants	-	-	-	-
Total General Purpose	3,452	1,726	-	-
¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	33	32	-	-
- Sewerage	33	32	-	-
- Domestic Waste Management	31	29	-	-
Bushfire and Emergency Services	231	331	-	441
Community Care	83	53	-	-
Economic Development	-	12	1,783	2,160
Employment and Training Programs	7	34	-	-
Environmental Protection	18	23	-	-
Heritage and Cultural	4	2	-	-
Library	-	2	-	12
LIRS Subsidy	84	44	-	-
Recreation and Culture	-	-	47	15
Street Lighting	57	57	-	-
Transport (Roads to Recovery)	-	-	409	409
Transport (Other Roads and Bridges Funding)	203	271	14,426	428
Planning	26	58	-	-
Waste Management	89	259	-	-
Total Specific Purpose	899	1,239	16,665	3,465
Total Grants	4,351	2,965	16,665	3,465
Grant Revenue is attributable to:				
- Commonwealth Funding	3,376	1,652	861	2,569
- State Funding	975	1,313	15,804	896
- Other Funding	-	-	-	-
	4,351	2,965	16,665	3,465

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 and s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	198	1,779	2,265
S 94 - Contributions towards amenities/services	425	808	206	142
S 94A - Fixed Development Consent Levies	-	-	91	91
S 64 - Water Supply Contributions	-	-	114	281
S 64 - Sewerage Service Contributions	-	-	107	701
S 64 - Stormwater Contributions	-	-	35	15
Developer Provided Infrastructure Roads/Drainage	-	-	1,314	1,869
Developer Provided Infrastructure Water	-	-	201	106
Developer Provided Infrastructure Sewer	-	-	-	913
Other Developer Contributions	-	-	-	-
Total Developer Contributions	425	1,006	3,847	6,383
Other Contributions:				
Bushfire Services	-	10	-	-
Business Development	-	-	-	-
Community Services	50	150	-	-
Dedications (other than by S94)	-	-	-	-
Drainage	-	-	-	-
Heritage/Cultural	29	3	-	-
Kerb and Gutter	-	-	-	4
Other Councils - Joint Works/Services	-	-	-	-
Paving	-	-	-	-
Recreation and Culture	27	-	-	32
Roads and Bridges	-	48	2,010	3,000
RMS Contributions (Regional Roads, Block Grant)	-	-	-	-
Sewerage (excl. Section 64 contributions)	-	-	-	-
Tourism	-	-	-	-
Water Supplies (excl. Section 64 contributions)	-	-	-	-
Environmental Officer/Monitoring	187	158	-	-
Library Operations	140	174	54	-
Community Grants Officer	-	33	-	-
Other	-	-	-	-
Total Other Contributions	433	576	2,064	3,036
Total Contributions	858	1,582	5,911	9,419
TOTAL GRANTS AND CONTRIBUTIONS	5,209	4,547	22,576	12,884

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

	Actual 2015	Actual 2014
\$ '000		
(g) Restrictions relating to Grants and Contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	19,176	17,837
add: Grants and contributions recognised in the current period but not yet spent:	20,554	1,768
less: Grants and contributions recognised in a previous reporting period now spent:	(19,016)	(429)
Net Increase (Decrease) in Restricted Assets during the Period	1,538	1,339
Unexpended and held as Restricted Assets	20,714	19,176
Comprising:		
- Specific Purpose Unexpended Grants	978	893
- Developer Contributions	19,736	18,283
- Other Contributions	-	-
	20,714	19,176

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits and On-Costs			
Salaries and Wages		11,103	10,547
Employee Termination Costs		130	-
Travelling		244	219
Employee Leave Entitlements (ELE)		1,129	1,105
ELE On-costs		-	-
Superannuation		1,220	1,185
Workers' Compensation Insurance		365	246
Fringe Benefit Tax (FBT)		90	73
Payroll Tax		55	52
Training Costs (other than Salaries and Wages)		310	365
Sick Leave Insurance		1	1
Protective Clothing		41	30
Staff Appreciation		13	13
Other		-	-
Total Employee Costs		14,701	13,836
less: Capitalised Costs		(1,903)	(1,048)
TOTAL EMPLOYEE COSTS EXPENSED		12,798	12,788
Number of "Equivalent Full Time" Employees at year end		158	164
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		174	174
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Overdraft		-	-
Interest on Loans		588	564
Interest on Advances		-	-
Charges relating to Finance Leases		-	-
Total Interest Bearing Liability Costs		588	564
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		588	564
(ii) Other Borrowing Costs			
Fair Value Adjustments on Recognition of Advances and Deferred Debt		-	-
- Interest Free (or favourable) Loans and Advances made by Council		-	-
Fair Value Adjustment on Loans (to Council)		-	-
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	267	252
Interest applicable on Interest Free (and favourable) Loans to Council		64	70
Total Other Borrowing Costs		331	322
TOTAL BORROWING COSTS EXPENSED		919	886

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials and Contracts			
Raw Materials and Consumables		7,603	7,676
Contractor and Consultancy Costs		-	-
Auditors Remuneration ⁽¹⁾		42	45
Infringement Notice Contract Costs (SEINS)		-	-
Legal Expenses:			
- Legal Expenses: Planning and Development		185	109
- Legal Expenses: Debt Recovery		29	-
- Legal Expenses: Other		120	83
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		45	36
- Operating Lease Rentals: Contingent Rental ⁽²⁾		-	-
- Operating Lease Rentals: Sub Lease Payment ⁽²⁾		-	-
Waste Collection		863	845
Venue Manager		10	10
Other		-	-
Total Materials and Contracts		8,897	8,804
less: Capitalised Costs		-	-
TOTAL MATERIALS AND CONTRACTS		8,897	8,804
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (and the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit and review of financial statements: Council's Auditor		42	45
Remuneration for audit and other assurance services		42	45
(ii) Taxation Services			
- Tax compliance services		-	-
- GST Advice		-	-
Remuneration for taxation services		-	-
(iii) Other Services			
- Remuneration advice		-	-
- Benchmarking advice		-	-
Remuneration for other services		-	-
Total Auditor Remuneration		42	45
2. Operating Lease Payments are attributable to:			
Buildings		-	-
Computers		-	-
Motor Vehicles		-	-
Other		45	36
		45	36

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation and Impairment					
Plant and Equipment		-	-	1,278	1,309
Office Equipment		-	-	157	203
Furniture and Fittings		-	-	88	85
Property, Plant and Equipment - Leased		-	-	-	-
Land Improvements (depreciable)		-	-	105	92
Buildings - Non Specialised		-	-	1	-
Buildings - Specialised		-	-	277	278
Other Structures		-	-	256	227
Infrastructure:					
- Roads		-	-	3,429	3,426
- Bridges		-	-	601	601
- Footpaths		-	-	685	653
- Stormwater Drainage		-	-	1,253	1,242
- Water Supply Network		-	-	1,408	1,355
- Sewerage Network		-	-	1,157	1,048
- Swimming Pools		-	-	-	-
- Other Open Space/Recreational Assets		-	-	-	-
- Other Infrastructure		-	-	-	-
Other Assets					
- Heritage Collections		-	-	-	-
- Library Books		-	-	-	-
- Other		-	-	113	100
Asset Reinstatement Costs	9 & 26	-	-	23	23
Intangible Assets	25	-	-	-	-
Total Depreciation & Impairment Costs		-	-	10,831	10,642
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		-	-	10,831	10,642

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		59	68
Bad and Doubtful Debts		-	-
Bank Charges		48	45
Carbon Tax Expense		-	-
Cleaning		235	273
Computer Software Charges		-	-
Contributions/Levies to Other Levels of Government		-	-
- Bushfire Fighting Fund		-	-
- Department of Planning Levy		-	-
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		24	34
- NSW Fire Brigade Levy		39	38
- NSW Rural Fire Service Levy		321	254
- Waste Levy		1,907	1,504
- Upper Hunter Weeds Authority		76	74
- Other Contributions/Levies		-	-
Councillor Expenses - Mayoral Fee		23	23
Councillor Expenses - Councillors' Fees		129	126
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		15	24
Donations, Contributions and Assistance to other organisations (Section 356)		92	80
Election Expenses		-	-
Electricity & Heating		775	900
Fire Control Expenses		-	-
Insurance		635	568
Office Expenses (including computer expenses)		-	-
Postage		25	33
Printing and Stationery		34	34
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	-	-
Revaluation Decrements (Fair Valuation of Investment Properties)	14	875	448
Street Lighting		358	433
Subscriptions and Publications		-	-
Telephone and Communications		141	152
Tourism Expenses (excluding employee costs)		-	-
Valuation Fees		75	71
Other		-	-
Total Other Expenses		5,886	5,182
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		5,886	5,182

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Plant and Equipment			
Proceeds from Disposal - Plant and Equipment		167	133
less: Carrying Amount of P&E Assets Sold / Written Off		(120)	(98)
Net Gain/(Loss) on Disposal		47	35
Infrastructure			
Proceeds from Disposal - Infrastructure		-	400
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(385)	(441)
Net Gain/(Loss) on Disposal		(385)	(41)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		-	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Investment Properties			
Proceeds from Disposal - Investment Properties		-	-
less: Carrying Amount of Investment Properties Sold / Written Off		(280)	-
Net Gain/(Loss) on Disposal		(280)	-
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		7,491	13,371
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(7,491)	(13,371)
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(618)	(6)

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash and Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		6,270	-	2,083	-
Cash-Equivalent Asset: ¹					
- Deposits at Call		3,026	-	1,269	-
- Managed Funds		-	-	-	-
- Short Term Deposits		-	-	-	-
- NCD's, FRN's		-	-	-	-
- Other Financial Assets		-	-	-	-
Total Cash and Cash Equivalents		9,296	-	3,352	-
Investments (Note 6b)					
- Managed Funds		-	-	-	-
- Long Term Deposits		4,000	24,884	3,500	25,966
- Government and Semi-Government Bonds		-	-	-	-
- Bills of Exchange		-	-	-	-
- Equity Linked Notes		-	-	-	-
- NCD's, FRN's (with Maturities > 3 months)		3,148	7,752	500	7,143
- CDO's		-	-	-	-
- Mortgage Backed Securities		-	-	-	-
- Listed Equity Securities		-	-	-	-
- Unlisted Equity Securities		-	-	-	-
- Other Long Term Financial Assets		-	6,328	990	5,152
Total Investments		7,148	38,964	4,990	38,261
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		16,444	38,964	8,342	38,261

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

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

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

9,296	-	3,352	-
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Investments**a. "At Fair Value through the Profit and Loss"**

- "Held for Trading"	6(b-i)			-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	7,148	38,964	4,990	38,261
c. "Loans and Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		7,148	38,964	4,990	38,261

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit and Loss"				
Balance at the Beginning of the Year	-	-	3,281	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Revaluations (through the Income Statement)	-	-	90	-
Additions	-	-	-	-
Disposals (sales and redemptions)	-	-	(3,371)	-
Transfers between Current/Non Current	-	-	-	-
Transfers from/(to) "Held to Maturity"	-	-	-	-
Transfers from/(to) "Loans/Receivables"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
Balance at End of Year	-	-	-	-
Comprising:				
- Managed Funds	-	-	-	-
- Government and Semi-Government Bonds	-	-	-	-
- Bills of Exchange	-	-	-	-
- Equity Linked Notes	-	-	-	-
- NCD's, FRN's (with Maturities > 3 months)	-	-	-	-
- CDO's	-	-	-	-
- Mortgage Backed Securities	-	-	-	-
- Listed Equity Securities	-	-	-	-
- Unlisted Equity Securities	-	-	-	-
- Other Long Term Financial Assets	-	-	-	-
Total	-	-	-	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	4,990	38,261	4,000	35,868
Adjustment on adoption of AASB 132/139	-	-	-	-
Amortisation of Premiums and Discounts	-	(84)	-	(71)
Additions	-	10,303	540	12,743
Impairment (loss)/prior loss reversal (via P&L)	5	128	-	171
Disposals (sales and redemptions)	(4,990)	(2,501)	(4,000)	(6,000)
Transfers between Current/Non Current	7,143	(7,143)	4,450	(4,450)
Transfers from/(to) "At Fair Value"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
Balance at End of Year	7,148	38,964	4,990	38,261

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

Comprising:

- Long Term Deposits	4,000	24,884	3,500	25,966
- Government and Semi-Government Bonds			-	-
- Bills of Exchange			-	-
- Equity Linked Notes			-	-
- NCD's, FRN's (with Maturities > 3 months)	3,148	7,753	500	7,143
- CDO's			-	-
- Mortgage Backed Securities			-	-
- Listed Equity Securities			-	-
- Unlisted Equity Securities			-	-
- Other Long Term Financial Assets	-	6,327	990	5,152
Total	7,148	38,964	4,990	38,261

Note 6(b-iii)

Reconciliation of Investments classified as "Loans and Receivables"

Nil

Note 6(b-iv)

Reconciliation of Investments classified as "Available for Sale"

Nil

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	16,444	38,964	8,342	38,261
attributable to:				
External Restrictions (refer below)	8,533	29,059	7,163	30,478
Internal Restrictions (refer below)	6,457	9,905	1,134	7,783
Unrestricted	1,454	-	45	-
	16,444	38,964	8,342	38,261

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

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	1,650	872	(1,650)	872
Specific Purpose Unexpended Loans-Water (A)	-	-	-	-
Specific Purpose Unexpended Loans-Sewer (A)	-	-	-	-
RMS (formerly RTA) Advances (B)	-	-	-	-
Self Insurance Claims (C)	-	-	-	-
External Restrictions - Included in Liabilities	1,650	872	(1,650)	872

External Restrictions - Other

Developer Contributions - General (D)	3,976	2,472	(2,062)	4,386
Developer Contributions - Water Fund (D)	5,541	372	-	5,913
Developer Contributions - Sewer Fund (D)	8,766	511	-	9,277
RMS (formerly RTA) Contributions (E)	-	-	-	-
Specific Purpose Unexpended Grants (F)	863	2,874	(2,789)	948
Specific Purpose Unexpended Grants-Water Fund (F)	30	-	-	30
Specific Purpose Unexpended Grants-Sewer Fund (F)	-	-	-	-
Water Supplies (G)	13,929	-	(886)	13,043
Sewerage Services (G)	2,690	67	-	2,757
Domestic Waste Management (G)	196	1,998	(1,828)	366
Stormwater Management (G)	-	-	-	-
External Restrictions - Other	35,991	8,294	(7,565)	36,720
Total External Restrictions	37,641	9,166	(9,215)	37,592

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant and Vehicle Replacement	904	1,074	(560)	1,418
Infrastructure Replacement	-	3,556		3,556
Employees Leave Entitlement	1,248			1,248
Carry Over Works 14/15 Operations	-	449		449
Deposits, Retentions and Bonds	514	97		611
Carpark Replacement	60			60
Road Works Contingency	340	990	(910)	420
Land Bank Development	18		(5)	13
Building Replacement	412			412
Art Gallery	33			33
Parks and Facilities	204			204
Administrative	152			152
Environmental	341	36		377
Waste Management Centre	1,946	2,146		4,092
Aquatic Centre	-	220		220
Stormwater Management	206	154	(18)	342
Carry Over Works 10/11	11		(11)	-
Carry Over Works 12/13	35		(35)	-
Carry Over Works 14/15 Capital	-	1,502		1,502
Recreation	470	400		870
Campbell's Corner	622		(500)	122
Student Accommodation	111		(111)	-
Infrastructure Works	125			125
Carry Over Works 13/14	1,165		(1,165)	-
Strategic Town Planning	-	136		136
Total Internal Restrictions	8,917	10,760	(3,315)	16,362
TOTAL RESTRICTIONS	46,558	19,926	(12,530)	53,954

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by Roads and Maritime Services for (RMS) works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G Water, Sewerage, Domestic Waste Management (DWM) and other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates and Annual Charges		1,034	-	2,043	-
Interest and Extra Charges		-	-	-	-
User Charges and Fees		1,060	-	973	-
Private Works		-	-	-	-
Contributions to Works		-	-	-	-
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	-	-
- Other Asset Sales		-	-	-	-
Accrued Revenues					
- Interest on Investments		756	-	964	-
- Interest on Impaired Investments		-	-	-	-
- Other Income Accruals		-	-	-	-
Government Grants and Subsidies		1,168	-	1,166	-
Deferred Debtors		-	-	-	-
Loans to Non Profit Organisations		-	-	-	-
Loans to Sporting Clubs		-	-	-	-
Amounts due from Other Councils		2	-	53	-
Net GST Receivable		342	-	564	-
Waste Depot Charges		92	-	381	-
On Site Management System		13	-	13	-
Community Enhancement		1,040	-	967	-
RMS IPWO's		-	-	393	-
RMS Grants		-	-	558	-
Other Debtors		15	-	98	-
Total		5,522	-	8,173	-
less: Provision for Impairment					
Rates and Annual Charges		-	-	-	-
Interest and Extra Charges		-	-	-	-
User Charges and Fees		(52)	-	(52)	-
Other Debtors		(11)	-	(11)	-
Total Provision for Impairment - Receivables		(63)	-	(63)	-
TOTAL NET RECEIVABLES		5,459	-	8,110	-

Muswellbrook Shire Council

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

Note 7. Receivables

Externally Restricted Receivables

Water Supply

- Specific Purpose Grants	-	-	-	-
- Rates and Availability Charges	67	-	66	-
- Other	434	-	495	-

Sewerage Services

- Specific Purpose Grants	-	-	-	-
- Rates and Availability Charges	300	-	300	-
- Other	79	-	530	-

Domestic Waste Management

	130		108	-
--	-----	--	-----	---

Parking			-	-
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Drainage			-	-
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Town Improvement			-	-
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Stormwater Management			-	-
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Other				
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- Voluntary Planning Contribution - Community Facilities	160		-	-
--	-----	--	---	---

Total External Restrictions	1,170	-	1,499	-
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Internally Restricted Receivables

Nil				
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Internally Restricted Receivables	-	-	-	-
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Unrestricted Receivables	4,289	-	6,611	-
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TOTAL NET RECEIVABLES	5,459	-	8,110	-
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Notes on Debtors above:

(i) Rates and Annual Charges Outstanding are secured against the property.

(ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates and charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Muswellbrook Shire Council

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

Note 8. Inventories and Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,948	-	1,922	-
Stores and Materials		136	-	112	-
Trading Stock		-	-	-	-
Loose Tools		-	-	-	-
Other		47	-	47	-
Total Inventories		2,131	-	2,081	-
Other Assets					
Prepayments		28	-	53	-
Shares in Unlisted Companies - StateCover		-	-	-	-
Work In Progress		-	-	-	-
Other		-	-	-	-
Total Other Assets		28	-	53	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>2,159</u>	<u>-</u>	<u>2,134</u>	<u>-</u>
Externally Restricted Assets					
Water					
Stores and Materials		3	-	3	-
Trading Stock				-	-
Prepayments		-	-	-	-
Total Water		3	-	3	-
Sewerage					
Nil					
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		3	-	3	-
Total Internally Restricted Assets				-	-
Total Unrestricted Assets		2,156	-	2,131	-
TOTAL INVENTORIES AND OTHER ASSETS		2,159	-	2,134	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 8. Inventories and Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	282	-	257	-
Industrial/Commercial	1,666	-	1,665	-
Total Real Estate for Resale	1,948	-	1,922	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	1,948	-	1,922	-
Development Costs	-	-	-	-
Borrowing Costs	-	-	-	-
Other Holding Costs	-	-	-	-
Other Properties - Book Value	-	-	-	-
Total Costs	1,948	-	1,922	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	1,948	-	1,922	-
Movements:				
Real Estate assets at beginning of the year	1,922	-	1,862	-
- Purchases and other costs	26	-	60	-
- Transfers in from (out to) Note 9	-	-	-	-
- WDV of Sales (exp)	-	-	-	-
- Transfer between Current/Non Current	-	-	-	-
Total Real Estate for Resale	1,948	-	1,922	-
(b) Current Assets not anticipated to be settled within the next twelve months				
The following Inventories and Other Assets, even though classified as current are not expected to be recovered in the next twelve months;				
	2015		2014	
Real Estate for Resale	1,472	-	1,446	-
Other	-	-	-	-
	1,472	-	1,446	-
(c) Inventories recognised as an expense for the year included:				
- Real Estate for Resale	-	-	-	-
- Stores and Materials	-	-	-	-
- Trading Stock	-	-	-	-
(d) Inventory Write Downs				
There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.				

Muswellbrook Shire Council

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

Note 9a. Infrastructure, Property, Plant and Equipment

	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015						
	At Cost	Fair Value	At Dep'n	Accumulated Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	W/P Transfers	Revaluation Decrements to Equity (ARR)	Reversal of prior period Revaluation Decrements to the P&L	Revaluation Increments to Equity (ARR)	At Cost	Fair Value	At Dep'n	Accumulated Impairment	Carrying Value	
\$ '000																			
Capital Work in Progress	18,549	-	-	-	18,549	15,143	(120)	(1,278)	-	(15,419)				18,273	-	-	-	-	18,273
Plant and Equipment	-	13,521	8,694	-	4,827	550		(157)	-					-	13,632	9,650	-	3,982	
Office Equipment	-	2,201	1,684	-	517	162		(88)	-					-	2,363	1,841	-	522	
Furniture and Fittings	-	1,330	513	-	817	58		-	-					-	1,387	600	-	787	
Plant and Equipment (under Finance Lease)	-	-	-	-	-	-		-	-					-	-	-	-	-	
Land:																			
- Operational Land	-	8,341	-	-	8,341	-								-	8,341	-	-	8,341	
- Community Land	-	9,389	-	-	9,389	-								-	9,389	-	-	9,389	
- Land under Roads (pre 17/08)	-	-	-	-	-	-								-	-	-	-	-	
- Land under Roads (post 30/6/08)	-	-	-	-	-	-								-	-	-	-	-	
- Land Improvements - non depreciable	-	-	-	-	-	-								-	-	-	-	-	
Land Improvements - depreciable	-	4,083	1,350	-	2,733	75		(105)	-	1,197				-	5,355	1,456	-	3,899	
Buildings - Non Specialised	-	3,017	570	-	2,447	13		(1)	-	6,019				-	3,043	572	-	2,471	
Buildings - Specialised	-	38,767	3,944	-	34,823	948		(277)	-	651				-	45,720	4,220	-	41,500	
Other Structures	-	8,022	1,823	-	6,199	856		(256)	-					-	9,528	2,079	-	7,449	
Infrastructure:																			
- Roads	-	355,134	94,256	-	260,878	6,547	(364)	(3,429)	-	7,552				-	341,678	83,358	-	258,320	
- Bridges	-	60,090	16,889	-	43,201	294	(19)	(601)	-					-	59,745	15,933	-	43,812	
- Footpaths	-	13,704	6,996	-	6,708	-		(685)	-					-	12,927	3,135	-	9,792	
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-			-					-	-	-	-	-	
- Stormwater Drainage	-	75,066	30,852	-	44,214	184	(2)	(1,253)	-					-	57,906	19,330	-	38,576	
- Water Supply Network	-	82,190	34,571	-	47,619	1,654		(1,408)	-					-	84,107	36,026	-	48,081	
- Sewerage Network	-	75,968	30,466	-	45,502	1,499		(1,157)	-					-	81,856	31,855	-	50,001	
- Swimming Pools	-	-	-	-	-	-		-	-					-	-	-	-	-	
- Other Open Space/Recreational Assets	-	-	-	-	-	-		-	-					-	-	-	-	-	
- Other Infrastructure	-	-	-	-	-	-		-	-					-	-	-	-	-	
Other Assets:																			
- Heritage Collections	-	4,267	-	-	4,267	64		-	-					-	4,330	-	-	4,330	
- Library Books	-	-	-	-	-	-			-					-	-	-	-	-	
- Other	-	1,126	886	-	240	119		(113)	-					-	1,245	999	-	246	
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																			
- Tip Assets	2,191	-	1,890	-	301	-		(23)	-					2,191	-	1,913	-	278	
- Quarry Assets	-	-	-	-	-	-			-					-	-	-	-	-	
- Other Assets	-	-	-	-	-	-			-					-	-	-	-	-	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	20,740	756,216	235,384	-	541,572	28,166	(505)	(10,831)	-	-	-	-	(8,350)	20,464	742,552	212,967	-	550,049	

Additions to Buildings and Infrastructure Assets are made up of Asset Renewals (\$14,757k) and New Assets (\$12,380k).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Muswellbrook Shire Council

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

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

\$ '000

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP				-	-	-	-	-
Plant & Equipment		595	363	232	-	591	324	267
Office Equipment		87	87	-	-	87	87	-
Furniture & Fittings		21	12	9	-	12	12	-
Land								
- Operational Land		582		582	-	582	-	582
- Community Land				-	-	-	-	-
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings				-	-	-	-	-
Other Structures				-	-	-	-	-
Infrastructure		85,095	36,026	49,069	-	82,504	34,572	47,932
Other Assets				-	-	-	-	-
Total Water Supply	-	86,380	36,488	49,892	-	83,776	34,995	48,781
Sewerage Services								
WIP				-	-	-	-	-
Plant & Equipment		282	242	40	-	275	245	30
Office Equipment		29	29	-	-	29	29	-
Furniture & Fittings		2	2	-	-	2	2	-
Land								
- Operational Land		1,172		1,172	-	644	-	644
- Community Land		100		100	-	100	-	100
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings				-	-	-	-	-
Other Structures				-	-	-	-	-
Infrastructure		84,064	31,855	52,209	-	78,704	30,466	48,238
Other Assets				-	-	-	-	-
Total Sewerage Services	-	85,649	32,128	53,521	-	79,754	30,742	49,012
TOTAL RESTRICTED I,PP&E	-	172,029	68,616	103,413	-	163,530	65,737	97,793

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

		Actual	Actual
\$ '000	Notes	2015	2014

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings and Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods and Services - operating expenditure		1,799	-	1,692	-
Goods and Services - capital expenditure		2,960	-	2,681	-
Payments Received In Advance		-	-	-	-
Accrued Expenses:					
- Borrowings		-	-	51	-
- Interest on Bonds & Deposits		-	-	-	-
- Salaries and Wages		-	-	-	-
- Other Expenditure Accruals		-	-	-	-
Advances		-	-	-	-
Security Bonds, Deposits and Retentions		684	-	666	-
ATO - Net GST Payable		-	-	-	-
Other		61	-	22	-
Total Payables		5,504	-	5,112	-
Borrowings					
Bank Overdraft		-	-	-	-
Loans - Secured ¹		2,925	13,675	829	11,973
Loans - Unsecured		-	-	-	-
Government Advances		-	-	-	-
Ratepayers' Advances		-	-	-	-
Finance Lease Liabilities		-	-	-	-
Deferred Payment Liabilities		-	-	-	-
Total Borrowings		2,925	13,675	829	11,973
Provisions					
Employee Benefits;					
Annual Leave		1,408	-	1,325	-
Sick Leave		-	-	-	-
Long Service Leave		1,281	335	1,475	225
Gratuities		-	-	-	-
Other Leave		84	-	88	-
ELE On-Costs		-	-	-	-
Sub Total - Aggregate Employee Benefits		2,773	335	2,888	225
Self Insurance - Workers Compensation		-	-	-	-
Self Insurance - Public Liability		-	-	-	-
Self Insurance - Other		-	-	-	-
Asset Remediation/Restoration (Future Work)	26	-	4,721	-	4,454
Carbon Tax		-	-	-	-
Total Provisions		2,773	5,056	2,888	4,679
Total Payables, Borrowings and Provisions		11,202	18,731	8,829	16,652

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	1,261	2,470	1,050	2,712
Sewer	520	851	1,039	910
Domestic Waste Management	154		69	-
Self Insurance	-		-	-
Other	-		-	-
Liabilities relating to externally restricted assets	1,935	3,321	2,158	3,622
Internally Restricted Assets				
Other - Loan Commercial Buildings		800	11	559
Liabilities relating to internally restricted assets	-	800	11	559
Total Liabilities relating to restricted assets	1,935	4,121	2,169	4,181
Total Liabilities relating to Unrestricted Assets	9,267	14,610	6,660	12,471
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	11,202	18,731	8,829	16,652

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures and Security can be found in Note 15.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	Actual 2015	Actual 2014
\$ '000		

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

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

Provisions - Employees Benefits	2,097	2,148
Payables - Security Bonds, Deposits and Retentions	164	160
	2,261	2,308

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,325	896	(813)			1,408
Sick Leave	-	-				-
Long Service Leave	1,700	246	(330)			1,616
Other Leave (enter deta	88	(4)				84
ELE On-Costs	-	-				-
Gratuities	-	-				-
Self Insurance	-	-				-
Asset Remediation	4,454	267				4,721
Carbon Tax	-	-				-
Other	-	-				-
TOTAL	7,567	1,405	(1,143)	-	-	7,829

- Employees Leave Entitlements and On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported and Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- Asset Remediation, Reinstatement and Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash and Cash Equivalent Assets	6a	9,296	3,352
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		9,296	3,352
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		19,960	12,265
Adjust for non cash items:			
Depreciation and Amortisation		10,831	10,642
Net Losses/(Gains) on Disposal of Assets		618	6
Non Cash Capital Grants and Contributions		(1,515)	(3,113)
Impairment Losses Recognition - I,PP&E		-	-
Impairment (Reversal of previous losses) - I,PP&E		-	-
Impairment Losses / (Prior Period Reversals) - Financial Investments		(133)	(171)
Investment Income relating to "Available for Sale" Investments sold		-	-
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(90)
- Investment Properties		875	448
- Favourable Financial Liabilities (ie. Initial Recognition at Fair Value)		-	-
- Fair Valuation Adjustment (re-measurement) of existing Loans to Council		-	-
- Interest Free Advances made by Council (Deferred Debtors)		-	-
- Write Offs relating to the Fair Valuation of I,PP&E		-	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		84	71
- Interest on all fair value adjusted Interest Free Advances made by Council		-	-
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		64	70
Unwinding of Discount Rates on Reinstatement Provisions		267	252
Share of Net (Profits) or Losses of Associates/Joint Ventures		(30)	(12)
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		-	-
+/- Movement in Operating Assets and Liabilities and Other Cash Items:			
Decrease/(Increase) in Receivables		2,651	(3,311)
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		(24)	29
Decrease/(Increase) in Other Assets		25	163
Increase/(Decrease) in Payables		107	181
Increase/(Decrease) in accrued Interest Payable		(51)	29
Increase/(Decrease) in Other Liabilities		57	40
Increase/(Decrease) in Employee Leave Entitlements		(5)	(71)
NET CASH PROVIDED FROM/(USED IN)		33,781	17,428
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		33,781	17,428

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing and Financing Activities			
Acquisition of Plant and Equipment by means of Finance Lease			-
Subsidised Works (Sewer Scheme)			-
PwD Construction			-
Bushfire Grants			225
S94 Contributions "in kind"			-
Other Dedications		1,515	2,888
Total Non-Cash Investing and Financing Activities		1,515	3,113
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		750	750
Credit Cards / Purchase Cards		25	25
Master Lease Facilities			-
Standby Credit Facilities			-
Other			-
Total Financing Arrangements		775	775
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities			-
- Credit Cards / Purchase Cards			-
- Lease Facilities			-
- Standby Credit Facilities			-
- Other			-
Total Financing Arrangements Utilised		-	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans and Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
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(a) Capital Commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, Plant & Equipment

Buildings	3,691	-
Plant and Equipment	572	-
Road Infrastructure	6,070	-
Other	-	2,746

Investment Property

- Land	3,156	-
- Buildings		626
- Other		-

Total Commitments

13,489	3,372
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These expenditures are payable as follows:

Within the next year	13,489	3,372
Later than one year and not later than 5 years		-
Later than 5 years		-

Total Payable

13,489	3,372
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Sources for Funding of Capital Commitments:

Unrestricted General Funds	-	110
Future Grants & Contributions	10,299	1,516
Sect 64 & 94 Funds/Reserves	757	548
Unexpended Grants		-
Externally Restricted Reserves		-
Internally Restricted Reserves	572	682
Unexpended Loans	871	-
New Loans (to be raised)	990	516
Total Sources of Funding	13,489	3,372

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	28	28
Later than one year and not later than 5 years	13	41
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	41	69

b. Non Cancellable Operating Leases include the following assets:

Office equipment

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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Conditions relating to Operating Leases:

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

(d) Investment Property Commitments

Nil

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Muswellbrook Shire Council

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

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(1,153)	-3.09%	-0.71%	0.25%
Total continuing operating revenue ⁽¹⁾	37,303			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	32,094	53.60%	65.46%	57.66%
Total continuing operating revenue ⁽¹⁾	59,879			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	12,884	1.84x	1.94	3.16:1
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	7,006			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	10,597	4.18x	6.91	8.45:1
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	2,535			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	1,034	5.20%	10.90%	8.94%
Rates, Annual and Extra Charges Collectible	19,892			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	38,180	13.99 mths	12.66	13.15
Payments from cash flow of operating and financing activities	2,729			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Muswellbrook Shire Council

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

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions) - Operating Expenses	-1.14%	21.25%	-7.40%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: 8.65%	27.85%	-8.00%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾	93.76%	96.92%	45.06%
(excl. ALL Grants & Contributions)			
Total continuing operating revenue ⁽¹⁾	prior period: 93.58%	73.81%	59.01%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	3.33x	2.43x	1.84x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 4.86	3.33	1.94
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	3.93x	18.80x	3.39x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	prior period: 5.28	20.87	6.03
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding	4.80%	9.17%	4.38%
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	16.04%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents + All Term Deposits	0.00	0.00	13.99 mths
Payments from cash flow of operating and financing activities	prior period: 0.00	0.00	12.66

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water and Sewer activities which are listed separately.

Muswellbrook Shire Council

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

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		8,861	7,485
Reconciliation of Annual Movement:			
Opening Balance		7,485	5,828
- Acquisitions		-	1,526
- Capitalised Expenditure - this year		2,531	579
- Acquisitions (Transfers) through Amalgamations		-	-
- Classified as "Held for Sale"		-	-
- Disposals during Year		(280)	-
- Net Gain/(Loss) from Fair Value Adjustments		(875)	(448)
- Transfers from/(to) Inventories (Note 8)		-	-
- Transfers from/(to) Owner Occupied (Note 9)		-	-
- Other Movements		-	-
CLOSING BALANCE - INVESTMENT PROPERTIES		8,861	7,485

(b) Valuation Basis

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2015 revaluations were based on Independent Assessments made by:
John Flood Estate Agents with a desktop market appraisal of each of the properties.

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties (continued)

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:

Within 1 year	799	795
Later than 1 year but less than 5 years	2,118	2,412
Later than 5 years	864	1,641
Total Minimum Lease Payments Receivable	3,781	4,848

The leases in place for these Investment Policies are generally standard commercial leases. They range from being on a month to month basis to longer term leases with options for renewal. Lease payments are collected monthly by Council's managing agents with funds being forwarded after the deduction of approved outgoings.

(e) Investment Property Income and Expenditure - summary

Rental Income from Investment Properties:

- Minimum Lease Payments	930	773
- Contingent Rentals		-
- Other Income		-

Direct Operating Expenses on Investment Properties:

- that generated rental income	(347)	(451)
- that did not generate rental income		-

Net Revenue Contribution from Investment Properties

583 322

plus:

Fair Value Movement for year	(875)	(448)
-------------------------------------	--------------	--------------

Total Income attributable to Investment Properties

(292) (126)

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

The Fair Value Movement (\$1,055) is largely attributable to being unable to obtain an accurate valuation in regard to an investment property that is currently being substantially renovated. Upon completion of these works in 2015/16 a new more accurate valuation will be able to be obtained.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	9,296	3,352	9,296	3,352
Investments				
- "Held for Trading"	-	-	-	-
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
- "Held to Maturity"	46,112	43,251	45,612	44,086
- "Loans & Receivables"	-	-	-	-
- "Available for Sale"	-	-	-	-
Receivables	5,459	8,110	5,459	8,110
Other Financial Assets	-	-	-	-
Total Financial Assets	60,867	54,713	60,367	55,548
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	5,504	5,112	5,504	5,112
Loans / Advances	16,600	12,802	16,600	12,802
Lease Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	22,104	17,914	22,104	17,914

Fair Value is determined as follows:

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

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

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash and Investment portfolio with the assistance of independent advisors

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

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents and Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	554	554	554	554
2014				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	466	466	(466)	(466)

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

The level of outstanding Rates and Annual Charges receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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

	2015 Rates and Annual Charges	2015 Other Receivables	2014 Rates and Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	73%	0%	66%
Overdue	100%	27%	100%	34%
	100%	100%	100%	100%

Muswellbrook Shire Council

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

Note 15. Financial Risk Management (continued)

		Rates and		Rates and	
(ii) Ageing of Receivables - value		Annual		Annual	
Rates & Annual Charges	Other Receivables	Charges	Receivables	Charges	Receivables
Current	Current	-	3,290	-	4,032
< 1 year overdue	0 - 30 days overdue	346	271		182
1 - 2 years overdue	30 - 60 days overdue		51	887	1,400
2 - 5 years overdue	60 - 90 days overdue		16		19
> 5 years overdue	> 90 days overdue	688	860	1,156	497
		1,034	4,488	2,043	6,130

(iii) Movement in Provision for Impairment of Receivables		2015	2014
Balance at the beginning of the year		63	63
+ new provisions recognised during the year			
- amounts already provided for & written off this year			
- amounts provided for but recovered during the year			
- previous impairment losses reversed			
Balance at the end of the year		63	63

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) 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.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

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

\$ '000	Subject to no maturity	≤ 1 Year	1-2 Yrs	payable in:				4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
				2-3 Yrs	3-4 Yrs						
2015											
Bank Overdraft	-									-	-
Trade/Other Payables	684	4,820								5,504	5,504
Loans and Advances	5,842	3,452	1,263	1,199	1,199	1,199	1,199	5,166		19,320	16,600
Lease Liabilities										-	-
Total Financial Liabilities	6,526	8,272	1,263	1,199	1,199	1,199	1,199	5,166		24,824	22,104
2014											
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-
Trade/Other Payables	666	4,446	-	-	-	-	-	-	-	5,112	5,112
Loans and Advances	2,700	1,607	1,607	1,473	1,409	1,409	1,409	10,028		20,233	12,802
Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	3,366	6,053	1,607	1,473	1,409	1,409	1,409	10,028		25,345	17,914

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	5,504		5,112	0.0%
Loans and Advances - Fixed Interest Rate	10,758		10,102	6.4%
Loans and Advances - Variable Interest Rate	5,842		2,700	3.0%
Lease Liabilities	-		-	
	22,104		17,914	

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 2014/15 was adopted by the Council on 23 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----		
REVENUES					
Rates and Annual Charges	17,864	17,715	(149)	(1%)	U
User Charges and Fees	11,478	10,647	(831)	(7%)	U
This variance relates to a wide range of User Fees and Charges that were not received to the same extent that had been achieved in previous years. The major variances that occurred were in regard to activities such as Water User Fees (\$301K), a newly opened student accommodation facility (\$351K), new water connections (\$83K) and Planning and Development Fees (\$262K)					
Interest and Investment Revenue	2,659	2,340	(319)	(12%)	U
Interest returns have proven to be slightly lower than expected due to a reduction in the interest rates applicable to Council's investments.					
Other Revenues	1,194	1,392	198	17%	F
This mostly relates to the receipt of miscellaneous unexpected receipts such as the reimbursement of legal fees.					
Operating Grants and Contributions	5,702	5,209	(493)	(9%)	U
Capital Grants and Contributions	24,837	22,576	(2,261)	(9%)	U
This mainly results from delays in the receipt of grant funding related to the Campbell's Corner and Town Education Campus projects. This has occurred as expenditures have been incurred later than expected. These funds are expected to be received in 2015/16.					
Net Gains from Disposal of Assets	-	-	-	0%	F
Joint Ventures and Associates - Net Profits	-	30	30	0%	F

Muswellbrook Shire Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits and On-Costs	13,424	12,798	626	5%	F
Borrowing Costs	1,080	919	161	15%	F
Planned borrowing for 2014/15 was able be delayed until very late in the year due to favourable cash flows.					
Materials and Contracts	8,818	8,897	(79)	(1%)	U
Depreciation & Amortisation	12,048	10,831	1,217	10%	F
Impairment Expenses	-	-	-	0%	F
Other Expenses	6,141	5,886	255	4%	F
Net Losses from Disposal of Assets	-	618	(618)	0%	U
Due to uncertainty inherent in estimating these amounts - Council does not make a budget allocation for either gains or lossess from the disposal of assets.					
Joint Ventures and Associates - Net Losses	-	-	-	0%	F
Operating Result from Discontinued Operations	-	-	-	0%	F

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

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

Cash Flows from Operating Activities	34,271	33,781	(490) (1.4%) U
Cash Flows from Investing Activities	(38,155)	(31,571)	6,584 (17.3%) F

The full range of capital works proposed to be carried out in 2014/15 was not achieved - the projects will be completed in 2015/16.

Cash Flows from Financing Activities	1,376	3,734	2,358 171.4% F
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This related mostly to the receipts of an interest free loan that was made possible through a report prepared by the Department of Environment and Planning. This borrowing was not included in the original budget.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council.

All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	157	35	-	9	-	-	201	-	(300)	(99)	-
Roads	548	77	-	28	-	-	653	720	(1,647)	(274)	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	2	-	-	-	-	-	2	-	(2)	-	-
Open Space	428	65	-	24	-	-	517	-	(280)	237	-
Community Facilities	63	-	-	3	-	-	66	1,849	(2,335)	(420)	-
Tourism	65	-	-	3	-	-	68	13	(115)	(34)	-
Bushfire	86	-	-	4	-	-	90	-	-	90	-
Social Infrastructure	281	65	-	16	-	-	362	492	(1,000)	(146)	-
S94 Contributions - under a Plan	1,630	242	-	87	-	-	1,959	3,074	(5,679)	(646)	-
S94A Levies - under a Plan	122	90	-	10	(177)	-	45				-
Total S94 Revenue Under Plans	1,752	332	-	97	(177)	-	2,004				-
S94 not under Plans	2,225	2,203	1,314	-	(1,885)	-	2,543	-	-	2,543	-
S93F Planning Agreements	-						-				
S64 Contributions	14,306	222	201	661			15,189				
Total Contributions	18,283	2,757	1,515	758	(2,062)	-	19,736	3,074	(5,679)	1,897	-

Muswellbrook Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	157	35		9			201	-	(300)	(99)	
Roads	548	77		28			653	720	(1,647)	(274)	
Parking	2						2		(2)	-	
Open Space	428	65		24			517		(280)	237	
Community Facilities	63			3			66	1,849	(2,335)	(420)	
Tourism	65			3			68	13	(115)	(34)	
Bushfire	86			4			90			90	
Social Infrastructure	281	65		16			362	492	(1,000)	(146)	
Other	-	-		-			-			-	
Total	1,630	242	-	87	-	-	1,959	3,074	(5,679)	(646)	-

Muswellbrook Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-			-	
Roads	-	365	1,314		(365)		-			-	
Traffic Facilities	-						-			-	
Parking	-						-			-	
Open Space	-						-			-	
Community Facilities	874	1,578			(698)		1,754			1,754	
Recreation	636	200			(738)		98			98	
Wybong Uplands Strategy	500				(9)		491			491	
Education	200						200			200	
Environment	15	60			(75)		-			-	
Total	2,225	2,203	1,314	-	(1,885)	-	2,543	-	-	2,543	-

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S64 Contributions

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Water	5,540	115		257			5,912				
Sewer	8,766	107		404			9,277				
Other	-						-				
Total	14,306	222	-	661	-	-	15,189				-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies and Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

(iii) Contribution to Muswellbrook Cinema

During 2014/15 Council made a conditional loan to the owners of the Muswellbrook Cinema with the aim of facilitating the establishment of the cinema. The loan amount was \$650K and is only repayable in the event that the conditions set out in the agreement between the owners and Council are not met. The loan is secured by Bank Guarantees issued in favour of Council. The amount that is repayable decreases in each of the years between 2014/15 and 2018/19.

The loan was issued in accordance with Council's Community Strategic Plan and after an appropriate period of public consultation

RELATED ASSETS AND LIABILITIES NOT RECOGNISED.

As a result of the Thomas Mitchell Drive Contribution Study and the planning and approval conditions related to that, Council has an obligation to undertake road works on Thomas Mitchell Drive. These take the form of a completion of an upgrade, two reseals and rehabilitation. The reseals are planned for around 2023 and 2031 and the rehabilitation between 2035 and 2040.

The cost of these works is estimated at \$9.74M in 2013 dollars. As the works are undertaken, coal mines deemed to be the major contributors to the need for the works to be undertaken are required to make a monetary contribution toward the works. In total, these mines are required to pay 39.1% of the actual cost of the works. (\$3.81M in 2013 dollars)

As the works are completed the impacting coal mines will be invoiced for their contributions based upon the cost of the work and their assessed impact on Thomas Mitchell Drive.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

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

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

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

Controlled Entities (Subsidiaries)

Note 19(a)

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

Joint Ventures and Associates

Note 19(b)

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

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

Joint Operations

Note 19(c)

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

Unconsolidated Structured Entities

Note 19(d)

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

Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	30	12	89	59
Associates	-	-	-	-
Total	30	12	89	59

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Controlled Entities (Subsidiaries) - being entities and operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into its consolidated Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Strategic Services Australia Ltd	Joint Venture	Fair Value	89	59
Total Carrying Amounts - Material Joint Ventures and Associates			89	59

(b) Details

Name of Entity	Principal Activity	Place of Business
Strategic Services Australia Ltd	Local Government Services	Thornton

(c) Relevant Interests and Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Strategic Services Australia Ltd	N/A	N/A	4%	4%	4%	4%	8%	8%

(d) Summarised Financial Information for Joint Ventures and Associates

	Strategic Services Australia Ltd			
Statement of Financial Position	2015	2014	2015	2014
Current Assets				
Cash and Cash Equivalents	109	279		
Other Current Assets	537	190		
Total Current Assets	646	469	-	-
Non-Current Assets	4,561	4,484		
Current Liabilities				
Financial Liabilities (excl. Accounts Payable)	1,240	468		
Other Current Liabilities	153	113		
Total Current Liabilities	1,393	581	-	-
Non-Current Liabilities	1,730	3,004		
Net Assets	2,084	1,368	-	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

Reconciliation of the Carrying Amount

Opening Net Assets (1 July)	1,368	1,106	-	
Profit/(Loss) for the period	716	262		
Dividends Paid				
Other Adjustments to Equity				
Closing Net Assets	2,084	1,368	-	-
Council's share of Net Assets (%)	4.3%	4.3%		
Council's share of Net Assets (\$)	89	59	-	-

Strategic Services Australia Ltd

	2015	2014	2015	2014
Statement of Comprehensive Income				
Income	2,472	1,462		
Interest Income				
Depreciation and Amortisation	(186)	(139)		
Interest Expense	(137)	(116)		
Income Tax Expense				
Other Expenses	(1,435)	(920)		
Profit/(Loss) from Continuing Operations	714	287	-	-
Profit/(Loss) from Discontinued Operations				
Profit/(Loss) for Period	714	287	-	-
Other Comprehensive Income				
Total Comprehensive Income	714	287	-	-
Council's share of Income (%)	4.3%	4.3%		
Council's share of Profit/(Loss) (\$)	30	12	-	-
Council's share of Comprehensive Income (\$)	30	12	-	-
Dividends received by Council				

Strategic Services Aust

	2015	2014	2015	2014
Statement of Financial Position				
Current Assets				
Cash and Cash Equivalents	109	279		
Other Current Assets	537	190		
Total Current Assets	646	469	-	-
Non-Current Assets	4,561	4,484		
Current Liabilities				
Financial Liabilities (excl. Accounts Payable)	1,393	581		
Other Current Liabilities				
Total Current Liabilities	1,393	581	-	-
Non-Current Liabilities	1,730	3,004		
Net Assets	2,084	1,368	-	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

Reconciliation of the Carrying Amount

Opening Net Assets (1 July)	1,368	1,356	-	
Profit/(Loss) for the period	26	12		
Dividends Paid				
Other Adjustments to Equity	690			
Closing Net Assets	2,084	1,368	-	-

Muswellbrook Shire Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Joint Operations

Council has no interest in any Joint Operations.

Muswellbrook Shire Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		271,472	259,207
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		19,960	12,265
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		291,432	271,472
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		300,660	309,010
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
Total		300,660	309,010
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		309,010	214,088
- Revaluations for the year	9(a)	(8,350)	94,922
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Balance at End of Year		300,660	309,010
"Available for Sale" Financial Investments Revaluation Reserve			
- Opening Balance		-	-
- Unrealised Gain (Loss) in value for the year		-	-
- Impairment (reversal) of "Available for Sale" Investments to (from) the P&L		-	-
- Transfer of "Available for Sale" values to the P&L for disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Balance at End of Year		-	-
Other Reserves			
- Opening Balance		-	-
- Increases/(Decreases) for the year		-	-
- Transfers to the P&L		-	-
- Transfers to Retained Earnings		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Balance at End of Year		-	-
TOTAL VALUE OF RESERVES		300,660	309,010

(iii) Nature and Purpose of Reserves**Infrastructure, Property, Plant and Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant and Equipment Revaluation Reserve is used to record increments and decrements of Non Current Asset Values due to their revaluation.

Muswellbrook Shire Council

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

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

		Actual	Actual
\$ '000	Notes	2015	2014

(c) Correction of Error/s relating to a Previous Reporting Period

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

Muswellbrook Shire Council

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

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

		Actual	Actual
\$ '000	Notes	2015	2014

(d) Voluntary Changes in Accounting Policies

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result and Financial Position by Fund

\$ '000				
Income Statement by Fund				
\$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Other	Water	Sewer	General¹
Income from Continuing Operations				
Rates and Annual Charges	1,963	1,368	3,253	11,131
User Charges and Fees	12	2,975	367	7,293
Interest and Investment Revenue	14	817	472	1,037
Other Revenues		135	314	943
Grants and Contributions provided for Operating Purposes	31	37	33	5,108
Grants and Contributions provided for Capital Purposes		315	107	22,154
Other Income				
Net Gains from Disposal of Assets		6	4	-
Share of interests in Joint Ventures and Associates using the Equity Method				30
Total Income from Continuing Operations	2,020	5,653	4,550	47,696
Expenses from Continuing Operations				
Employee Benefits and on-costs	84	886	790	11,038
Borrowing Costs		172	61	686
Materials and Contracts		2,354	1,156	5,387
Depreciation and Amortisation	1,829	1,458	1,176	6,368
Impairment				-
Other Expenses		527	309	5,050
Interest and Investment Losses				-
Net Losses from the Disposal of Assets		-	-	628
Share of interests in Joint Ventures and Associates using the Equity Method				-
Total Expenses from Continuing Operations	1,913	5,397	3,492	29,157
Operating Result from Continuing Operations	107	256	1,058	18,539
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	107	256	1,058	18,539
Net Operating Result attributable to each Council Fund	107	256	1,058	18,539
Net Operating Result attributable to Non-controlling Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	107	(59)	951	(3,615)

¹ General Fund refers to all Council's activities other than Water, Sewer and Other

* Other represents Council's Commercial Buildings Fund

NB. All amounts disclosed above are Gross - that is, they include internal charges and recoveries made between the Funds.

Muswellbrook Shire Council

Notes to the Financial Statements

as at 30 June 2015

Note 21. Financial Result and Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
	Other	Water	Sewer	General ¹
ASSETS				
Current Assets				
Cash and Cash Equivalents		-	-	9,296
Investments	56	5,230	3,303	-
Receivables	130	501	379	4,449
Inventories		3	-	2,128
Non-current assets classified as 'held for sale'		-	-	-
Total Current Assets	186	5,734	3,682	15,901
Non-Current Assets				
Investments	224	13,756	8,731	14,812
Receivables		1,493	-	-
Inventories		-	-	-
Infrastructure, Property, Plant and Equipment		49,892	53,521	446,636
Investments Accounted for using the equity method		-	-	89
Investment Property		-	-	8,861
Non-current assets classified as 'held for sale'				-
Total Non-Current Assets	224	65,141	62,252	470,398
TOTAL ASSETS	410	70,875	65,934	486,299
LIABILITIES				
Current Liabilities				
Payables	154	638	236	4,476
Borrowings		242	59	2,624
Provisions		381	225	2,167
Liabilities associated with assets classified as 'held for sale'				-
Total Current Liabilities	154	1,261	520	9,267
Non-Current Liabilities				
Payables		-	-	-
Borrowings		2,470	851	11,847
Provisions		-	-	5,056
Investments Accounted for using the equity method				-
Liabilities associated with assets classified as 'held for sale'				-
Total Non-Current Liabilities	-	2,470	851	16,903
TOTAL LIABILITIES	154	3,731	1,371	26,170
Net Assets	256	67,144	64,563	460,129
EQUITY				
Retained Earnings	256	37,711	42,610	210,855
Revaluation Reserves		29,433	21,953	249,274
Council Equity Interest	256	67,144	64,563	460,129
Non-controlling Interests		-	-	-
Total Equity	256	67,144	64,563	460,129

¹ General Fund refers to all Council's activities other than Water, Sewer and Other

* Other represents Council's Commercial Buildings Fund

NB. All amounts disclosed above are Gross - that is, they include internal receivables and payables between the Funds.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

	2015	2015	2014	2014
\$ '000	Current	Non Current	Current	Non Current

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 23. Events occurring after the Reporting Date

\$ '000

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

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

Accordingly, the "authorised for issue" date is 29/10/15.

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

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

These financial statements incorporate all "adjusting events" that provided evidence of conditions that existed conditions that existed at 30 June 2015.

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

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 24. Discontinued Operations

\$ '000

	Actual 2015	Actual 2014
\$ '000		

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

Muswellbrook Shire Council

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

Note 25. Intangible Assets

	Actual	Actual
\$ '000	2015	2014

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

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

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Rehabilitation of the Muswellbrook Waste Management Facility	2027	4,721	4,454
		-	-
		-	-
Balance at End of the Reporting Period		^{10(a)} 4,721	4,454

Under AASB 116 - Property, Plant and Equipment, if the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the actual rehabilitation may change if significant changes occur in relation to the amount of waste accepted in any given year. In such a case, Council will be required to recalculate the annual remediation costs and the value of the liability.

Reconciliation of movement in Provision for year:

Balance at beginning of year	4,454	4,202
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations		-
Effect of a change in other calculation estimates used		-
Amortisation of discount (expensed to borrowing costs)	267	252
Expenditure incurred attributable to Provisions		-
Total - Reinstatement, rehabilitation and restoration provision	4,721	4,454

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets and Liabilities

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

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Fair Value Measurements		Fair Value Measurement Hierarchy			Total
2015	Date of latest Valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investment Properties					
Commercial Properties	30/06/2015			8,681	8,681
Total Investment Properties		-	-	8,681	8,681
Infrastructure, Property, Plant and Equipment (IPP and E)					
Plant and Equipment	30/06/2013			3,982	3,982
Office Equipment	30/06/2013			522	522
Furniture and Fittings	30/06/2013			787	787
Operational Land	30/06/2013			8,341	8,341
Community Land	30/06/2010			9,389	9,389
Depreciable Land Improvements	30/06/2011			3,899	3,899
Buildings - Non-Specialised	30/06/2012			2,471	2,471
Buildings - Specialised	30/06/2012			41,500	41,500
Other Structures	30/06/2011			7,449	7,449
Roads	30/06/2014			258,320	258,320
Footpaths	30/06/2015			9,792	9,792
Bridges	30/06/2015			43,812	43,812
Stormwater Drainage	30/06/2015			38,576	38,576
Water Supply Network	30/06/2015			48,081	48,081
Sewerage Network	30/06/2015			50,001	50,001
Heritage Assets	30/06/2010			4,330	4,330
Other	30/06/2013			246	246
Total IPP and E		-	-	531,498	531,498

Muswellbrook Shire Council

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

Note 27. Fair Value Measurement

\$ '000

	2014	Fair Value Measurement Hierarchy			
		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Investment Properties					
Commercial Properties	30/06/2014			7,485	7,485
Total Investment Properties		-	-	7,485	7,485
Infrastructure, Property, Plant and Equipment					
Plant and Equipment	30/06/2013			4,827	4,827
Office Equipment	30/06/2013			517	517
Furniture and Fittings	30/06/2013			817	817
Operational Land	30/06/2013			8,341	8,341
Community Land	30/06/2010			9,389	9,389
Depreciable Land Improvements	30/06/2011			2,733	2,733
Buildings - Non Specialised	30/06/2012			2,447	2,447
Buildings - Specialised	30/06/2012			34,823	34,823
Other Structures	30/06/2011			6,199	6,199
Roads	30/06/2014			260,878	260,878
Footpaths	30/06/2014			6,708	6,708
Bridges	30/06/2014			43,201	43,201
Stormwater Drainage	30/06/2010			44,214	44,214
Water Supply Network	30/06/2014			47,619	47,619
Sewerage Network	30/06/2014			45,502	45,502
Heritage Assets	30/06/2010			4,267	4,267
Other	30/06/2013			240	240
Total Infrastructure, Property, Plant & Equipment		-	-	522,722	522,722

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

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

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

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

Financial Assets

Council's investments in the form of deposits and other notes held with financial institutions are valued at their face of par value. This value is adjusted where the security has been acquired at either a discount or a premium with that discount or premium being amortised over period between the acquisition and the maturity of the security. This valuation occurs based on the principle that Council has designated the securities as being "Held to Maturity". Accounts receivable are valued at their face value.

The key unobservable input is that Council has no motive to test the marketability of either its financial securities or its accounts receivable.

Financial Liabilities

Council's loan arrangements are principally valued in accordance with their face value. Where interest free loans have been provided to Council, these are valued in accordance with a discounted cash flow based upon the estimated comparison rate applicable at the time of borrowing.

The key unobservable input is that Council has no motive to test the marketability of its interest free loans. There has been no change to the valuation process during the reporting period.

Investment Properties

Council obtains independent valuations of its Investment Properties on an annual basis as at the reporting date in order to ensure that the Financial Statements include the most current valuation. The best evidence of fair value is the current price in an active market for similar assets. Investment Property is included in level 3 of the hierarchy. The key unobservable input is the estimated lease returns in which the valuations are based.

The fair value is determined by an independent local real estate agent with the appropriate level of experience and a solid understanding of the market for local properties of this type. There has been no change to the valuation process during the reporting period.

Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at cost and this is disclosed as the fair value in the Notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes include:-

- Plant and Equipment including Council's works and vehicle fleet.
- Office Equipment including computer and associated equipment including printers, servers etc.
- Furniture and Fittings includes items such as office furniture, blinds and carpets etc.

The key unobservable inputs into the valuation are the remaining useful life and any residual value. Council reviews the value of these assets by taking into account the pattern of consumption, estimated remaining useful life and any residual value. There has been no change to the valuation process during the reporting period.

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

Note 27. Fair Value Measurement

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2012 and was performed by Liquid Pacific valuers.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to **replace** the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on the Unimproved Capital Value as provided by the Valuer-General. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Depreciable Land Improvements

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the replacement cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Buildings – Non specialised and Specialised

Buildings were valued by APV Valuers and Asset Management in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected, inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of one specialised building (Sam Adams College). The construction costs used to make the valuation are current and, as such provide a clear guide for the valuation of the building in accordance with its Current Replacement Cost. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class comprises infrastructure such as dog leash free areas, ancillary waste facilities, fences, carparks and skateparks.

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

Note 27. Fair Value Measurement

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads, Bridges and Footpaths

This asset class comprises infrastructure including the Road Carriageway, Footpaths, Guardrails, Kerb and Gutter, Retaining walls, Bridges and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other infrastructure within this class. These valuations for the asset class have been based on calculations carried out internally by qualified and experienced Council staff.

The cost approach was utilised with inputs such as the estimated pattern of consumption, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Drainage Infrastructure

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with Office of Local Government Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Water Supply and Sewerage Network

Assets within these classes include the mains, pump stations, access pits, reservoirs and treatment plants which enable the treatment and reticulation of potable water and the collection and treatment of waste water. Mains are valued in accordance with the NSW Reference Rates Manual issued by the NSW Office of Water, which is based on extensive data collected in relation to the expected replacement cost of water and sewer mains. All other items are valued in accordance with their replacement cost. These values are based on an independent valuation undertaken in 2007 and updated with more current data as items are replaced, providing improved replacement costs. These valuations are undertaken internally by experienced and qualified Council staff. Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

Heritage Assets

Assets within this class comprise Council's Art Collection. The collection is independently valued with the most recent valuation being completed in 2009/10.

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Plant and Equipment	Office Equipment	Furniture and Fittings	Operation Land	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	5,470	590	868	7,813	14,741
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	765	112	34	528	1,439
Disposals (WDV)	(99)	-	-	-	(99)
Depreciation & Impairment	(1,309)	(203)	(85)	-	(1,597)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	18	-	-	18
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	4,827	517	817	8,341	14,502
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	553	162	58	-	773
Disposals (WDV)	(120)	-	-	-	(120)
Depreciation & Impairment	(1,278)	(157)	(88)	-	(1,523)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	3,982	522	787	8,341	13,632
¹ FV Gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 13/14	-	-	-	-	-
YE 14/15	-	-	-	-	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Community Land	Land Improve. Dep'le	Buildings Non-Spec	Buildings Specialised	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	9,388	2,233	2,447	32,649	46,717
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	1	592	-	854	1,447
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	-	(92)	-	(278)	(370)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	-	-	1,598	1,598
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	9,389	2,733	2,447	34,823	49,392
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	-	74	13	948	1,035
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	-	(105)	(1)	(277)	(383)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	1,197	12	6,006	7,215
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	9,389	3,899	2,471	41,500	57,259
¹ FV Gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 13/14	-	-	-	-	-
YE 14/15	-	-	-	-	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Other Structures	Roads	Bridges	Footpaths	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	5,157	165,337	43,802	6,680	220,976
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	326	4,204	-	711	5,241
Disposals (WDV)	-	(406)	-	(30)	(436)
Depreciation & Impairment	(227)	(3,426)	(601)	(653)	(4,907)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	943	-	-	-	943
Revaluation Increments	-	95,169	-	-	95,169
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	6,199	260,878	43,201	6,708	316,986
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	855	6,546	-	294	7,695
Disposals (WDV)	-	(364)	-	(19)	(383)
Depreciation & Impairment	(256)	(3,429)	(601)	(685)	(4,971)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	651	7,552	-	-	8,203
Revaluation Increments	-	(12,863)	1,212	3,494	(8,157)
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	7,449	258,320	43,812	9,792	319,373
¹ FV Gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 13/14	-	-	-	-	-
YE 14/15	-	-	-	-	-

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Stormwater Drainage	Water Supply Network	Sewerage Network	Other Minor Classes	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	44,761	47,274	43,334	4,478	139,847
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	699	528	4,185	129	5,541
Disposals (WDV)	(4)	-	-	-	(4)
Depreciation & Impairment	(1,242)	(1,355)	(1,048)	(100)	(3,745)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	82	368	-	450
Revaluation Increments	-	1,090	(1,337)	-	(247)
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	44,214	47,619	45,502	4,507	141,842
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	183	1,654	1,499	182	3,518
Disposals (WDV)	(2)	-	-	-	(2)
Depreciation & Impairment	(1,253)	(1,408)	(1,157)	(113)	(3,931)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	-	-	-	-
Revaluation Increments	(4,566)	216	4,157	-	(193)
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	38,576	48,081	50,001	4,576	141,234
¹ FV Gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 13/14	-	-	-	-	-
YE 14/15	-	-	-	-	-

Muswellbrook Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

(5). Highest and best use

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

Muswellbrook Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2015
Note 28. Financial Review (continued)

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates and Annual Charges Revenue	17,715	17,120	16,111	15,289	13,961
User Charges Revenue	10,647	11,888	10,374	8,474	10,472
Interest and Investment Revenue (Losses)	2,340	2,909	2,857	2,432	2,776
Grants Income - Operating and Capital	21,016	6,430	6,639	7,195	5,676
Total Income from Continuing Operations	59,909	50,573	55,482	44,082	42,239
Sale Proceeds from I,PP and E	167	759	3,184	1,655	243
New Loan Borrowings and Advances	5,350	5,700			2,280
Outflows:					
Employee Benefits and On-cost Expenses	12,798	12,788	12,792	11,493	10,849
Borrowing Costs	919	886	809	823	713
Materials and Contracts Expenses	8,897	8,804	7,633	7,749	8,141
Total Expenses from Continuing Operations	39,949	38,308	36,546	34,453	34,132
Total Cash purchases of I,PP and E	26,369	25,571	14,194	15,732	11,608
Total Loan Repayments (incl. Finance Leases)	1,616	744	591	564	527
Operating Surplus/(Deficit) (excl. Capital Income)	(2,616)	(619)	3,005	(1,108)	(1,390)
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	24,062	18,586	22,429	22,401	22,685
Current Liabilities	11,202	8,829	6,087	6,098	5,529
Net Current Assets	12,860	9,757	16,342	16,303	17,156
Available Working Capital (Unrestricted Net Current Assets)	2,785	4,235	2,235	2,726	3,463
Cash and Investments - Unrestricted	1,454	45	42	791	2,182
Cash and Investments - Internal Restrictions	16,362	8,917	14,212	11,763	11,912
Cash and Investments - Total	55,408	46,603	51,006	43,964	44,563
Total Borrowings Outstanding (Loans, Advances and Finance Leases)	16,600	12,802	7,776	8,290	8,777
Total Value of I,PP and E (excl. Land and Earthwork)	745,286	759,226	630,464	577,699	560,860
Total Accumulated Depreciation	212,967	235,384	220,825	212,106	212,149
Indicative Remaining Useful Life (as a % of GBV)	71%	69%	65%	63%	62%

Source: Published audited financial statements of Council (current year & prior year)

Muswellbrook Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 29. Council Information & Contact Details

Principal Place of Business:

157 Maitland St
MUSWELLBROOK NSW 2333

Contact Details

Mailing Address:

PO Box 122
MUSWELLBROOK NSW 2333

Opening Hours:

9 am to 4:30 pm Monday to Friday

Telephone: 02 6547 3700

Facsimile: 02 6549 3701

Internet: www.muswellbrook.nsw.gov.au

Email: council@muswellbrook.nsw.gov.au

Officers

GENERAL MANAGER

Steve McDonald

RESPONSIBLE ACCOUNTING OFFICER

Grant O'Leary

PUBLIC OFFICER

Carolyn O'Brien

AUDITORS

Hill Rogers - Spencer Steer
GPO Box 7066
SYDNEY NSW 2001

Elected Members

MAYOR

Cr. M. Rush

COUNCILLORS

Cr. M. Ogg
Cr. K. Portolan
Cr. S. Ward
Cr. J. Lecky
Cr. C. Phelps
Cr. J. Risby
Cr. G. Serhan
Cr. B. Woodruff
Cr. G. McNeill
Cr. R. Butchard
Cr. R. Scholes

Other Information

ABN: 86 864 180 944

MUSWELLBROOK SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of Muswellbrook Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

Assurance Partners

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Steer Assurance Partners

ABN 56 435 338 966

Hill Rogers
Spencer Steer

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Dated at Sydney this 29th day of October 2015