

PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015



Performance Statement

For the year ended 30 June 2015

Description of municipality

Corangamite Shire is located 180 kilometres south-west of Melbourne in the Great South Coast. The municipality is approximately 4,600 square kilometres and stretches from the Great Ocean Road in the south to the pastoral area of Skipton to the north.

The topography of the Shire is diverse, including flat plains in the north with large numbers of lakes of international significance and volcanic cones in the centre of the Shire. Highly productive agricultural land also characterises the north of the Shire with sheep and cattle grazing prevalent. The coastline along the southern border includes a section of the Great Ocean Road tourist route, attracting a large number of tourists annually. Numerous offshore rock formations, including the Twelve Apostles, are a major tourist attraction.

Geographically, Corangamite Shire comprises twelve townships that act as service centres for the surrounding areas, namely Camperdown, Terang, Timboon, Port Campbell, Cobden, Lismore, Derrinallum, Skipton, Princetown, Simpson, Noorat and Darlington. The townships of Camperdown, Terang and Cobden have the largest populations. The coastal townships of Princetown and Port Campbell predominantly service the tourism industry.

In 2014, the estimated resident population of Corangamite Shire was 15,996 with 3.6 people per square kilometre. The population remains relatively stable with a projected average annual growth rate of 0.2%.

Sustainable Capacity Indicators

For the year ended 30 June 2015

<i>Indicator/measure</i>	Results 2015	Comment
Own-source revenue		
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,642.97	
Recurrent grants		
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$983.68	
Population		
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,554.70	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$22,402.91	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	7.49	
Disadvantage		
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	5	

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2015

<i>Service/indicator/measure</i>	Results 2015	Comment
Governance		
Satisfaction		
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	64	Rating is consistent with previous year and continues to be higher than comparable large rural shires and state-wide averages
Statutory Planning		
Decision making		
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0%	No appeals were made to VCAT during 2014-2015
Roads		
Satisfaction		
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	38	Rating continues to be lower than comparable large rural shires and state-wide averages. Council believes the condition of state managed roads is adversely contributing to the result
Libraries		
Participation		
<i>Active library members</i> [Number of active library members / Municipal population] x100	14%	
Waste Collection		
Waste diversion		
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	59%	
Aquatic facilities		
Utilisation		
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.34	
Animal management		
Health and safety		
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	14	
Food safety		
Health and safety		
<i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	

Service/indicator/measure	Results 2015	Comment
Home and community care		
Participation		
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	29%	
Participation		
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	23%	
Maternal and child health		
Participation		
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	79%	
Participation		
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	80%	

Definitions

"Aboriginal person/child" " has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards "means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

Financial Performance Indicators

For the year ended 30 June 2015

Dimension/indicator/measure	Results		Forecasts				Comment
	2015		2016	2017	2018	2019	
Operating position							
Adjusted underlying result							
<i>Adjusted underlying surplus (or deficit)</i>	4.49%		0.25%	0.35%	(0.42%)	(0.52%)	Council's financial objective is to achieve a break-even underlying result
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100							
Liquidity							
Working capital							
<i>Current assets compared to current liabilities</i>	284%		201%	217%	211%	230%	A high result for 2014-2015 due to the receipt of 2015-2016 grants in advance and incomplete capital works.
[Current assets / Current liabilities] x100							
Unrestricted cash							
<i>Unrestricted cash compared to current liabilities</i>	154%		154%	166%	160%	180%	Current liabilities are forecast to decrease as loans are paid down.
[Unrestricted cash / Current liabilities] x100							
Obligations							
Loans and borrowings							
<i>Loans and borrowings compared to rates</i>	25%		16%	11%	9.4%	7.6%	Council's current borrowing strategy is to reduce debt in the medium to long term and only borrow for productive assets
[Interest bearing loans and borrowings / Rate revenue] x100							
<i>Loans and borrowings repayments compared to rates</i>	8.3%		8.1%	5.5%	2.1%	1.9%	Council's current borrowing strategy is to reduce debt in the medium to long term and only borrow for productive assets
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100							
Indebtedness							
<i>Non-current liabilities compared to own source revenue</i>	32%		30%	28%	26%	24%	
[Non-current liabilities / Own source revenue] x100							

Dimension/indicator/measure	Results				Forecasts				Comment
	2015	2016	2017	2018	2019				
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	105%	104%	87%	109%	101%	Council continues to invest in the renewal of existing assets			
Stability									
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	43%	50%	50%	50%	50%	Expected to remain constant with growth in both rates and adjusted underlying revenue in line with CPI.			
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.39%	0.41%	0.42%	0.43%	0.44%	Valuations expected to remain constant and rate revenue increase in line with CPI.			
Efficiency									
Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$4,213.32	\$4,105.85	\$4,182.65	\$4,307.00	\$4,416.51	2014-2015 result included the impact of a fair value adjustment expense of \$4.332 million. Excluding this item the result would be \$3,767 per assessment.			
Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,061.23	\$1,239.68	\$1,276.87	\$1,315.17	\$1,354.63	The result for this measure is expected to increase by \$115 per assessment by 2019. The increasing trend reflects forecast rate increases in line with CPI.			
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	6.5%	3.7%	3.7%	4.1%	4.1%	Workforce turnover is forecast to remain constant.			

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information

For the year ended 30 June 2015

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 9 June 2015 and which forms part of the budget and council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council or downloading from Council's website.

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.



(Kathryn Crothers CPA)
Principal Accounting Officer
Dated: (22-09-2015)

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2015 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

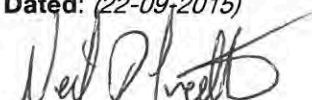
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

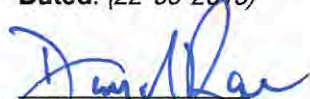
We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.



(Cr Ruth Gstrein)
Councillor
Dated: (22-09-2015)



(Cr Neil Trotter)
Councillor
Dated: (22-09-2015)



(David Rae)
Acting Chief Executive Officer
Dated: (22-09-2015)

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Corangamite Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2015 of the Corangamite Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Corangamite Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

Independent Auditor's Report (continued)

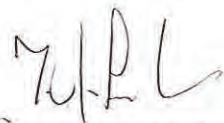
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the Corangamite Shire Council in respect of the 30 June 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
23 September 2015


Dr Peter Frost
Acting Auditor-General

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015



**Corangamite Shire Council
Financial Report
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Comprehensive Income Statement For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Income			
Rates and charges	3	18,595	18,171
Statutory fees and fines	4	311	277
User fees	5	5,951	5,796
Grants - operating	6	14,019	6,896
Grants - capital	6	4,484	4,227
Contributions - monetary	7	440	50
Reimbursements	8	1,845	3,514
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	9	(912)	(20)
Share of net profits/(losses) of associates and joint ventures	17	(119)	34
Other income	10	610	640
Total income		45,224	39,585
Expenses			
Employee costs	11	(13,440)	(13,917)
Materials and services	12	(11,002)	(11,828)
Bad and doubtful debts	13	(20)	(14)
Depreciation and amortisation	14	(8,541)	(9,290)
Borrowing costs	15	(215)	(264)
Fair Value Adjustments	24	(4,332)	-
Other expenses	16	(3,315)	(3,647)
Total expenses		(40,865)	(38,960)
Surplus/(deficit) for the year		4,359	625
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	29	(267)	31,690
Share of other comprehensive income of associates and joint ventures	17	-	(5)
Total comprehensive result		4,092	32,310

The above comprehensive income statement should be read in conjunction with the accompanying notes.

**Balance Sheet
As at 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	18	18,434	7,697
Trade and other receivables	19	2,081	2,440
Other financial assets	20	2,470	4,000
Inventories	21	93	115
Other assets	22	569	335
Total current assets		23,647	14,587
Non-current assets			
Trade and other receivables	19	89	84
Investments in associates and joint ventures	17	214	311
Property, infrastructure, plant and equipment	23	409,375	413,741
Total non-current assets		409,678	414,136
Total assets		433,325	428,723
Liabilities			
Current liabilities			
Trade and other payables	25	3,196	2,326
Trust funds and deposits	26	250	388
Provisions	27	3,506	3,632
Interest-bearing loans and borrowings	28	1,388	1,326
Total current liabilities		8,340	7,672
Non-current liabilities			
Provisions	27	5,264	5,280
Interest-bearing loans and borrowings	28	3,181	3,324
Total non-current liabilities		8,445	8,604
Total liabilities		16,785	16,276
Net assets		416,540	412,447
Equity			
Accumulated surplus		212,258	208,305
Reserves	29	204,282	204,142
Total Equity		416,540	412,447

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the Year Ended 30 June 2015

2015	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		412,447	208,359	203,790	298
Surplus/(deficit) for the year		4,359	4,359	-	-
Net asset revaluation increment/(decrement)	29(a)	(267)	-	(267)	-
Transfers to other reserves	29(b)	-	(480)	-	480
Transfers from other reserves	29(b)	1	20	-	(19)
Balance at end of the financial year		416,540	212,258	203,523	759

2014		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		380,137	207,923	172,105	109
Surplus/(deficit) for the year		625	625	-	-
Net asset revaluation increment/(decrement)	29(a)	31,690	-	31,690	-
Transfers to other reserves	29(b)	(5)	-	(5)	-
Transfers from other reserves	29(b)	-	(189)	-	189
Balance at end of the financial year		412,447	208,359	203,790	298

The above statement of changes in equity should be read with the accompanying notes.

Statement of Cash Flows For the Year Ended 30 June 2015

	Note	2015 Inflows/ (Outflows) \$'000	2014 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		18,753	18,110
Statutory fees and fines		311	277
User fees		6,488	5,035
Grants - operating		14,297	7,436
Grants - capital		4,484	4,276
Contributions - monetary		473	50
Interest received		474	278
Reimbursements		1,742	4,588
Other receipts		150	403
Net GST refund/payment		1,433	161
Employee costs		(13,440)	(13,521)
Materials and services		(12,047)	(12,185)
Trust funds and deposits repaid		(138)	-
Fire service property levy		88	70
Other payments		(3,874)	(3,712)
Net cash provided by/(used in) operating activities	30	19,194	11,266
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(10,168)	(8,869)
Proceeds from sale of property, infrastructure, plant and equipment		468	624
Payments for investments		(2,000)	-
Loans and advances made		(500)	-
Repayments of loans and advances		39	7
Net cash provided by/(used in) investing activities		(12,161)	(8,238)
Cash flows from financing activities			
Finance costs		(215)	(264)
Trust funds and deposits		-	243
Proceeds from borrowings		1,250	1,500
Repayment of borrowings		(1,331)	(921)
Net cash provided by/(used in) financing activities		(296)	558
Net increase (decrease) in cash and cash equivalents		6,737	3,586
Cash and cash equivalents at the beginning of the financial year		11,697	8,111
Cash and cash equivalents at the end of the financial year	18	18,434	11,697
Financing arrangements	32	960	
Restrictions on cash assets	18	1,789	

The above statement of cash flow should be read with the accompanying notes.

**Statement of Capital Works
For the Year Ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
Property			
Land		-	-
Land improvements		-	-
Total land		<u>-</u>	<u>-</u>
Buildings		194	
Heritage Buildings		149	
Building improvements		-	723
Leasehold improvements		-	-
Work in progress		503	243
Total buildings		<u>846</u>	<u>966</u>
Total property		<u>846</u>	<u>966</u>
Plant and equipment			
Plant, machinery and equipment		1,043	1,053
Fixtures, fittings and furniture		9	26
Computers and telecommunications		270	33
Work in progress		383	-
Total plant and equipment		<u>1,705</u>	<u>1,112</u>
Infrastructure			
Roads		5,639	5,454
Bridges		298	84
Footpaths and cycleways		393	322
Drainage		201	131
Recreational, leisure and community facilities		368	179
Parks, open space and streetscapes		200	131
Kerb and channel		208	152
Retaining walls and small culverts		18	91
Other infrastructure		-	13
Work in progress		292	234
Total infrastructure		<u>7,617</u>	<u>6,791</u>
Total capital works expenditure		<u>10,168</u>	<u>8,869</u>
Represented by:			
New asset expenditure		716	525
Asset renewal expenditure		8,943	7,995
Asset expansion expenditure		222	-
Asset upgrade expenditure		287	349
Total capital works expenditure		<u>10,168</u>	<u>8,869</u>

The above statement of capital works should be read with the accompanying notes.

Introduction

The Corangamite Shire was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

The Council's main office is located at 181 Manifold Street, Camperdown, Victoria 3260.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Note 1 Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (n))
- the determination of employee provisions (refer to note 1 (t))

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) Changes in accounting policies

There have been no changes in accounting policies from the previous period.

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated

(d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full

Note 1 Significant accounting policies (cont.)

(e) Accounting for investment in associates and joint arrangements

Associates

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

Council recognises its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

(f) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Rates and Charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

Statutory fees and fines

Statutory fees and fines (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.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Sale of property, infrastructure, 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

Interest is recognised as it is earned.

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

Other Income

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Note 1 Significant accounting policies (cont.)

(g) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

(i) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(j) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(k) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(l) Non-current assets classified as held for sale

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed in Note 1 n have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Note 1 Significant accounting policies (cont.)

(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles (cont'd)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 23, Property, infrastructure, plant and equipment, and infrastructure.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council recognises land under roads it controls at fair value.

(n) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Note 1 Significant accounting policies (cont.)

(n) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles (cont'd)

<i>Asset recognition thresholds and depreciation periods</i>	Depreciation Period	Threshold Limit \$'000
Property		
land	-	10
land improvements	25 years	10
Buildings		
heritage buildings	100 years	10
buildings	100 years	10
building improvements	10 years	10
leasehold improvements	25 years	10
Plant and Equipment		
plant, machinery and equipment	10 years	5
fixtures, fittings and furniture	10 years	5
computers and telecommunications	3-5 years	2
motor vehicles	2-5 years	5
Infrastructure		
road pavements and seals	12-100 years	3
road formation and earthworks	100 years	3
road kerb, channel and minor culverts	79 years	3
bridges deck	80-100 years	3
footpaths and cycleways	8-47 years	3
drainage	100 years	3
recreational, leisure and community facilities	25 years	3
waste management	25 years	3
parks, open space and streetscapes	25 years	3

(o) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(p) Investment property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(q) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

As a result of management's assessment, an adjustment was made to the carrying amount of land improvements being landfill assets. The asset was impaired by \$4.6 million on the basis that the landfill site cannot be used to generate income until significant capital expenditure has been spent on the asset and the EPA approve the site for filling. Refer note 24.

Note 1 Significant accounting policies (cont.)

(r) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 27).

(s) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method. The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(t) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

(u) Landfill rehabilitation provision

Council is obligated to restore the Naroghid landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Note 1 Significant accounting policies (cont.)

(v) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council currently holds no finance leases.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 3 to 20 year period.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(x) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 36 Contingent Liabilities and Contingent Assets.

(y) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(z) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(aa) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 24 June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

a) Income and Expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
Income				
Rates and charges	18,561	18,595	34	
Statutory fees and fines	200	311	111	1
User fees	5,536	5,951	415	
Grants - operating	10,059	14,019	3,961	2
Grants - capital	4,323	4,484	161	
Contributions - monetary	261	440	179	3
Contributions - non monetary	-	-	-	
Reimbursements	1,585	1,845	260	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(223)	(912)	(689)	5
Share of net profits/(losses) of associates and joint ventures	-	(119)	(119)	6
Other income	262	610	348	7
Total income	40,564	45,224	4,661	
Expenses				
Employee costs	13,933	13,440	493	
Materials and services	11,364	11,002	362	8
Bad and doubtful debts	2	20	(18)	
Depreciation and amortisation	10,150	8,541	1,609	9
Borrowing costs	310	215	95	10
Fair value adjustments	-	4,332	(4,332)	11
Other expenses	3,231	3,315	(85)	12
Total expenses	38,989	40,865	(1,876)	
Surplus/(deficit) for the year	1,575	4,359	2,785	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Increase due to increased planning approval activity (\$30,000) as well as additional landfill levy collected during the year (\$81,000).
2	Grants - operating	Increase primarily due to advance payment of half of the Victorian Grants Commission (VGC) 2015-2016 allocation (\$3.55m); once off project specific grants from 2013-2014, including Timboon railway present (\$89,000) and Twelve Apostles trail design (\$150,000); additional once off grants for specific community projects such as Simpson club rooms extension (\$180,000).
3	Contributions - monetary	Increase a result of additional community contributions to projects (\$123,000); community contributions carried forward from 2013-2014 for special charge schemes (\$113,000); offset by contributions not received for community projects yet to be completed (\$174,000).
4	Reimbursements	Primarily due to additional reimbursements received for insurance claims (\$97,000); Shared services (\$26,000) and community facility expenses (\$36,000).
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Delayed sale of building assets from 2013-2014 (\$148,000) offset by delaying Heavy plant sales (\$111,000) and disposal of building assets (\$599,000) and infrastructure assets (\$114,000).
6	Share of net profits/(losses) of associates and joint ventures	This item is in relation to the Corangamite Regional Library and is not budgeted for.
7	Other income	Additional interest earned during the year due to higher cash holdings (\$192,000) and interest on rates and debtors (\$43,000); recouped legal costs (\$33,000); payment for administration of FSPL (\$40,000); event sponsorship (\$8,000) and paid parental leave (\$12,000).
8	Materials and services	Decrease in electricity expenses (\$70,000); decrease in Plant operating expenses including fuel and registration costs (\$122,000); decrease in training costs (\$89,000); increased utilisation of plant for capital works (\$556,000); offset by additional cost of family day carers due to higher utilisation (\$44,000).
9	Depreciation and amortisation	Decrease due to condition assessments performed in 2013-2014 indicating increase in useful lives, reducing depreciation charge.
10	Borrowing costs	Deferral of new loan borrowings reduced borrowing costs for the year.
11	Fair value adjustments	Fair value assessment of landfill airspace asset has resulted in a writeback of the asset.
12	Other expenses	Increase is primarily due to increase in landfill liability (\$122,000) and carried forward contribution to community projects (\$173,000). Offset by reduced insurances expenses (\$112,000); Legal costs (\$47,000); Printing and stationery costs (\$47,000).

Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
Property				
Land	-	-	-	
Land improvements	-	-	-	
Total Land	-	-	-	
Buildings	1,940	-	(1,940)	1
Heritage buildings	51	149	98	2
Building improvements	672	697	25	3
Leasehold improvements	-	-	-	
Total Buildings	2,663	846	(1,817)	
Total Property	2,663	846	(1,817)	
Plant and Equipment				
Heritage plant and equipment	-	-	-	
Plant, machinery and equipment	1,567	1,426	(141)	4
Fixtures, fittings and furniture	-	9	9	
Computers and telecommunications	315	270	(45)	5
Library books	-	-	-	
Total Plant and Equipment	1,882	1,705	(177)	
Infrastructure				
Roads	5,971	5,931	(40)	
Bridges	355	298	(57)	6
Footpaths and cycleways	236	393	157	7
Drainage	88	201	113	8
Recreational, leisure and community facilities	287	368	81	9
Parks, open space and streetscapes	605	200	(405)	10
Kerb and channel	-	208	208	11
Retaining walls and small culverts	-	18	18	
Other Infrastructure	30	-	(30)	12
Total Infrastructure	7,572	7,617	45	
Total Capital Works Expenditure	12,117	10,168	(1,949)	
Represented by:				
New asset expenditure	2,648	716	(1,932)	13
Asset renewal expenditure	8,446	8,943	497	
Asset expansion expenditure	-	222	222	
Asset upgrade expenditure	1,023	287	(736)	14
Total Capital Works Expenditure	12,117	10,168	(1,949)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	The Terang Kindergarten Project with total value of \$1,940,000 is a Work in Progress with an expected completion date of January 2016. \$461,000 was placed in WIP, with the remaining budget on the project to be carried forward.
2	Heritage buildings	Primarily due to an amount of \$63,000 carried forward from the previous year, for the reinforcement of the stage at the Theatre Royal. As well as \$37,000 budgeted against building improvements was spent on a heritage building.
3	Building improvements	Variance primarily due to works carried forward from 2013-2014 (\$340,000) and reclassification of actual expenditure to heritage buildings (\$37,000).
4	Plant, machinery and equipment	Several trucks had been purchased but the horizontal discharge units for the trucks had not been completed and we are awaiting their delivery. Also two vehicle were purchased which were still be fitted out for use.
5	Computers and telecommunications	The Corporate Information System was underspent by \$28,000. The projector upgrades project did not proceed and the integration between Tech1 and the Asset Management system was underspent by \$13,500 which will be carried forward to 2015-2016.
6	Bridges	Castle Carey (\$28,000) and Wild Dog (\$3,500) road bridges still a work in progress to be carried forward to 2015-2016.
7	Footpaths and cycleways	Variance due to works carried forward from 2013-2014 (\$65,000), Streetscape works building footpaths (\$250,000), off set by projects yet to be started to be carried forward to 2015-2016 (\$190,000).
8	Drainage	Variance due to actual expenditure reclassified from roads to drainage.
9	Recreational, leisure and community facilities	Variance due to woks carried forward from 2013-2014 to complete Camperdown Apex Park playground.
10	Parks, open space and streetscapes	Variance due to Port Campbell and part of Camperdown streetscapes remain as work in progress (\$300,000) and part of Camperdown streetscape reclassified as footpath expenditure (\$250,000). Offset by expenditure on unplanned grant funded public art (\$42,500) and a project budgeted as other infrastructure reallocated (\$30,000).
11	Kerb and channel	Expenditure on kerb and channel was classified as road expenditure in the budget.
12	Other Infrastructure	Variance due to actual expenditure, budgeted as other infrastructure, being reallocated to Parks, open space and streetscapes.
13	New asset expenditure	Primarily due to Terang Kindergarten project, a work in progress that will be carried forward to 2015-2016 (\$1,940,000) and new footpaths to be carried forward to 2015-2016 (\$190,000); as well as actual expenditure on parts of various projects reclassified as renewal.
14	Asset upgrade expenditure	Primarily due to actual expenditure reclassified as expansion (\$222,000) and renewal.

	2015 \$'000	2014 \$'000
Note 3 Rates and charges		
Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its market value.		
The valuation base used to calculate general rates for 2014/15 was \$4.764 billion (2013/14 \$5.022 billion). The 2014/15 rate in the capital improved value dollar was 0.0034134 (2013/14, 0.003077).		
General Rates	6,838	5,858
Municipal charge	1,473	1,903
Waste management charge	1,392	1,322
Farm/Rural	8,844	9,104
Vacant industrial land rates	8	-
Supplementary rates and rate adjustments	34	(22)
Cultural and recreational	6	6
Total rates and charges	18,595	18,171

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.

Note 4 Statutory fees and fines

Infringements and costs	12	22
Court recoveries	-	-
Town planning fees	92	65
Land information certificates	-	13
Health registrations	86	60
Landfill levy	105	96
Permits	16	21
Total statutory fees and fines	311	277

Note 5 User fees

Leisure centre and recreation	25	24
Private works	279	192
Waste management	2,730	2,643
Family day care	979	1,106
Home and community care	327	396
Saleyards	828	676
Mobile Child Care	96	95
Recreation programs	7	6
Caravan parks	-	45
Meals on wheels	77	67
Preschools	81	78
Local laws / animal control	120	95
Legal expenses recovered	11	2
Tourism projects	42	68
Cultural programs	34	47
Rentals and lease	94	41
Health fees	23	18
Youth programs	10	11
Building services	170	147
Other fees and charges	18	39
Total user fees	5,951	5,796

	2015 \$'000	2014 \$'000
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	14,684	5,632
State funded grants	3,819	5,484
Others	-	7
Total	<u>18,503</u>	<u>11,123</u>
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Family and children	467	560
Victoria Grants Commission - general	5,665	1,780
Victoria Grants Commission - local roads	4,905	1,531
<i>Recurrent - State Government</i>		
Community health	27	35
School crossing supervisors	7	20
Maternal and child health	185	185
Family and children	977	982
Home help	767	761
Senior citizens centres	31	28
Transport	54	49
Adult day care	17	68
Assessment/welfare support	126	165
Economic development	2	10
Recreation	11	20
Planning and development	-	5
State emergency service	52	52
Community planning	29	81
Organisational training	15	8
Youth Services	53	50
Meals on wheels	30	41
Emergency Management	26	-
Environment	129	-
Total recurrent operating grants	<u>13,575</u>	<u>6,431</u>
<i>Non-recurrent - State Government</i>		
Other recreation projects	250	57
Economic development	59	39
Corporate development	-	10
Other infrastructure	-	52
Art installations	-	30
Community services	-	24
Transport plans	-	18
Youth	-	2
Landfill / waste management	40	107
Environment	27	75
Families and children	-	51
Roads	20	-
Tourism	30	-
<i>Non-recurrent - Commonwealth Government</i>		
Mobile child care	3	-
Monument conservation	15	-
Total non-recurrent operating grants	<u>444</u>	<u>465</u>
Total operating grants	<u>14,019</u>	<u>6,896</u>

	2015	2014
	\$'000	\$'000
Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	2,160	1,761
Total recurrent capital grants	<u>2,160</u>	<u>1,761</u>
<i>Non-recurrent - State Government</i>		
Flood funding	250	24
Roads grants	1,148	1,055
Footpaths	-	5
Streetscape works	197	1,030
Building projects	-	91
Aerodrome	200	-
Saleyards	172	-
Other recreation projects	353	261
Waste	4	-
Total non-recurrent capital grants	<u>2,324</u>	<u>2,466</u>
Total capital grants	<u><u>4,484</u></u>	<u><u>4,227</u></u>
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:	-	-
Local government infrastructure fund	7	19
Timboon preschool project	-	101
HACC minor capital grant	-	28
Mobile child care minor capital grant	-	30
Mt Leura CCMA grant	2	8
Smiles for miles	9	6
Small rural kindergarten grant	76	46
VASP program	10	10
Public place recycling grant	-	46
War memorial restoration grants	-	22
Feasibility study grant	-	35
Lake Bullen Merri masterplan grant	-	70
Emergency plan - bushfire & heatwave	21	-
Simpson recreation reserve social room extension	104	-
Market prospectus	50	-
Stage 1 Waste Management innovation options investigation project	13	-
Terang lake precinct	30	-
Camperdown cricket club pitch realignment	6	-
Cobden aerodrome upgrade project	200	-
Skipton flood study	249	-
Bicycle strategy implementation	3	-
	<u>780</u>	<u>421</u>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:	-	-
Timboon preschool project	-	185
HACC minor capital grants	-	13
Camperdown racecourse grandstand	-	17
Mt Leura CCMA grant	-	1
Timboon preschool project	101	-
HACC minor capital grant	28	-
Mobile child care minor capital grant	30	-
Public place recycling grant	46	-
War memorial restoration grants	22	-
Feasibility study grant	35	-
Lake Bullen Merri masterplan grant	70	-
	<u>332</u>	<u>216</u>
Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	<u>448</u>	<u>205</u>

	2015	2014
	\$'000	\$'000
Note 7 Contributions		
Monetary		
Special charge schemes	114	-
Open space contributions	-	7
Recreational, leisure and community facilities	312	24
Economic development	14	14
Environment	-	5
Total contributions	440	50

Note 8 Reimbursements		
Vicroads	1,518	1,533
Swimming pools	51	51
Recreational facilities	65	107
Roads	-	344
Valuations	1	4
Emergency	-	71
Landcare	-	24
Insurance payments	102	83
Preschool	65	41
Flood recovery works	-	1,173
Information technology support services	26	-
Family day care	5	-
Other	12	83
Total Reimbursements	1,845	3,514

Note 9 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	468	624
Write down value of assets disposed	981	(573)
Write down value of disposed infrastructure assets	399	(71)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(912)	(20)

Note 10 Other income

Interest	402	278
Interest on rates	64	56
Interest on debtors	8	-
Ararat City Council*	-	63
Legal costs recovered	58	42
Other	78	201
Total other income	610	640

* The Corangamite Shire Council's building surveyor, during the 2013-2014 was employed between Corangamite Shire Council and Ararat City Council. Corangamite Shire payed all wages and associated costs and sort reimbursement from Ararat City throughout the year. This agreement ceased in 2014.

Note 11 (a) Employee costs

Wages and salaries	10,715	10,780
WorkCover	229	197
Annual leave and long service leave	956	1,391
Superannuation	1,276	1,197
Fringe benefits tax	173	184
Other employee related expenditure	91	168
Total employee costs	13,440	13,917

	2015	2014
	\$'000	\$'000
Note 11 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	278	277
	<u>278</u>	<u>277</u>
Employer contributions payable at reporting date.	1	2
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	876	858
Employer contributions - other funds	458	388
	<u>1,334</u>	<u>1,246</u>
Employer contributions payable at reporting date.	58	51

Corangamite Shire makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

Defined Benefit

Corangamite Shire does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Corangamite Shire in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

	2015	2014
	\$'000	\$'000
Note 12 Materials and services		
Materials and services	4,166	4,701
Contract payments	5,812	6,396
Utilities	578	731
Office administration	446	474
Total materials and services	11,002	11,828
Note 13 Bad and doubtful debts		
Other debtors	20	14
Total bad and doubtful debts	20	14
Note 14 Depreciation and amortisation		
Property	990	1,100
Plant and Equipment	918	2,105
Infrastructure	6,633	6,085
Total depreciation and amortisation	8,541	9,290
<i>Refer to note 23 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 15 Borrowing costs		
Bank overdraft charges	-	1
Interest - Borrowings	215	263
Total borrowing costs	215	264
Note 16 Other expenses		
Councillors' allowances	238	224
Council contributions	1,660	1,529
Insurance	463	501
Legal costs	90	101
Levies	36	286
Rent, rates and charges	184	93
Advertising and promotion	163	176
Meals, accomodation and refreshments	62	64
Subscriptions, publications and memberships	115	105
Landfill rehabilitation liability	122	
Other	96	27
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquitals	51	48
Auditors' remuneration - Internal	35	19
Total other expenses	3,315	3,173

	2015 \$'000	2014 \$'000
Note 17 Investment in associates, joint arrangements and subsidiaries		
Investments in associates		
Investments in associates accounted for by the equity method are:		
- Corangamite regional library corporation	214	311
<i>Background</i>		
Council shares an interest in the Corangamite regional library corporation with the Colac Otway Shire, Moyne Shire and Warrnambool City Council. Council's share of the investment in the library is based on the census estimates of the Coraabganute Shire's population as percentage of the total populations of the four Councils. The equity share is based on the audited accounts for the year ended 30 June 2015. Corangamite's share as at 30 June 2015 is 18.7% (2013/2014 18.7%)		
Fair value of Council's investment in Corangamite Regional Library Corporation	<u>214</u>	<u>311</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	(87)	(124)
Reported surplus(deficit) for year	(119)	34
Transfers (to) from reserves	-	3
Council's share of accumulated surplus(deficit) at end of year	<u>(206)</u>	<u>(87)</u>
Council's share of reserves		
Council's share of reserves at start of year	398	409
Transfers (to) from reserves	23	(11)
Council's share of reserves at end of year	<u>421</u>	<u>398</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	311	279
Share of surplus(deficit) for year	(119)	34
Share of asset revaluation	17	-
Share of reserves	5	(2)
Carrying value of investment at end of year	<u>214</u>	<u>311</u>

Notes to the Financial Report
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
Note 18 Cash and cash equivalents		
Cash on hand	2	3
Cash at bank	4,232	2,194
Money market call account less than 90 days	14,200	5,500
	<u>18,434</u>	<u>7,697</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Reserve funds allocated for specific future purposes (Note 30(b))	759	298
- Trust funds and deposits (Note 26)	250	388
- Grants received but not acquitted (Note 6)	780	421
Total restricted funds	<u>1,789</u>	<u>1,107</u>
Total unrestricted cash and cash equivalents	<u>16,645</u>	<u>6,590</u>
Note 19 Trade and other receivables		
Current		
Rates debtors	522	680
Net GST Receivable	341	184
Loans and advances to community organisations	9	9
Other debtors	1,236	1,578
Provision for doubtful debts - other debtors	(27)	(11)
Total current trade and other receivables	<u>2,081</u>	<u>2,440</u>
Non-current		
Special rate scheme	51	37
Loans and advances to community organisations	38	47
Total non-current trade and other receivables	<u>89</u>	<u>84</u>
Total trade and other receivables	<u>2,170</u>	<u>2,524</u>
a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	1,266	895
Past due by up to 30 days	-	98
Past due between 31 and 180 days	-	542
Past due between 181 and 365 days	-	-
Past due by more than 1 year	17	99
Total trade & other receivables (excluding statutory receivables and GST receivables)	<u>1,283</u>	<u>1,634</u>
b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	11	49
New Provisions recognised during the year	20	11
Amounts already provided for and written off as uncollectible	(4)	(48)
Amounts provided for but recovered during the year	-	(1)
Balance at end of year	<u>27</u>	<u>11</u>

	2015 \$'000	2014 \$'000
Note 20 Other financial assets		
Term deposits (greater than 90 days)	2,000	4,000
Economic development loans	470	-
Total other financial assets	<u>2,470</u>	<u>4,000</u>
Note 21 Inventories		
Inventories held for distribution	71	92
Inventories held for sale	22	23
Total inventories	<u>93</u>	<u>115</u>
Note 22 Other assets		
Prepayments	338	210
Accrued income	231	125
Total other assets	<u>569</u>	<u>335</u>

Note 23 Property, infrastructure plant and equipment

	Land - specialised (Land under roads)	Land - non specialised	Land improvements	Total Land	Heritage Buildings	Buildings - specialised	Buildings - non specialised	Leasehold Improvements	Total Buildings	Work In Progress	Total Property
Land and Buildings											
Note											
At fair value 1 July 2014	42,009	9,009	4,773	55,791	17,106	37,200	1,810	1,603	57,719	300	113,810
Accumulated depreciation at 1 July 2014	-	-	(159)	(159)	(11,765)	(18,972)	(128)	(1,147)	(32,012)	-	(32,171)
	42,009	9,009	4,614	55,632	5,341	18,228	1,682	456	25,707	300	81,639
Movements in fair value											
Acquisition of assets at fair value	-	-	-	-	149	194	-	-	343	503	846
Revaluation increments/decrements	-	-	(4,773)	(4,773)	-	-	-	-	-	-	(4,773)
Fair value of assets disposed	-	-	-	-	-	(810)	-	-	(810)	-	(810)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	473	-	-	473	(274)	199
	-	-	(4,773)	(4,773)	149	(143)	-	-	6	229	(4,538)
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	-	(125)	(752)	(17)	(96)	(990)	-	(990)
Accumulated depreciation of disposals	-	-	-	-	-	372	-	-	372	-	372
Impairment losses recognised in operating result	-	-	159	159	-	-	-	-	-	-	159
Transfers	-	-	-	-	-	(25)	-	-	25	-	(25)
	-	-	159	159	(125)	(405)	(17)	(96)	(643)	-	(484)
At fair value 30 June 2015	42,009	9,009	-	51,018	17,255	37,057	1,810	1,603	57,725	529	109,272
Accumulated depreciation at 30 June 2015	-	-	-	-	(11,890)	(19,377)	(145)	(1,243)	(32,655)	-	(32,655)
	42,009	9,009	-	51,018	5,365	17,680	1,665	360	25,070	529	76,617

Note 23 Property, infrastructure plant and equipment (cont'd)		Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Other	Work In Progress	Total plant and equipment
Plant and Equipment	Note						
At fair value 1 July 2014		12,832	1,118	1,696	110	-	15,756
Accumulated depreciation at 1 July 2014		(7,064)	(253)	(1,181)	-	-	(8,498)
		<u>5,768</u>	<u>865</u>	<u>515</u>	<u>110</u>	<u>-</u>	<u>7,258</u>
Movements in fair value							
Acquisition of assets at fair value		1,043	9	270	-	383	1,705
Revaluation increments/decrements		-	-	-	-	-	-
Fair value of assets disposed		(720)	(202)	-	-	-	(922)
Impairment losses recognised in operating result		-	-	-	-	-	-
Transfers		-	(199)	-	-	-	(199)
		<u>323</u>	<u>(392)</u>	<u>270</u>	<u>-</u>	<u>383</u>	<u>584</u>
Movements in accumulated depreciation							
Depreciation and amortisation		(612)	(82)	(224)	-	-	(918)
Accumulated depreciation of disposals		295	40	-	-	-	335
Impairment losses recognised in operating result		-	-	-	-	-	-
Transfers		-	25	-	-	-	25
		<u>(317)</u>	<u>(17)</u>	<u>(224)</u>	<u>-</u>	<u>-</u>	<u>(558)</u>
At fair value 30 June 2015		13,155	726	1,966	110	383	16,340
Accumulated depreciation at 30 June 2015		(7,381)	(270)	(1,405)	-	-	(9,056)
		<u>5,774</u>	<u>456</u>	<u>561</u>	<u>110</u>	<u>383</u>	<u>7,284</u>

Note 23 Property, infrastructure, plant and equipment (cont'd)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Kerb & Channel	Culverts & Retaining Walls	Other Infrastructure	Work In Progress	Total Infrastructure
At fair value 1 July 2014		299,112	45,798	16,068	35,608	1,777	2,172	33,331	26,919	42	241	461,068
Accumulated depreciation at 1 July 2014		(86,644)	(4,646)	(3,905)	(15,398)	(719)	(1,086)	(8,892)	(14,930)	(4)	-	(136,224)
		<u>212,468</u>	<u>41,152</u>	<u>12,163</u>	<u>20,210</u>	<u>1,058</u>	<u>1,086</u>	<u>24,439</u>	<u>11,989</u>	<u>38</u>	<u>241</u>	<u>324,844</u>
Movements in fair value												
Acquisition of assets at fair value		5,639	298	393	201	368	200	208	18	-	292	7,617
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed		(2,032)	(271)	(144)	(3)	(122)	-	(88)	-	-	-	(2,660)
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-	-
Transfers		211	-	-	-	29	1	-	-	-	(241)	-
		<u>3,818</u>	<u>27</u>	<u>249</u>	<u>198</u>	<u>275</u>	<u>201</u>	<u>120</u>	<u>18</u>	<u>-</u>	<u>51</u>	<u>4,957</u>
Movements in accumulated depreciation												
Depreciation and amortisation		(4,624)	(435)	(323)	(317)	(65)	(118)	(393)	(357)	(1)	-	(6,633)
Accumulated depreciation of disposals		2,032	60	54	2	95	-	63	-	-	-	2,306
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-	-	-	-	-
		<u>(2,592)</u>	<u>(375)</u>	<u>(269)</u>	<u>(315)</u>	<u>30</u>	<u>(118)</u>	<u>(330)</u>	<u>(357)</u>	<u>(1)</u>	<u>-</u>	<u>(4,327)</u>
At fair value 30 June 2015		302,930	45,825	16,317	35,806	2,052	2,373	33,451	26,937	42	292	466,025
Accumulated depreciation at 30 June 2015		(89,236)	(5,021)	(4,174)	(15,713)	(689)	(1,204)	(9,222)	(15,287)	(5)	-	(140,551)
		<u>213,694</u>	<u>40,804</u>	<u>12,143</u>	<u>20,093</u>	<u>1,363</u>	<u>1,169</u>	<u>24,229</u>	<u>11,650</u>	<u>37</u>	<u>292</u>	<u>325,474</u>
Total	Property, infrastructure, plant and equipment											
	At fair value 30 June 2015		591,637									
	Accumulated depreciation at 30 June 2015		<u>(182,262)</u>									
			<u>409,375</u>									

Note 23 Property, infrastructure, plant and equipment cont'd

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer - Mr Stephen Davey AAPI Certified Practising Valuer of Opteon Property Advisors. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land (Land under roads) is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

Asset Category	Level 1	Level 2	Level 3
Land - non specialised	-	-	9,009
Specialised Land Under Roads	-	-	42,009
Land Improvements	-	-	-
Heritage Buildings	-	-	5,365
Buildings Specialised	-	-	17,680
Buildings Non Specialised	-	1,665	-
Leasehold Improvements	-	-	360
Total	-	1,665	74,423

Valuation of infrastructure

Valuation of infrastructure assets has been determined using the depreciated replacement cost method undertaken by Mr. Ashay Prabhu Aus CPEng of Assetic Asset Management Practitioners.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

Asset Category	Level 1	Level 2	Level 3
Roads	-	-	213,694
Bridges	-	-	40,804
Footpaths and cycleways	-	-	12,143
Drainage	-	-	20,093
Recreational, leisure and community facilities	-	-	1,363
Parks, open space and streetscapes	-	-	1,169
Kerb and Channel	-	-	24,229
Culverts and retaining walls	-	-	11,650
Other Infrastructure	-	-	37
TOTAL	-	-	325,182

Note 23	Property, infrastructure, plant and equipment cont'd	2015 \$'000	2014 \$'000
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Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.24 and \$7.32 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$2250 to \$2600 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 50 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure asses are determined on the basis of the current condition of the asset and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

Land under roads	42,009	42,009
Total specialised land	42,009	42,009

	2015 \$'000	2014 \$'000
Note 24 Fair value adjustment landfill rehabilitation asset		
Landfill at beginning of year	4,614	4,773
Depreciation	-	(159)
Fair Value adjustment of landfill	(4,332)	-
Fair Value adjustment of revaluation reserve	(282)	-
Landfill at end of year	<u>-</u>	<u>4,614</u>
	\$'000	\$'000
Note 25 Trade and other payables		
Trade payables	2,501	1,734
Accrued expenses	695	562
Total trade and other payables	<u>3,196</u>	<u>2,296</u>
Note 26 Trust funds and deposits		
Refundable deposits	43	38
Retention amounts	51	110
Fire Service Levy	88	70
Other refundable deposits	68	240
Total trust funds and deposits	<u>250</u>	<u>458</u>

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Note 27 Provisions

	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000
2015			
Balance at beginning of the financial year	4,773	79	4,852
Additional provisions	122	-	122
Amounts used	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	4,895	79	4,974
2014			
Balance at beginning of the financial year	1,882	79	1,961
Additional provisions	2,891	-	2,891
Amounts used	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	4,773	79	4,852
		2015	2014
		\$'000	\$'000
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave		851	1,235
Rostered Days Off		134	40
Long service leave		200	200
		1,185	1,475
Current provisions expected to be wholly settled after 12 months			
Annual leave		265	-
Long service leave		2,056	2,157
		2,321	2,157
Total current provisions		3,506	3,632
Non-current			
Long service leave		290	428
Total non-current provisions		290	428
Aggregate carrying amount of employee provisions:			
Current		3,506	3,632
Non-current		290	428
Total aggregate carrying amount of employee provisions		3,796	4,060
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs		4.31%	3.65%
Weighted average discount rates		1.09%	1.15%
Weighted average settlement period		12 mths	12 mths

	2015 \$'000	2014 \$'000
Note 27 Provisions (cont'd)		
(b) Land fill restoration		
Non-current	4,895	4,773
	<u>4,895</u>	<u>4,773</u>
(c) Other minor quarries		
Non-current	79	79
	<u>79</u>	<u>79</u>
Weighted average increase in costs	2.57%	190.81%
Weighted average discount rates	2.86%	3.43%
Weighted average settlement period	30 yrs	30 yrs
Total Provisions		
Current	3,506	3,632
Non Current	5,264	5,280
	<u>8,770</u>	<u>8,912</u>
Note 28 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	1,388	1,326
	<u>1,388</u>	<u>1,326</u>
Non-current		
Borrowings - secured	3,181	3,324
	<u>3,181</u>	<u>3,324</u>
Total	<u>4,569</u>	<u>4,650</u>
a) The maturity profile for Council's borrowings is:		
Not later than one year	1,388	1,326
Later than one year and not later than five years	1,923	1,523
Later than five years	1,258	1,801
	<u>4,569</u>	<u>4,650</u>
c) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	1,388	1,326
Non-current	3,181	3,324
	<u>4,569</u>	<u>4,650</u>

Note 29 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation of Corangamite Regional Library Corporation	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
2015				
Property				
Land	6,223	-	-	6,223
Land improvements	282	(282)	-	-
Buildings	10,963	-	-	10,963
	17,468	(282)	-	17,186
Infrastructure				
Roads	96,751	-	-	96,751
Bridges	34,910	-	-	34,910
Footpaths and cycleways	12,244	-	-	12,244
Drainage	16,323	-	-	16,323
Kerb and channel	20,234	-	-	20,234
Recreational, leisure and community facilities	58	-	-	58
Parks, open space and streetscapes	26	-	-	26
Culverts and retaining walls	5,288	-	-	5,288
Furniture and equipment	141	-	-	141
Library	346	15	-	361
Bus shelters	1	-	-	1
	186,322	15	-	186,337
Total asset revaluation reserves	203,790	(267)	-	203,523
2014				
Property				
Land	4,090	2,133	-	6,223
Land improvements	207	75	-	282
Buildings	17,425	(6,462)	-	10,963
	21,722	(4,254)	-	17,468
Infrastructure				
Roads	87,850	8,901	-	96,751
Bridges	28,276	6,634	-	34,910
Footpaths and cycleways	6,083	6,161	-	12,244
Drainage	13,224	3,099	-	16,323
Kerb and channel	10,238	9,996	-	20,234
Recreational, leisure and community facilities	58	-	-	58
Parks, open space and streetscapes	26	-	-	26
Culverts and retaining walls	4,136	1,152	-	5,288
Furniture and equipment	141	-	-	141
Library	351	-	(5)	346
Bus shelters	1	1	-	1
	150,383	35,944	(5)	186,322
Total asset revaluation reserves	172,105	31,690	(5)	203,790

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Note 29

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2015				
Resort and recreation reserve	116	-	(4)	112
Landfill rehabilitation reserve	35	80	-	115
Superannuation reserve	0	400	-	400
Other reserves	147	-	(15)	132
Total Other reserves	298	480	(19)	759
2014				
Resort and recreation reserve	109	7	-	116
Landfill rehabilitation reserve	-	35	-	35
Other reserves	-	147	-	147
Total Other reserves	109	189	-	298

	2015 \$'000	2014 \$'000
Note 30 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	4,359	625
Depreciation/amortisation	8,541	9,290
Profit/(loss) on disposal of property, infrastructure, plant and equipment	912	20
Fair value adjustment - air space asset	4,332	-
Borrowing Costs in Financing activities	215	264
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	360	(784)
(Increase)/Decrease in other assets	(234)	93
Increase/(decrease) in accrued income	-	1,580
Increase/(decrease) in trade and other payables	870	(422)
Increase/(Decrease)in trust funds and deposits	(138)	243
(Increase)/decrease in inventories	22	(9)
Increase/(Decrease) in provisions	(142)	400
(Increase)/Decrease in Library Corporation	97	(34)
Net cash provided by/(used in) operating activities	<u>19,194</u>	<u>11,266</u>
Note 31 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 18)	18,434	11,697
Less bank overdraft (used)	-	-
	<u>18,434</u>	<u>11,697</u>
Note 32 Financing arrangements		
Bank overdraft	960	960
Used facilities	-	-
Unused facilities	<u>960</u>	<u>960</u>

Note 33 Commitments

The Council has entered into the following commitments

2015	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	140	148	499	-	787
Garbage collection	246	260	878	-	1,384
Green waste collection	165	175	591	-	931
Street litter bins	83	88	297	-	468
Skip bin transfer	70	60	-	-	130
Recreation facility management	120	95	249	83	547
Simpson recreation reserve	280	-	-	-	280
Banking	45	-	-	-	45
Home care services	45	-	-	-	45
Water quality monitoring	41	41	-	-	82
Cleaning contract	87	87	-	-	174
Meals for delivery	22	-	-	-	22
Total	1,344	954	2,514	83	4,895
Capital					
Streetscape	114	-	-	-	114
Plant & Machinery	526	-	-	-	526
Terang childrens centre	964	-	-	-	964
Total	1,604	-	-	-	1,604

2014	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	185	-	-	-	185
Garbage collection	166	-	-	-	166
Green waste collection	117	-	-	-	117
Skip bin transfer	70	140	-	-	210
Recreation facility management	300	9	-	-	309
Banking	53	-	-	-	53
Water quality monitoring	41	82	-	-	123
Total	932	231	-	-	1,163

	2015 \$'000	2014 \$'000
Note 34 Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	129	124
Later than one year and not later than five years	442	444
Later than five years	4,171	2,660
	4,742	3,228

(b) Operating lease receivables

The Council has entered into commercial property leases, consisting of surplus freehold office complexes and several crown land recreational properties. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Not later than one year	74	-
Later than one year and not later than five years	306	-
Later than five years	201	-
	581	-

Note 35 Contingent liabilities and contingent assets

Contingent liabilities

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in this financial report.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount

Funding arrangements

Corangamite Shire makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2015 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Corangamite Shire is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.5% pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributions

Regular Contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, The Corangamite Shire makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate

In addition, the Corangamite Shire reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Note 35 Contingent liabilities and contingent assets (cont)

Funding Calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Corangamite Shire) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which the Corangamite Shire is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Corangamite Shire was notified of the results of the actuarial investigation during January 2015.

Superannuation contributions

Contributions by the Corangamite Shire (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.50%	\$278	\$277
Vision Super	Accumulation	9.50%	\$955	\$858
Other Choice Funds	Accumulation	9.50%	\$501	\$388

In addition to the above contributions, Corangamite Shire has paid no unfunded liability payments to Vision Super (2013/14 \$Nil during the 2013/14 year). There were \$58,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$280,000.

Landfill

Council operates a landfill at Naroghid. Council will have to carry out further site rehabilitation works in the future, however rehabilitates to current EPA requirements each cell as it is completed.

Council has taken action to minimise the potential discharge of waste water into the nearby waterways from the Council saleyards. While this action does minimise the risk, there is a contingent liability of \$250,000 if such an event occurs.

Note 35 Contingent liabilities and contingent assets (cont)

Noorat Tip Site

Council are currently working with the EPA to develop a suitable future management agreement for the closed Noorat landfill. This site has been closed and rehabilitated for 15 years and an ongoing water quality monitoring program has been in operation since closure. The negotiations with the EPA relate to the further monitoring of the site based on risk and the need to obtain a better understanding of the sites impact on the surrounding environment. It is anticipated that these discussions will be finalised by the end 2015 and the financial impact of ongoing monitoring will be assessed at this time

Guarantees for loans to other entities

Guarantee - Camperdown Football Netball Club - Original Loan \$300,000

The amount outstanding as at 30 June 2015 is \$451 (2014 \$14,110)

Guarantee is in respect of a loan from the ANZ bank

Security Deposit Guarantee - National Australia Bank

This guarantee has been in place since 9 February 1996 for \$45,000

Contract Performance Guarantee - Department of Natural Resources and Environment

This guarantee has been in place since 24 March 1999 for \$42,500

Contract Performance Guarantee - State of Victoria - Environment Protection Authority

This guarantee has been in place since 30 April 2008 for \$728,000. The guarantee is in respect of remedial action for the Corangamite Regional Landfill at Naroghid

Other Guarantee - Environment Protection Authority (formally Department of Agriculture Energy and Minerals.

This guarantee has been in place since 20 March 1996 for \$6,000. Extractive Industry Licence #1280

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee

Note 36

Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 36.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 37, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 29.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.00% and -0.25% in market interest rates (AUD) from year-end rates of 2.85%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Note 37 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Councillor Chris O'Connor (Mayor)
	Councillor Ruth Gstrein
	Councillor Geoff Smith
	Councillor Jo Beard
	Councillor Peter Harkin
	Councillor Wayne Oakes
	Councillor Neil Trotter
Chief Executive Officer	Andrew Mason

(ii) Remuneration of Responsible Persons

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2015 No.	2014 No.
\$20,000 - \$29,999	6	6
\$70,000 - \$79,999	1	1
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-
	<u>8</u>	<u>8</u>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	\$'000 454	\$'000 440

(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds \$136,000

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2015 No.	2014 No.
Income Range:		
< \$136,000	1	2
\$150,000 - \$159,999	-	2
\$160,000 - \$169,999	3	1
	<u>4</u>	<u>5</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	\$'000 598	\$'000 550

(iv) Responsible persons retirement benefits

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible persons was \$Nil (2014 - \$Nil)

Note 37 Related party transactions (cont'd)

(v) **Loans to responsible persons**

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting period (2013/2014 \$Nil).

(vi) **Transactions with responsible persons**

No transactions, other than remuneration payments or the reimbursement of approved Council expenses have occurred in the reporting period (2013/2014 Nil).

Note 38 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 39 Special committees and other activities

The following section 86 committees are not included in this financial report:

Berrybank Hall Committee of Management
Camperdown Swimming Pool Committee of Management
Cobden Airstrip Committee of Management
Cobden Civic Hall Committee of Management
Cobden Swimming Pool Committee of Management
Ecklin Hall Committee of Management
Kilnoorat Cemetery Committee of Management
Lismore Swimming Pool Committee of Management
Mount Leura and Mount Sugarloaf Committee of Management
Port Campbell Public Purposes Reserve Committee of Management
Simpson and District Hall Committee of Management
Skipton Swimming Pool Committee of Management
Ternag Civic Centre Committee of Management
Terang Swimming Pool Committee of Management
Timboon and District Public Hall Committee of Management
Timboon Sporting Centre Committee of Management
Timboon Swimming Pool Committee of Management

Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Kathryn Crothers CPA
Principal Accounting Officer

Date : 22/09/2015
Camperdown

In our opinion the accompanying financial statements present fairly the financial transactions of Corangamite Shire Council for the year ended 30 June 2015 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Cr Ruth Gstrein
Councillor

Date : 22/09/2015
Camperdown



Cr Neil Trotter
Councillor

Date : 22/09/2015
Camperdown



David Rae
Chief Executive Officer (Acting)

Date : 22/09/2015
Camperdown

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Corangamite Shire Council

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Corangamite Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

The Councillors of the Corangamite Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

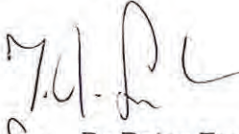
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Corangamite Shire Council as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
23 September 2015



Dr Peter Frost
Acting Auditor-General