



# Tweed Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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"TOGETHER FORWARD"



**TWEED**  
SHIRE COUNCIL

## Tweed Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2013

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#### Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 17 October 2013. Council has the power to amend and reissue these financial statements.
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# Tweed Shire Council

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their council and community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2013.

The format of the financial statements is standard across all NSW councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

### About the Councillor/Management Statement

The Financial Statements must be certified by senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the Financial Statements.

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant and Equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities and "Net Wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the five primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides two audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position,
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance and financial position.

### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Division of Local Government.

## Tweed Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2013

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 17 October 2013.**



Barry Longland  
MAYOR



Michael Armstrong  
COUNCILLOR



Troy Green  
ACTING GENERAL MANAGER



Michael Chorlton  
RESPONSIBLE ACCOUNTING OFFICER

## Tweed Shire Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
85,185	Rates & Annual Charges	3a	85,683	79,509
34,749	User Charges & Fees	3b	37,177	33,843
6,089	Interest & Investment Revenue	3c	10,933	11,829
1,854	Other Revenues	3d	2,414	2,396
16,215	Grants & Contributions provided for Operating Purposes	3e,f	20,202	26,367
7,698	Grants & Contributions provided for Capital Purposes	3e,f	25,214	23,859
<b>151,790</b>	<b>Total Income from Continuing Operations</b>		<b>181,623</b>	<b>177,803</b>
<b>Expenses from Continuing Operations</b>				
45,737	Employee Benefits & On-Costs	4a	46,051	43,112
13,589	Borrowing Costs	4b	14,035	14,105
46,900	Materials & Contracts	4c	46,941	43,734
39,644	Depreciation & Amortisation	4d	40,078	38,167
14,877	Other Expenses	4e	15,735	13,647
-	Net Losses from the Disposal of Assets	5	6,651	5,570
<b>160,747</b>	<b>Total Expenses from Continuing Operations</b>		<b>169,491</b>	<b>158,335</b>
<b>(8,957)</b>	<b>Operating Result from Continuing Operations</b>		<b>12,132</b>	<b>19,468</b>
<b>(8,957)</b>	<b>Net Operating Result for the Year</b>		<b>12,132</b>	<b>19,468</b>
(8,957)	Net Operating Result attributable to Council		12,132	19,468
<b>(16,655)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(13,082)</b>	<b>(4,391)</b>

(1) Original Budget as approved by Council - refer Note 16

## Tweed Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>12,132</b>	<b>19,468</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	109,241	23,486
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>109,241</b>	<b>23,486</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves	20	(866)	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>(866)</b>	<b>-</b>
<b>Total Other Comprehensive Income for the year</b>		<b>108,375</b>	<b>23,486</b>
<b>Total Comprehensive Income for the Year</b>		<b>120,507</b>	<b>42,954</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>120,507</b>	<b>42,954</b>

## Tweed Shire Council

## Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	19,275	13,019
Investments	6b	95,715	96,942
Receivables	7	22,071	21,908
Inventories	8	807	1,667
Other	8	1,507	2,261
<b>Total Current Assets</b>		<b>139,375</b>	<b>135,797</b>
<b>Non-Current Assets</b>			
Investments	6b	66,781	65,380
Receivables	7	2,987	3,102
Infrastructure, Property, Plant & Equipment	9	2,662,274	2,542,307
Investment Property	14	1,276	1,327
Intangible Assets	25	754	730
<b>Total Non-Current Assets</b>		<b>2,734,072</b>	<b>2,612,846</b>
<b>TOTAL ASSETS</b>		<b>2,873,447</b>	<b>2,748,643</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	13,353	13,756
Borrowings	10	7,653	9,024
Provisions	10	16,721	15,770
<b>Total Current Liabilities</b>		<b>37,727</b>	<b>38,550</b>
<b>Non-Current Liabilities</b>			
Payables	10	460	486
Borrowings	10	181,458	182,028
Provisions	10	6,074	5,219
<b>Total Non-Current Liabilities</b>		<b>187,992</b>	<b>187,733</b>
<b>TOTAL LIABILITIES</b>		<b>225,719</b>	<b>226,283</b>
<b>Net Assets</b>		<b>2,647,728</b>	<b>2,522,360</b>
<b>EQUITY</b>			
Retained Earnings	20	1,224,315	1,207,322
Revaluation Reserves	20	1,423,413	1,315,038
Council Equity Interest		2,647,728	2,522,360
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>2,647,728</b>	<b>2,522,360</b>

## Tweed Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,207,322	1,315,038	2,522,360	-	2,522,360
a. Correction of Prior Period Errors	20 (c)	4,861	-	4,861	-	4,861
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>1,212,183</b>	<b>1,315,038</b>	<b>2,527,221</b>	<b>-</b>	<b>2,527,221</b>
<b>b. Net Operating Result for the Year</b>		<b>12,132</b>	<b>-</b>	<b>12,132</b>	<b>-</b>	<b>12,132</b>
c. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	109,241	109,241	-	109,241
- Other Movements	20b (ii)	-	(866)	(866)	-	(866)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>108,375</b>	<b>108,375</b>	<b>-</b>	<b>108,375</b>
<b>Total Comprehensive Income</b> (b&c)		<b>12,132</b>	<b>108,375</b>	<b>120,507</b>	<b>-</b>	<b>120,507</b>
<b>Equity - Balance at end of the reporting period</b>		<b>1,224,315</b>	<b>1,423,413</b>	<b>2,647,728</b>	<b>-</b>	<b>2,647,728</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,211,450	1,291,552	2,503,002	-	2,503,002
a. Correction of Prior Period Errors	20 (c)	(23,596)	-	(23,596)	-	(23,596)
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>1,187,854</b>	<b>1,291,552</b>	<b>2,479,406</b>	<b>-</b>	<b>2,479,406</b>
<b>b. Net Operating Result for the Year</b>		<b>19,468</b>	<b>-</b>	<b>19,468</b>	<b>-</b>	<b>19,468</b>
c. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	23,486	23,486	-	23,486
<b>Other Comprehensive Income</b>		<b>-</b>	<b>23,486</b>	<b>23,486</b>	<b>-</b>	<b>23,486</b>
<b>Total Comprehensive Income</b> (b&c)		<b>19,468</b>	<b>23,486</b>	<b>42,954</b>	<b>-</b>	<b>42,954</b>
<b>Equity - Balance at end of the reporting period</b>		<b>1,207,322</b>	<b>1,315,038</b>	<b>2,522,360</b>	<b>-</b>	<b>2,522,360</b>

## Tweed Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
85,185	Rates & Annual Charges		86,070	77,994
34,899	User Charges & Fees		40,627	32,658
6,089	Investment & Interest Revenue Received		10,569	12,613
23,912	Grants & Contributions		35,478	34,653
-	Bonds, Deposits & Retention amounts received		86	143
1,854	Other		9,375	2,948
<b>Payments:</b>				
(45,737)	Employee Benefits & On-Costs		(44,232)	(43,627)
(45,875)	Materials & Contracts		(56,311)	(44,948)
(13,589)	Borrowing Costs		(13,359)	(14,050)
(16,047)	Other		(15,129)	(13,964)
<b>30,691</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>53,174</b>	<b>44,420</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		170,654	156,000
-	Sale of Investment Property		-	258
2,293	Sale of Infrastructure, Property, Plant & Equipment		1,759	3,668
-	Deferred Debtors Receipts		129	108
<b>Payments:</b>				
-	Purchase of Investment Securities		(170,216)	(154,330)
(41,956)	Purchase of Infrastructure, Property, Plant & Equipment		(46,552)	(50,242)
-	Purchase of Interests in Joint Ventures & Associates		-	(20)
<b>(39,663)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(44,226)</b>	<b>(44,558)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
6,660	Proceeds from Borrowings & Advances		6,060	9,725
<b>Payments:</b>				
(7,094)	Repayment of Borrowings & Advances		(8,752)	(5,602)
<b>(434)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(2,692)</b>	<b>4,123</b>
<b>(9,406)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>6,256</b>	<b>3,985</b>
99,104	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	13,019	9,035
<b>89,698</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>19,275</b>	<b>13,020</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	162,496	162,322
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>181,771</b>	<b>175,342</b>

Please refer to Note 11 for additional cash flow information

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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	n/a - not applicable	

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

##### The Local Government Reporting Entity

For the period 1 July 2012 to 30 June 2013, the Tweed Shire Council had its principal business office at the Tweed Civic Centre, Tumbulgum Road, Murwillumbah NSW 2484. Tweed Shire Council is empowered by the LGA and its Charter is specified in Section 8 of the Act.

A description of the nature of the Council's operations and its principal activities are provided in Note 2(b) of these statements. Tweed Shire Council is classified as a "not-for-profit" entity as defined by Australian Accounting Standards.

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities for the financial period ended 30 June 2013. They include the consolidated fund and other entities through which Council controls resources to carry on its functions. In the process of reporting Council as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

##### (a) Basis of preparation

###### (i) Background

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

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

##### (ii) Compliance with International Financial Reporting Standards (IFRS)

Because AASBs are sector neutral, some standards either:

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

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

Under the Local Government Act 1993 (as amended) and Regulation and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

##### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### (iv) Early adoption of Accounting Standards

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

##### (v) Basis of Accounting

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

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

- (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

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

#### (vi) Changes in Accounting Policies

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

#### (vii) Critical Accounting Estimates

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

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

#### **Critical judgements in applying the entity's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of its receivables in Note 7.
- (ii) Projected Developer Contributions - Council has used significant judgement in determining future Section 94 of the EPA Act 1979 (EPA) income and expenditure in Note 17.

#### **(b) Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

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

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

#### (i) The Consolidated Fund

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

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

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

- *General Purpose Operations*
- *Water Supply*
- *Sewerage Service*
- *Tweed Coast Holiday Parks*

Council does not have any minority interest in other entities.

Council is a member of the Far North Coast Weeds but has no equity in its operation.

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

##### Introduction

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

Generally, these types of operations and entities could range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, bodies and other outside organisations.

Section 358 of the *Local Government Act 1993* restricts councils in forming or participating in the formation of a corporation or other entity without first obtaining the consent of the Minister for Local Government. The restriction also extends to acquiring a controlling interest in a corporation or other entity.

An entity for the purpose of section 358 of the Act means any partnership, trust, joint venture, syndicate or other body (whether or not incorporated). It does not include any such entity that is of a class prescribed by the Local Government (General) Regulation 2005 as not being within this definition. To date, the Regulation has not prescribed such a class.

It should be noted that the restrictions on the formation of corporations and other entities does not prevent a council from being a member of a co-operative society or a company limited by guarantee and licensed not to use the word "limited" in its name.

DLG Circular 07-49

At present Council has interests in the following entities:-

#### **Richmond Tweed Regional Library (RTRL)**

The Richmond-Tweed Regional Library was established in January 1971, when Lismore City Council and Ballina Shire Council signed an agreement to develop a joint free public library service. They were quickly joined by Byron Shire Council and Tweed Shire Council, and the Richmond-Tweed Regional Library Service was created.

Currently the Regional Library serves a rapidly growing regional population of approximately 215,000, over 50% of whom are registered library members.

Lismore City Council is the 'Executive Council' of the Richmond Tweed Regional Library.

Richmond Tweed Regional Library is not a separate legal entity and as such all financial reporting is

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

consolidated with the Financial Statements prepared by Lismore City Council.

##### **Far North Coast Weeds (FNCW)**

Far North Coast County Council, trading as Far North Coast Weeds (FNCW), works with a wide range of stakeholders to combat the spread of noxious weeds in the Northern Rivers region of NSW.

FNCW is the Local Control Authority responsible for administering the Noxious Weeds Act 1993 in the region.

FNCW includes all of Tweed, Byron, Ballina, Lismore City, Richmond Valley and Kyogle shires.

Far North Coast Weeds (FNCW) has six councillors, one appointed by each of its constituent councils.

The delegate from each council is a councillor of FNCW and does not specifically represent the interest of their own council, but represents the interests of the county district.

##### **North East Weight of Loads Group (NEWLOG)**

The aims and objectives of NEWLOG are to preserve the road system asset and promote road safety, by encouraging heavy vehicles to comply with weight regulations on local and classified roads.

The member Councils are Tweed, Byron, Ballina, Kyogle, Richmond Valley, Lismore City, Clarence Valley and Tenterfield Council and the Group is administered by Ballina Shire Council.

NEWLOG is a cooperative that relies on income from contributions from member Councils, a contribution from the RTA and income from fines.

##### **Arrangements - Control and Influence**

###### ***Arrangements***

##### **Associated Entities & Joint Venture Entities**

Arrangements in the form of a separate entity that deploys the resources of the operation itself; under 'associated entities', a party significantly influences the operations but does not control them, whilst for joint venture entities; a party jointly controls the operations with other parties.

##### **Joint Venture Operations**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants; under joint venture operations, a party jointly controls the operations with the other parties involved.

##### **Definitions (AASB 131)**

*Control* is the power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.

*Significant influence* is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

*Joint control* is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

A *joint venture* is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

##### **Accounting Treatment**

###### ***Accounting treatment***

The accounting and reporting for the various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of (i) interest and (ii) control and the type (form) of entity/operation and the overall materiality to Council's operations.

##### **Joint Venture Entities**

Equity Method - an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

venturer's share of the profit or loss of the jointly controlled entity.

##### **Joint Venture Operations**

Proportionate consolidation - a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

##### **Associated Entities**

Equity Method - an interest in an associated entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

##### **Additional Information**

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

##### **(d) Leases**

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

##### **Finance Leases**

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

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

##### **Operating Leases**

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

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

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

##### **(e) Cash and Cash Equivalents**

Cash and cash equivalents includes;

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

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

##### **(f) Investments and Other Financial Assets**

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

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

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

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

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

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

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

Derivatives are classified as held for trading unless they are designated as hedges.

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

##### (ii) **Loans and receivables**

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

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

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

##### (iii) **Held-to-maturity investments**

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

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

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

##### (iv) **Available-for-sale financial assets**

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

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### **Financial Assets – Reclassification**

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

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

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

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

##### (ii) Subsequent Measurement

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

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

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

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

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

#### Impairment

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

##### (iii) Types of Investments

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

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

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

##### (g) Fair value estimation

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow

analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

##### (h) Receivables

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

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

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

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

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

Indicators of impairment include; significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue). Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

When a receivable for which an impairment allowance had been recognised becomes

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

uncollectible in a subsequent period, it is written off against the allowance account.

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

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

###### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

The use of an asset over its service life requires the injection of both capital funds to prolong its use and maintenance expenditure to keep the asset in working order.

As a general guide, repair and maintenance of an asset is an expense of one accounting period, whereas a capital expense changes or replaces the service potential of the asset and is expensed over the useful remaining life of the asset.

###### Maintenance Expenditure on an asset

Expenditure on assets should be treated as maintenance expenditure in the following circumstances:

- It is part of an ongoing, regular or rotational maintenance, repairs and maintenance program.
- It will not significantly increase the service potential or useful life of the asset.
- It relates to repair of localised problems such as subsidence, breaking up, etc.
- The basic qualities of the asset are not being upgraded.
- Whilst relating to the acquisition or upgrading of an asset, it is not material to the total value of the relevant nature / type asset category

###### Capital Expenditure on an asset

Expenditure on assets should be classified as capital expenditure in the following circumstances:

- It is expected to significantly increase the practical capacity or useful life of the asset.
- It is an upgrading of the basic qualities of the asset.
- It is a renewal of an existing asset, which had reached the point of being unserviceable.
- It is reconstruction of an asset, which was destroyed.
- It is material to the total value of the relevant nature/type asset category

###### Initial Recognition and Capitalisation of Costs

On initial recognition, an assets cost is measured at its fair value.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

Expenditure that is directly attributable to the acquisition should be capitalised when:-

- It is probable that future (i.e. beyond the current financial year) economic benefits associated with the item will flow to Council; and
- The cost of the item can be measured reliably, and this amount (excluding any refundable taxes (GST etc)) is equal to or greater than the asset capitalisation thresholds stated below.

The initial cost of an asset should include the following items:

- Any directly attributable costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Council including; initial delivery and handling costs; costs of site preparation; installation and assembly costs.
- Purchase price, including import duties, professional fees and non refundable purchase taxes, after deducting trade discounts and rebates.
- The cost of employees/contract staff including: - design, survey, project management, supervision, and construction staff and their associated on-costs, set each financial year, to recover workers compensation, superannuation, leave entitlements and training.
- Fleet/plant hire costs (predominately internal hire rates set by Fleet Manager)
- Initial estimate of costs of decommissioning, dismantling and removing the item and restoring the site on which it is located, where the Council is under an obligation to do so and the amount can be reliably measured (i.e. make-good).

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

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar

borrowing could be obtained from an independent financier under comparable terms and conditions.

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

#### **Capitalisation Procedures**

During the budget process, project expenditure is identified and classified as a capital or operating item on the general ledger. Capital or operating employee/plant costs are collected through weekly timesheets allocations, whilst other costs are primarily captured using the purchasing system.

At year end all project expenditures with substantial transactions are re-evaluated to assess whether they remain a capital or operating expense. (These identified capital project expenditures can include the design and survey costs of future, yet to be constructed assets.)

Asset capitalisation is finalised upon the commissioning of the asset. Capital costs incurred prior to commissioning, in prior financial periods, are held in the Works In Progress (WIP) accounts.

Assets are separated into component parts, where practical, as each major part may have a different useful life and require a different depreciation rate.

#### **Subsequent costs**

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

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

#### **Asset Revaluations (including Indexation)**

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

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the income statement, the increase is first recognised in income statement.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

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

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

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

#### **Asset Classes**

Council will categorise Infrastructure, Property, Plant and Equipment into the following asset classes as required by the Local Government Code of Accounting Practice and Financial Reporting;

- Plant and Equipment
  - (as approximated by depreciated historical cost)
- Office Equipment
  - (as approximated by depreciated historical cost)
- Furniture and Fittings
  - (as approximated by depreciated historical cost)
- Operational Land (external valuation)
- Community Land (external valuation)
- Buildings – Specialised/Non Specialised (external valuation)

- Other Structures (including tips & quarries)
  - (as approximated by depreciated historical cost)
- Investment Properties (external valuation)
- Roads Assets incl. roads, bridges & footpaths (internal/external valuation)
- Bulk Earthworks (internal/external valuation)
- Drainage Assets (internal/external valuation)
- Water and Sewerage Networks (internal/external valuation)
- Other Assets
- (Artworks as approximated by depreciated historical cost)
- Reinstatement, Rehabilitation and Restoration Assets (internal valuation)

#### **Capitalisation Thresholds**

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

##### **Land**

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

##### **Plant & Equipment**

- office furniture	> \$5,000
- office equipment	> \$5,000
- other plant & equipment	> \$2,000

##### **Buildings**

- construction/extensions	> \$5,000
- renovations	> \$5,000
- other structures	> \$5,000
- park furniture & equipment	> \$5,000

##### **Water & Sewer Assets**

- reticulation extensions	> \$5,000
- other	> \$5,000

##### **Stormwater Assets**

- drains & culverts	> \$5,000
- other	> \$5,000

##### **Transport Assets**

- road construction & reconstruct	> \$5,000
- reseal/Re-sheet & major repairs:	> \$5,000
- bridge construction & reconstruct	> \$5,000

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

##### **Depreciation**

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method, with the exception of water/sewerage above ground assets and transport assets, in which case Council uses consumption based depreciation in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

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

##### **Plant & Equipment**

- Office Equipment	10 years
- Office furniture	10 years
- Vehicles	2.5 years
- Road Making equip.	5 - 10 years
- Other plant and equipment	5 - 10 years

##### **Buildings (components)**

- Buildings : Floor	60 to 100 years
- Buildings : Envelope	45 to 125 year
- Buildings : Roof	40 to 90 years

##### **Stormwater Drainage**

- Drains	80 years
- Culverts	80 years

##### **Transportation Assets**

- Sealed Roads Surface	20-25 years
- Unsealed Road Surface	10 years
- Concrete/paved Road	50 years
- Road Pavement	40 years
- Bridge : Concrete	80 years
- bridges other	80 years
- footpaths	50 years
- kerb & guttering	50 years
- traffic facilities	20 years

##### **Water & Sewer Assets**

- dams and reservoirs	100 years
- PVC & other	70 years
- pumps and telemetry	20 years

##### **Other Infrastructure Assets**

- bulk earthworks	Infinite
- flood control structures	80 years

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

##### **Disposal and De-recognition**

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

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

##### **(k) Land**

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

##### **(l) Land Under Roads**

Council has elected to recognise land under roads in accordance with AASB 1051. Council used the "Englobo" valuation method for land under roads. This requires the calculation of an average Site value (SV) of the Council area on a dollar per square metre basis. The site value is "the value of the underlying land assuming that any existing improvements have not been made. It also assumes that the land is not encumbered by any lease, mortgage or other charge." - Australian Property Institute, 2004. Adjustment factors for 65% and 25% respectively have been applied for Englobo value and access and carriageway rights and infrastructure (other users for carriageway reserve and infrastructure).

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

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

##### **(m) Intangible Assets - IT Development and Software**

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service. No direct payroll and payroll related costs of employees' time are capitalised to these projects.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

##### **(n) Crown Reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

##### **(o) Rural Fire Service Assets**

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

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

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

##### **(p) Investment Property**

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

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

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

Full revaluations of investment properties are carried out every year.

##### **(q) Provisions for close down, restoration and for environmental clean-up costs – including Tips and Quarries**

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

Provision is made for the estimated present value of the costs of environmental cleanup obligations outstanding at the balance sheet date. These costs are charged to the income statement.

#### **(r) Impairment of Infrastructure, Property, Plant and Equipment Assets**

All Council's Infrastructure, Property, Plant and Equipment is subject to an annual assessment of impairment.

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

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

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

For non-cash generating assets of Council such as roads, drains, and public buildings etc - value in use is represented by the "deprival value" of the asset

which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

#### **(s) Control of Infrastructure, Property, Plant and Equipment**

In accordance with AASB 116 the cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

An assessment of control of the asset is required where it is uncertain as to whether the future economic benefit associated with the item will flow to the entity (Council).

The following test is applied:

1. Council can deny or regulate access of others to the asset.
2. The asset is held to meet the objectives of Council.
3. Council enjoys the majority of risks and benefits relating to the asset.

#### **(t) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the asset's carrying value is greater than its fair value less costs to sell.

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

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

#### (u) Payables

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

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

#### (v) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

#### (w) Borrowing costs

Borrowing costs are expensed.

#### (x) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

#### (y) Employee benefits

##### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the end of the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

employee benefit obligations disclosed under payables.

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

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

#### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the end of the reporting period) are recognised in the provision for employee benefits.

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

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

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

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

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mercer Actuaries on 30/06/13 and covers the period ended 30/06/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$1,789,783

The amount of additional contributions included in the total employer contribution advised above is \$661,038.

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

The share of the deficit that can be broadly attributed to Council is estimated to be in the order of \$3.1 million as at 30 June 2013.

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

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

#### Defined Contribution Plans

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

#### (z) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

#### (aa) Self insurance

Council does not self insure.

#### (ab) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (ac) Taxes

Council is liable to pay various taxes and financial duties. Where this is the case, they are to disclosed as a cost of operations in the same manner as all other costs.

However, where Council does not pay taxes which are generally paid by private sector business, such as income tax, these equivalent tax payments are to be applied to all Council nominated business activities and reflected in the Special Purpose Financial Reports.

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

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

#### Goods & Services Tax (GST)

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

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

Investing and Financing cash flows are to be treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are to be classified as operating cash flows.

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

#### **(ad) New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

**Council has not adopted any of these standards early.**

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

#### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

**Applicable to Local Government but no implications for Council;**

**AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)**

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

**AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).**

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

**Applicable to Local Government but not relevant to Council at this stage;**

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from**

**the Consolidation and Joint Arrangements Standards (effective 1 January 2013)**

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in Note 1 paragraph (y) (iii) and so these changes will not have an impact on its reported results.

#### **Not applicable to Local Government per se;**

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

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

##### **(ae) Rounding of amounts**

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

##### **(af) Comparative Figures**

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

##### **(ag) Disclaimer**

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	3,901	4,188	3,700	(3,901)	(4,188)	(3,700)	154	2,452	163	-
Administration	774	2,941	2,582	17,982	14,817	14,541	(17,208)	(11,876)	(11,959)	1,069	104	50,580	18,971
Public Order & Safety	899	1,229	913	3,219	3,041	3,118	(2,320)	(1,812)	(2,205)	245	228	7,364	4,309
Health	338	341	345	1,660	1,571	1,652	(1,322)	(1,230)	(1,307)	-	-	46	725
Environment	18,251	20,602	19,666	23,188	24,055	26,039	(4,937)	(3,453)	(6,373)	775	-	143,509	143,725
Community Services & Education	2,335	1,807	2,463	3,216	2,704	3,018	(881)	(897)	(555)	3,726	7,809	7,238	9,593
Housing & Community Amenities	1,654	3,732	5,581	6,235	10,800	6,594	(4,581)	(7,068)	(1,013)	959	764	84,180	77,849
Water Supplies	24,199	23,354	21,864	23,407	22,875	22,087	792	479	(223)	716	303	505,623	514,321
Sewerage Services	25,661	30,815	31,910	24,580	24,990	23,469	1,081	5,825	8,441	1,439	363	638,025	644,402
Recreation & Culture	2,511	4,526	5,983	19,399	18,951	20,159	(16,888)	(14,425)	(14,176)	615	333	460,962	387,773
Mining, Manufacturing & Construction	1,108	1,292	1,087	1,425	2,415	1,954	(317)	(1,123)	(867)	-	-	3,327	90,360
Transport & Communication	4,915	19,381	14,484	25,494	31,136	25,609	(20,579)	(11,755)	(11,125)	3,158	1,781	859,709	751,858
Economic Affairs	8,291	7,953	8,050	7,041	7,948	6,375	1,250	5	1,675	-	-	112,721	104,757
<b>Total Functions &amp; Activities</b>	<b>90,936</b>	<b>117,973</b>	<b>114,928</b>	<b>160,747</b>	<b>169,491</b>	<b>158,315</b>	<b>(69,811)</b>	<b>(51,518)</b>	<b>(43,387)</b>	<b>12,856</b>	<b>14,137</b>	<b>2,873,447</b>	<b>2,748,643</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	20	-	-	(20)	-	-	-	-
General Purpose Income <sup>1</sup>	60,854	63,650	62,875	-	-	-	60,854	63,650	62,875	9,758	12,306	-	-
<b>Operating Result from Continuing Operations</b>	<b>151,790</b>	<b>181,623</b>	<b>177,803</b>	<b>160,747</b>	<b>169,491</b>	<b>158,335</b>	<b>(8,957)</b>	<b>12,132</b>	<b>19,468</b>	<b>22,614</b>	<b>26,443</b>	<b>2,873,447</b>	<b>2,748,643</b>

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

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		41,547	38,387
Farmland		2,789	2,702
Business		4,705	4,480
<b>Total Ordinary Rates</b>		<b>49,041</b>	<b>45,569</b>
<b>Special Rates</b>			
Sewerage Services		55	71
Main Street - Tweed Heads		91	91
Koala Beach		73	67
<b>Total Special Rates</b>		<b>219</b>	<b>229</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		8,463	7,975
Water Supply Services		3,930	3,610
Sewerage Services		21,086	19,627
Waste Management Services (non-domestic)		1,889	1,701
Waste Levy		1,055	798
<b>Total Annual Charges</b>		<b>36,423</b>	<b>33,711</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>85,683</b>	<b>79,509</b>

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		3,166	2,153
Water Supply Services		14,712	12,627
Sewerage Services		2,005	1,542
Waste Management Services (non-domestic)		2,775	3,010
Sanitary Services		-	1
<b>Total User Charges</b>		<b>22,658</b>	<b>19,333</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building		968	787
Private Works		197	155
Section 603 Certificates		146	114
Town Planning		621	538
Animal Control		164	95
Health Approvals		249	237
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,345</b>	<b>1,926</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Beach Vehicles		29	32
Caravan Parks		7,117	6,182
Cemeteries		556	548
Parking Fees		5	7
Parks & Gardens		41	55
Pools		1,181	1,023
Saleyards		9	8
Sewer/Drainage		252	172
Sportsgrounds		100	44
Tweed Laboratory		422	682
Water Connection Fees		179	206
Other		2,283	3,625
<b>Total Fees &amp; Charges - Other</b>		<b>12,174</b>	<b>12,584</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>37,177</b>	<b>33,843</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		629	314
- Interest earned on Investments (interest & coupon payment income)		9,388	11,113
- Interest on Deferred Debtors		304	-
<b>Fair Value Adjustments</b>			
- Fair Valuation managements in Investments (at FV or Held for Trading)		612	402
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>10,933</u></b>	<b><u>11,829</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		629	314
General Council Cash & Investments		3,769	4,773
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		1,138	1,629
- Section 64		323	628
Water Fund Operations		1,201	228
Sewerage Fund Operations		2,972	3,286
Domestic Waste Management operations		448	744
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		453	227
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>10,933</u></b>	<b><u>11,829</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Investment Properties	14	31	35
Rental Income - Other Council Properties		611	668
Fines - Parking		507	361
Fines - Other		241	94
Tweed Coast Holiday Parks Income		434	474
Other		590	764
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>2,414</u></b>	<b><u>2,396</u></b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	6,364	8,241	-	-
Financial Assistance - Local Roads Component	2,470	3,129	-	-
Pensioners' Rates Subsidies - General Component	924	936	-	-
<b>Total General Purpose</b>	<b>9,758</b>	<b>12,306</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	373	375	-	-
- Sewerage	360	363	-	-
- Domestic Waste Management	236	231	-	-
Water Supplies	-	-	343	-
Sewerage Services	-	-	1,080	2,061
Art Gallery	56	51	-	200
Bushfire & Emergency Services	240	-	-	-
Community Centres	-	-	1,041	734
Community Service	1,225	2,251	-	-
Cycleways/Walkways	-	-	457	4
Environment (incl. coastal/estuary management)	998	764	-	-
Library	246	245	-	-
Museums	-	7	-	-
NSW Rural Fire Services	-	228	-	-
Pedestrian Facilities	-	-	54	71
Positions Funded by Other Govt. Dept	567	104	-	-
Street Lighting	152	-	-	-
Transport (Other Roads & Bridges Funding)	893	439	1,728	1,342
Other Affordable Housing	2,000	4,000	-	-
Other Waste and Sustainability Improvement	500	458	-	-
Other	32	121	275	88
<b>Total Specific Purpose</b>	<b>7,878</b>	<b>9,637</b>	<b>4,978</b>	<b>4,500</b>
<b>Total Grants</b>	<b>17,636</b>	<b>21,943</b>	<b>4,978</b>	<b>4,500</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	11,854	15,865	2,548	2,085
- State Funding	5,782	6,078	2,430	2,415
	<b>17,636</b>	<b>21,943</b>	<b>4,978</b>	<b>4,500</b>

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EPA Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	3,061	2,238
S 64 - Water Supply Contributions	-	-	1,443	1,424
S 64 - Sewerage Service Contributions	-	-	806	754
Water S 64 - In Kind	-	-	404	1,671
Sewerage S 64 - In Kind	-	-	1,729	3,565
<b>Total Developer Contributions</b>	17 -	-	<b>7,443</b>	<b>9,652</b>
<b>Other Contributions:</b>				
Art Gallery	-	-	280	269
Community Services	31	35	-	-
Dedications (other than by S94)	-	-	12	-
Dedications (other than by S94) - Roads	-	-	5,119	4,680
Dedications (other than by S94) - Drainage	-	-	567	870
Dedications (other than by S94) - Open Space	-	-	363	2,376
Dedications (other than by S94) - Land Under Roads	-	-	-	116
Environment	160	143	-	-
Govt Subsidy	49	34	-	-
Recreation & Culture	-	-	6	-
Roads	-	-	-	148
RMS Contributions (Regional Roads, Block Grant)	2,127	3,875	6,316	1,076
Sewerage (excl. Section 64 contributions)	135	170	-	-
Other	64	167	130	172
<b>Total Other Contributions</b>	<b>2,566</b>	<b>4,424</b>	<b>12,793</b>	<b>9,707</b>
<b>Total Contributions</b>	<b>2,566</b>	<b>4,424</b>	<b>20,236</b>	<b>19,359</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>20,202</b>	<b>26,367</b>	<b>25,214</b>	<b>23,859</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	30,626	31,165
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	6,965	8,955
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(5,803)	(9,494)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>1,162</b>	<b>(539)</b>
<b>Unexpended and held as Restricted Assets</b>	<u><u>31,788</u></u>	<u><u>30,626</u></u>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,975	4,781
- Developer Contributions	25,917	24,720
- Other Contributions	896	1,125
	<u><u>31,788</u></u>	<u><u>30,626</u></u>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		39,389	37,352
Travelling		85	90
Employee Leave Entitlements (ELE)		6,989	4,984
Superannuation		4,289	3,721
Workers' Compensation Insurance		472	1,571
Fringe Benefit Tax (FBT)		133	124
Payroll Tax		825	791
Training Costs (other than Salaries & Wages)		436	380
Other		128	453
<b>Total Employee Costs</b>		<b>52,746</b>	<b>49,466</b>
less: Capitalised Costs		(6,695)	(6,354)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>46,051</b>	<b>43,112</b>
Number of "Equivalent Full Time" Employees at year end		<b>672</b>	<b>659</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		13,339	13,233
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>13,339</b>	<b>13,233</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to managements in Provisions (other than ELE)			
- Remediation Liabilities	26	(55)	55
- Fair Value of Interest Free Sewer Loan - Dept of Planning Loan <sup>(1)</sup>		751	817
<b>Total Other Borrowing Costs</b>		<b>696</b>	<b>872</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>14,035</b>	<b>14,105</b>

(1) Council received an interest free loan from NSW Planning for \$16,825,000 on 24/6/10 for Banora Point Waste Water Treatment Plant. Council is obliged under accounting standards to determine the fair value of the loan and to recognise the interest free benefit at inception.

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		45,698	42,071
Auditors Remuneration <sup>(1)</sup>		107	96
- Legal Expenses: Planning & Development		298	298
- Legal Expenses: Other		131	149
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		707	1,120
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>46,941</u></b>	<b><u>43,734</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		93	93
<b>Remuneration for audit and other assurance services</b>		<b><u>93</u></b>	<b><u>93</u></b>
<b>(iii) Other Services</b>			
- Other Services		14	3
<b>Remuneration for other services</b>		<b><u>14</u></b>	<b><u>3</u></b>
<b>Total Auditor Remuneration</b>		<b><u>107</u></b>	<b><u>96</u></b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computer equipment		707	1,120
		<b><u>707</u></b>	<b><u>1,120</u></b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	2,629	2,588
Office Equipment		-	-	82	115
Furniture & Fittings		-	-	127	173
Buildings - Non Specialised		-	-	1,116	971
Buildings - Specialised		-	-	29	29
Other Structures		-	-	1,870	1,869
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	15,084	14,924
- Stormwater Drainage		-	-	2,371	2,310
- Water Supply Network		-	-	6,635	6,669
- Sewerage Network		-	-	9,631	8,118
Asset Reinstatement Costs	9 & 26	-	-	68	78
Intangible Assets	25	-	-	436	323
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b>-</b>	<b>-</b>	<b>40,078</b>	<b>38,167</b>

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		61	137
Caretakers Remuneration		1,506	1,478
Contributions/Levies to Other Levels of Government			
- Department of Lands Levy		354	332
- Waste Levy		1,480	1,372
Councillors' Expenses (incl. Mayor)		178	173
Donations, Contributions & Assistance to other organisations (Section 356)		3,690	2,978
Electricity & Heating		5,677	4,640
Insurance		1,374	1,382
Street Lighting		956	685
Telephone & Communications		459	470
<b><u>TOTAL OTHER EXPENSES</u></b>		<b>15,735</b>	<b>13,647</b>

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		1	1,888
less: Carrying Amount of Property Assets Sold / Written Off		-	(1,598)
<b>Net Gain/(Loss) on Disposal</b>		<b>1</b>	<b>290</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		1,758	1,780
less: Carrying Amount of P&E Assets Sold / Written Off		(1,967)	(1,790)
<b>Net Gain/(Loss) on Disposal</b>		<b>(209)</b>	<b>(10)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(6,353)	(5,747)
<b>Net Gain/(Loss) on Disposal</b>		<b>(6,353)</b>	<b>(5,747)</b>
<b>Investment Properties</b>			
Proceeds from Disposal - Investment Properties		-	258
less: Carrying Amount of Investment Properties Sold / Written Off		(90)	(361)
<b>Net Gain/(Loss) on Disposal</b>		<b>(90)</b>	<b>(103)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		170,654	156,000
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(170,654)	(156,000)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(6,651)</b>	<b>(5,570)</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		806	-	519	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		15,279	-	-	-
- Short Term Deposits		3,190	-	3,000	-
- Short Term Money Market		-	-	9,500	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>19,275</b>	<b>-</b>	<b>13,019</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		90,677	28,000	93,886	37,000
- FRN's & Fixed Rate Bonds		5,038	38,781	3,056	28,380
<b>Total Investments</b>		<b>95,715</b>	<b>66,781</b>	<b>96,942</b>	<b>65,380</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>114,990</b>	<b>66,781</b>	<b>109,961</b>	<b>65,380</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>19,275</b>	<b>-</b>	<b>13,019</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	5,038	38,781	3,056	28,380
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	90,677	28,000	93,886	37,000
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>95,715</b>	<b>66,781</b>	<b>96,942</b>	<b>65,380</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6b. Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	3,056	28,380	4,024	11,190
Revaluations (through the Income Statement)	1	611	1	401
Additions	7,135	12,790	2,003	21,817
Disposals (sales & redemptions)	(5,154)	(3,000)	(2,972)	(5,028)
<b>Balance at End of Year</b>	<b>5,038</b>	<b>38,781</b>	<b>3,056</b>	<b>28,380</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	5,038	38,781	-	-
- Other Long Term Financial Assets	-	-	3,056	28,380
<b>Total</b>	<b>5,038</b>	<b>38,781</b>	<b>3,056</b>	<b>28,380</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	93,886	37,000	105,376	43,000
Additions	96,791	53,500	86,510	44,000
Disposals (sales & redemptions)	(100,000)	(62,500)	(98,000)	(50,000)
<b>Balance at End of Year</b>	<b>90,677</b>	<b>28,000</b>	<b>93,886</b>	<b>37,000</b>
<b>Comprising:</b>				
- Long Term Deposits	81,000	28,000	80,000	39,000
- Other Long Term Financial Assets	9,677	-	13,886	(2,000)
<b>Total</b>	<b>90,677</b>	<b>28,000</b>	<b>93,886</b>	<b>37,000</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>114,990</b>	<b>66,781</b>	<b>109,961</b>	<b>65,380</b>
<b>attributable to:</b>				
External Restrictions (refer below)	64,004	66,781	64,349	65,380
Internal Restrictions (refer below)	47,503	-	41,474	-
Unrestricted	3,483	-	4,138	-
	<b>114,990</b>	<b>66,781</b>	<b>109,961</b>	<b>65,380</b>

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-Sewer (A)	14,635	-	(5,373)	9,262
Other - Security Deposits	1,076	74	-	1,150
<b>External Restrictions - Included in Liabilities</b>	<b>15,711</b>	<b>74</b>	<b>(5,373)</b>	<b>10,412</b>

**External Restrictions - Other**

Developer Contributions - General (D)	24,720	6,771	(5,574)	25,917
RMS (formerly RTA) Contributions (E)	783	-	(393)	390
Specific Purpose Contributions	342	164	-	506
Specific Purpose Unexpended Grants (F)	4,781	194	-	4,975
Water Supplies (G)	2,137	-	(46)	2,091
Water Supplies - Capital Upgrade - CRR (G)	6,805	1,692	(4,581)	3,916
Water Supplies - Asset Replacement - ARR (G)	13,125	5,576	(2,007)	16,694
Sewerage Services (G)	1,996	-	(4)	1,992
Sewerage Services - Capital Upgrade - CRR (G)	-	805	(805)	-
Sewerage Services - Asset Replacement - ARR (G)	34,379	6,234	(3,473)	37,140
Sewerage Services - Banora Point Laboratory (G)	509	12	-	521
Domestic Waste Management (G)	9,221	1,284	(430)	10,075
Caravan Park Cash Assets (J)	14,980	946	-	15,926
Special Rate - Koala Beach (K)	240	73	(83)	230
<b>External Restrictions - Other</b>	<b>114,018</b>	<b>23,751</b>	<b>(17,396)</b>	<b>120,373</b>
<b>Total External Restrictions</b>	<b>129,729</b>	<b>23,825</b>	<b>(22,769)</b>	<b>130,785</b>

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

J Caravan park cash assets relates to externally restricted cash assets of Tweed Coast Holiday Parks

K Special rate cash assets yet to be expended with these conditions

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Employees Leave Entitlement	4,414	709	-	5,123
Unexpended Loans	9,753	6,060	(5,485)	10,328
Unexpended Grants	6,013	8,835	(8,918)	5,930
Asset Management Reserve - Office Ext.	191	8	(35)	164
Community Facilities	4	-	-	4
Land Sales - Cemetery Asset Management	43	2	-	45
Murwillumbah Community Centre	5	-	-	5
Software & Equipment - Asset management	754	339	(30)	1,063
Sports fields - Asset management	98	3	(55)	46
Swimming Pools Asset management	1	-	-	1
Waterways Asset Management	40	5	(35)	10
Civic Centre Asset management	62	89	-	151
Museum Asset Management	58	-	-	58
Land Development	28	110	(133)	5
Workers Comp. Cont. Reserve	4	-	-	4
Non- DWM Management	5,304	1,801	-	7,105
Access Funding	249	51	(6)	294
Agenda 21	58	3	(1)	60
Art Gallery Construction	58	24	-	82
Beach Vehicle Licence Income	232	39	(51)	220
Car Parking	376	18	(2)	392
Catchment Water Quality	767	225	(71)	921
Coastal Management Planning	53	7	-	60
Haulage Fees	298	14	-	312
Plant Operations	1,423	105	-	1,528
Revolving Energy Fund	176	42	-	218
Road Land Sale	41	2	-	43
Sewerage Management Facilities	7	-	-	7
04/05 Rate Rise	702	-	(395)	307
7 Year Plan	3,525	11,167	(10,352)	4,340
Works Carried Forward	6,773	6,907	(4,918)	8,762
Environmental Enforcement Levy	(245)	145	(258)	(358)
SES Vehicle Replacement	20	-	-	20
Museum Donations	3	-	-	3
Frangela Park Maintenance	41	2	(2)	41
Cemeteries Perpetual Maintenance	145	64	-	209
<b>Total Internal Restrictions</b>	<b>41,474</b>	<b>36,776</b>	<b>(30,747)</b>	<b>47,503</b>
<b>TOTAL RESTRICTIONS</b>	<b>171,203</b>	<b>60,601</b>	<b>(53,516)</b>	<b>178,288</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		4,460	1,487	4,750	1,584
Interest & Extra Charges		315	296	342	193
User Charges & Fees		10,825	-	11,165	-
Accrued Revenues					
- Interest on Investments		1,997	-	2,321	-
Government Grants & Subsidies		4,139	-	2,802	-
Deferred Debtors		106	1,204	114	1,325
Net GST Receivable		492	-	616	-
<b>Total</b>		<b>22,334</b>	<b>2,987</b>	<b>22,110</b>	<b>3,102</b>
<b>less: Provision for Impairment</b>					
Doubtful Debts		(263)	-	(202)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(263)</b>	<b>-</b>	<b>(202)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>22,071</u></b>	<b><u>2,987</u></b>	<b><u>21,908</u></b>	<b><u>3,102</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		404	-	78	-
- Rates & Availability Charges		285	-	227	75
- Other		7,457	-	8,045	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		434	-	6	-
- Rates & Availability Charges		1,412	-	1,117	372
- Other		2,109	-	1,437	995
Domestic Waste Management		508	170	467	109
Tweed Coast Holiday Parks		90	-	174	-
<b>Total External Restrictions</b>		<b>12,699</b>	<b>170</b>	<b>11,551</b>	<b>1,551</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>9,372</b>	<b>2,817</b>	<b>10,357</b>	<b>1,551</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>22,071</u></b>	<b><u>2,987</u></b>	<b><u>21,908</u></b>	<b><u>3,102</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding. An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%). Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		807	-	1,667	-
<b>Total Inventories</b>		<b>807</b>	<b>-</b>	<b>1,667</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		1,507	-	2,261	-
<b>Total Other Assets</b>		<b>1,507</b>	<b>-</b>	<b>2,261</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>2,314</b>	<b>-</b>	<b>3,928</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Prepayments		23	-	20	-
<b>Total Water</b>		<b>23</b>	<b>-</b>	<b>20</b>	<b>-</b>
<b>Sewerage</b>					
Prepayments		17	-	26	-
<b>Total Sewerage</b>		<b>17</b>	<b>-</b>	<b>26</b>	<b>-</b>
<b>Tweed Coast Holiday Parks</b>					
Prepayments		123	-	121	-
<b>Total Other</b>		<b>123</b>	<b>-</b>	<b>121</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>		<b>163</b>	<b>-</b>	<b>167</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>2,151</b>	<b>-</b>	<b>3,761</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>2,314</b>	<b>-</b>	<b>3,928</b>	<b>-</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period									as at 30/6/2013				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Other Movements	Tfrs from/(to) Inv. Properties	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value										Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	-	24,263	-	-	24,263	16,882	-	-	(16,051)	-	(365)	-	-	-	-	24,729	-	-	24,729
Plant & Equipment	-	33,712	14,919	-	18,793	4,732	(1,966)	(2,629)	220	-	(10)	-	-	3	-	33,893	14,750	-	19,143
Office Equipment	-	1,332	1,070	-	262	-	-	(82)	-	-	-	-	-	-	-	1,327	1,147	-	180
Furniture & Fittings	-	2,046	1,445	-	601	100	-	(127)	-	-	-	-	-	-	-	2,146	1,572	-	574
<b>Land:</b>																			
- Operational Land	-	460,956	-	-	460,956	37	-	-	5	(1,146)	-	-	(17,449)	-	-	442,403	-	-	442,403
- Community Land	-	156,290	-	-	156,290	1,802	-	-	-	(258)	-	-	-	-	-	157,834	-	-	157,834
- Land under Roads (pre 1/7/08)	-	41,867	-	-	41,867	-	-	-	-	-	-	-	-	-	-	41,867	-	-	41,867
- Land under Roads (post 30/6/08)	-	1,248	-	-	1,248	116	-	-	-	-	-	-	-	-	-	1,364	-	-	1,364
Buildings - Non Specialised	-	110,733	15,040	-	95,693	2,475	-	(1,116)	2,599	2,018	965	(17)	-	3,168	-	117,129	11,344	-	105,785
Buildings - Specialised	-	7,263	536	-	6,727	-	-	(29)	-	(366)	-	(38)	-	261	-	6,978	423	-	6,555
Other Structures	-	31,208	9,942	-	21,266	590	-	(1,870)	295	3,625	-	-	-	-	-	35,697	11,791	-	23,906
<b>Infrastructure:</b>																			
- Roads, Bridges, Footpaths	-	671,232	141,584	-	529,648	12,762	(3,329)	(15,084)	1,572	(946)	-	-	-	71,381	-	775,329	179,325	-	596,004
- Bulk Earthworks (non-depreciable)	-	120,468	-	-	120,468	1,931	(1,493)	-	-	(145)	-	-	-	18,322	-	139,083	-	-	139,083
- Stormwater Drainage	-	171,192	51,162	-	120,030	3,943	(8)	(2,371)	464	3	-	-	-	10,697	-	186,384	53,626	-	132,758
- Water Supply Network	-	562,756	136,771	-	425,985	1,557	(585)	(6,635)	1,533	(130)	-	-	-	10,513	-	578,810	146,572	-	432,238
- Sewerage Network	-	686,159	171,324	-	514,835	9,210	(939)	(9,631)	9,363	36	(965)	-	-	12,345	-	718,855	184,601	-	534,254
<b>Other Assets:</b>																			
- Artworks	-	3,182	-	-	3,182	290	-	-	-	-	-	-	-	-	-	3,472	-	-	3,472
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																			
- Tip Asset	-	1,718	1,590	-	128	-	-	(51)	-	-	-	-	-	-	-	2,203	2,126	-	77
- Quarry Asset	-	533	468	-	65	-	-	(17)	-	-	-	-	-	-	-	48	-	-	48
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>-</b>	<b>3,088,158</b>	<b>545,851</b>	<b>-</b>	<b>2,542,307</b>	<b>56,427</b>	<b>(8,320)</b>	<b>(39,642)</b>	<b>-</b>	<b>2,691</b>	<b>(375)</b>	<b>(55)</b>	<b>(17,449)</b>	<b>126,690</b>	<b>-</b>	<b>3,269,551</b>	<b>607,277</b>	<b>-</b>	<b>2,662,274</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$12,185) and New Assets (\$35,224). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	-	6,535	-	<b>6,535</b>	-	4,116	-	<b>4,116</b>
Plant & Equipment	-	85	45	<b>40</b>	-	79	35	<b>44</b>
Office Equipment	-	23	23	-	-	23	23	-
Furniture & Fittings	-	20	20	-	-	20	20	-
Land								
- Operational Land	-	33,974	-	<b>33,974</b>	-	33,543	-	<b>33,543</b>
- Community Land	-	86	-	<b>86</b>	-	86	-	<b>86</b>
Buildings	-	1,575	395	<b>1,180</b>	-	3,307	91	<b>3,216</b>
Other Structures	-	4	3	<b>1</b>	-	4	2	<b>2</b>
Infrastructure	-	578,810	146,572	<b>432,238</b>	-	562,756	136,771	<b>425,985</b>
Other Assets	-	3	-	<b>3</b>	-	-	-	-
<b>Total Water Supply</b>	-	<b>621,115</b>	<b>147,058</b>	<b>474,057</b>	-	<b>603,934</b>	<b>136,942</b>	<b>466,992</b>
<b>Sewerage Services</b>								
WIP	-	1,378	-	<b>1,378</b>	-	10,169	-	<b>10,169</b>
Plant & Equipment	-	1,061	717	<b>344</b>	-	847	641	<b>206</b>
Office Equipment	-	116	105	<b>11</b>	-	116	94	<b>22</b>
Furniture & Fittings	-	87	87	-	-	87	86	<b>1</b>
Land								
- Operational Land	-	43,463	-	<b>43,463</b>	-	42,797	-	<b>42,797</b>
- Community Land	-	238	-	<b>238</b>	-	182	-	<b>182</b>
Buildings	-	6,174	270	<b>5,904</b>	-	2,731	23	<b>2,708</b>
Infrastructure	-	718,855	184,601	<b>534,254</b>	-	686,159	171,324	<b>514,835</b>
<b>Total Sewerage Services</b>	-	<b>771,372</b>	<b>185,780</b>	<b>585,592</b>	-	<b>743,088</b>	<b>172,168</b>	<b>570,920</b>
<b>Domestic Waste Management</b>								
Land								
- Operational Land'	-	3,354	-	<b>3,354</b>	-	5,414	-	<b>5,414</b>
<b>Total DWM</b>	-	<b>3,354</b>	-	<b>3,354</b>	-	<b>5,414</b>	-	<b>5,414</b>
<b>Caravan Parks</b>								
- Capital WIP	-	641	-	<b>641</b>	-	445	-	<b>445</b>
- Plant & Equipment	-	3,345	2,604	<b>741</b>	-	3,337	2,501	<b>836</b>
- Office Equipment	-	137	111	<b>26</b>	-	137	96	<b>41</b>
- Operational Land	-	79,615	-	<b>79,615</b>	-	89,037	-	<b>89,037</b>
Buildings	-	18,686	8,275	<b>10,411</b>	-	14,513	7,950	<b>6,563</b>
<b>Total Other Restrictions</b>	-	<b>102,424</b>	<b>10,990</b>	<b>91,434</b>	-	<b>107,469</b>	<b>10,547</b>	<b>96,922</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>1,498,265</b>	<b>343,828</b>	<b>1,154,437</b>	-	<b>1,459,905</b>	<b>319,657</b>	<b>1,140,248</b>

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

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		8,845	-	9,576	-
Payments Received In Advance		3,266	-	3,029	-
Accrued Expenses:					
- Borrowings		518	-	538	-
- Salaries & Wages		1	-	-	-
- Other Expenditure Accruals		21	-	23	-
Security Bonds, Deposits & Retentions		702	460	590	486
<b>Total Payables</b>		<b>13,353</b>	<b>460</b>	<b>13,756</b>	<b>486</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		7,653	181,458	9,024	182,028
<b>Total Borrowings</b>		<b>7,653</b>	<b>181,458</b>	<b>9,024</b>	<b>182,028</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		5,008	-	4,912	-
Sick Leave		868	4,470	947	4,051
Long Service Leave		10,835	523	9,570	256
Sub Total - Aggregate Employee Benefits		16,711	4,993	15,429	4,307
Asset Remediation/Restoration (Future Works) <sup>26</sup>		10	1,081	341	912
<b>Total Provisions</b>		<b>16,721</b>	<b>6,074</b>	<b>15,770</b>	<b>5,219</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>37,727</b>	<b>187,992</b>	<b>38,550</b>	<b>187,733</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		2,272	65,989	1,521	67,057
Sewer		3,580	35,654	4,402	38,005
Other		1,150	-	1,076	-
Other - Holiday Parks		2,026	-	1,562	-
Liabilities relating to externally restricted assets		9,028	101,643	8,561	105,062
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		9,028	101,643	8,561	105,062
<b>Total Liabilities relating to Unrestricted Assets</b>		28,699	86,349	29,989	82,671
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>37,727</b>	<b>187,992</b>	<b>38,550</b>	<b>187,733</b>

<sup>1</sup>. Loans are secured over the General Rating Income of Council

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	10,000	10,224
Payables - Security Bonds, Deposits & Retentions	220	220
	<b>10,220</b>	<b>10,444</b>

## Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	4,912	3,119	(3,023)	-	-	5,008
Sick Leave	4,998	828	(488)	-	-	5,338
Long Service Leave	9,826	2,451	(919)	-	-	11,358
Asset Remediation	1,253	32	-	(87)	(107)	1,091
<b>TOTAL</b>	<b>20,989</b>	<b>6,430</b>	<b>(4,430)</b>	<b>(87)</b>	<b>(107)</b>	<b>22,795</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	19,275	13,019
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>19,275</b>	<b>13,019</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>12,132</b>	<b>19,468</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		40,078	38,167
Net Losses/(Gains) on Disposal of Assets		6,651	5,570
Non Cash Capital Grants and Contributions		(8,601)	(13,547)
- Investments classified as "At Fair Value" or "Held for Trading"		(612)	-
- Fair Value Adjustments - Financial Instruments		-	(402)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued		751	817
Unwinding of Discount Rates on Reinstatement Provisions		(55)	55
Share of Net (Profits) or Losses of Associates/Joint Ventures		-	20
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(238)	(3,974)
Increase/(Decrease) in Provision for Doubtful Debts		61	137
Decrease/(Increase) in Inventories		860	(7)
Decrease/(Increase) in Other Assets		754	108
Increase/(Decrease) in Payables		(731)	(1,227)
Increase/(Decrease) in accrued Interest Payable		(20)	-
Increase/(Decrease) in other accrued Expenses Payable		(1)	(15)
Increase/(Decrease) in Other Liabilities		323	175
Increase/(Decrease) in Employee Leave Entitlements		1,968	(515)
Increase/(Decrease) in Other Provisions		(107)	(410)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>53,174</b>	<b>44,420</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Art Gallery		280	269
Development Contributions - General		6,188	8,042
Development Contributions - Water		404	1,671
Development Contributions - Sewerage		1,729	3,565
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>8,601</b>	<b>13,547</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		1,000	1,000
Credit Cards / Purchase Cards		300	60
<b>Total Financing Arrangements</b>		<b>1,300</b>	<b>1,060</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		27	24
<b>Total Financing Arrangements Utilised</b>		<b>27</b>	<b>24</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		3,765	2,051
Plant & Equipment		1,054	5,568
Other		10,379	10,645
<b>Total Commitments</b>		<b>15,198</b>	<b>18,264</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		13,198	13,555
Later than one year and not later than 5 years		2,000	4,709
<b>Total Payable</b>		<b>15,198</b>	<b>18,264</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		840	-
Section 94 Contributions		4,755	-
Unexpended Grants		2,471	-
Unexpended Loans		1,086	3,629
Unrestricted Water Funds		4,751	-
Unrestricted Sewerage Funds		1,295	14,635
<b>Total Sources of Funding</b>		<b>15,198</b>	<b>18,264</b>

**(b) Finance Lease Commitments**

Nil

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

Within the next year	480	535
Later than one year and not later than 5 years	419	607
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>899</b>	<b>1,142</b>

**b. Non Cancellable Operating Leases include the following assets:**

Computer equipment

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

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

**(d) Investment Property Commitments**

Nil

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods	
			2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>62,509</u>	<b>3.38 : 1</b>	3.07	2.77
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>18,479</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>22,091</u>	<b>15.13%</b>	14.05%	13.81%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>145,965</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>85,683</u>	<b>47.18%</b>	44.41%	47.02%
Income from Continuing Operations	<u>181,623</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>6,558</u>	<b>7.04%</b>	8.08%	7.28%
Rates, Annual & Extra Charges Collectible	<u>93,181</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>12,185</u>	<b>34.95%</b>	36.53%	53.14%
Depreciation, Amortisation & Impairment	<u>34,866</u>			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(2)</sup> Refer to Note 10(a).

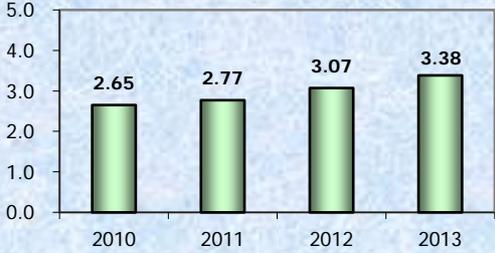
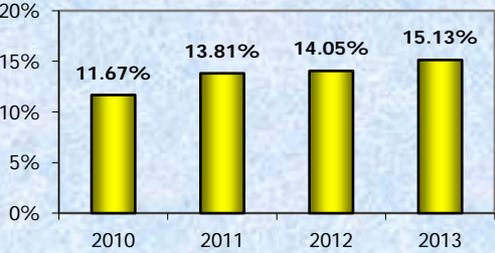
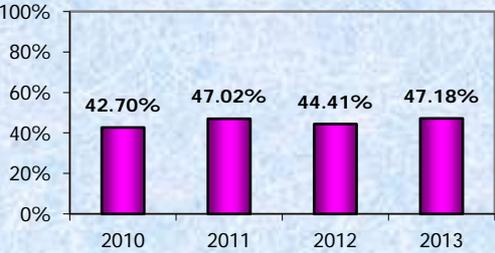
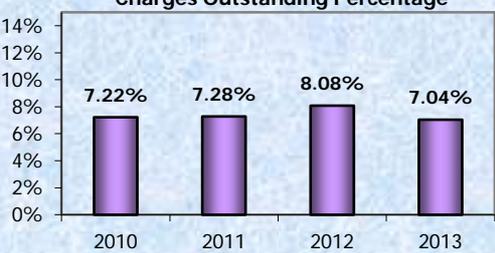
<sup>(3)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

# Tweed Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p><b>1. Unrestricted Current Ratio</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.65</td> </tr> <tr> <td>2011</td> <td>2.77</td> </tr> <tr> <td>2012</td> <td>3.07</td> </tr> <tr> <td>2013</td> <td>3.38</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	2.65	2011	2.77	2012	3.07	2013	3.38	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 3.38 : 1</b></p> <p>Remains at an acceptable ratio.</p>
Year	Ratio : 1											
2010	2.65											
2011	2.77											
2012	3.07											
2013	3.38											
<p><b>2. Debt Service Ratio</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>11.67%</td> </tr> <tr> <td>2011</td> <td>13.81%</td> </tr> <tr> <td>2012</td> <td>14.05%</td> </tr> <tr> <td>2013</td> <td>15.13%</td> </tr> </tbody> </table>	Year	Ratio %	2010	11.67%	2011	13.81%	2012	14.05%	2013	15.13%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 15.13%</b></p> <p>This ratio is inflated by the inclusion of a payout of a matured renewal loan in early 2012/13. Without this the ratio would be 14.02%.</p>
Year	Ratio %											
2010	11.67%											
2011	13.81%											
2012	14.05%											
2013	15.13%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>42.70%</td> </tr> <tr> <td>2011</td> <td>47.02%</td> </tr> <tr> <td>2012</td> <td>44.41%</td> </tr> <tr> <td>2013</td> <td>47.18%</td> </tr> </tbody> </table>	Year	Ratio %	2010	42.70%	2011	47.02%	2012	44.41%	2013	47.18%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 47.18%</b></p> <p>Ratio increased because of a relative decline in other income.</p>
Year	Ratio %											
2010	42.70%											
2011	47.02%											
2012	44.41%											
2013	47.18%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>7.22%</td> </tr> <tr> <td>2011</td> <td>7.28%</td> </tr> <tr> <td>2012</td> <td>8.08%</td> </tr> <tr> <td>2013</td> <td>7.04%</td> </tr> </tbody> </table>	Year	Ratio %	2010	7.22%	2011	7.28%	2012	8.08%	2013	7.04%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 7.04%</b></p> <p>Increased expenditure on debt recovery.</p>
Year	Ratio %											
2010	7.22%											
2011	7.28%											
2012	8.08%											
2013	7.04%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>265.80%</td> </tr> <tr> <td>2011</td> <td>53.14%</td> </tr> <tr> <td>2012</td> <td>36.53%</td> </tr> <tr> <td>2013</td> <td>34.95%</td> </tr> </tbody> </table>	Year	Ratio %	2010	265.80%	2011	53.14%	2012	36.53%	2013	34.95%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 34.95%</b></p> <p>Fluctuates due to value and volume of renewal construction each year.</p>
Year	Ratio %											
2010	265.80%											
2011	53.14%											
2012	36.53%											
2013	34.95%											

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>13.58 : 1</b>	<b>9.81 : 1</b>	<b>3.38 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	20.01 : 1	8.97 : 1	3.07 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>25.86%</b>	<b>20.55%</b>	<b>8.56%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	29.62%	24.13%	7.86%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>17.02%</b>	<b>68.97%</b>	<b>47.65%</b>
Income from Continuing Operations			
prior period:	16.70%	60.04%	45.34%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>6.76%</b>	<b>6.59%</b>	<b>7.20%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	7.82%	7.46%	8.30%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>36.38%</b>	<b>11.30%</b>	<b>46.68%</b>
Depreciation, Amortisation & Impairment			
prior period:	32.10%	8.11%	50.80%

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Investment Properties at Fair value</b>			
<u>Investment Properties on Hand</u>		<u>1,276</u>	<u>1,327</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		1,327	1,688
- Disposals during Year		(90)	(361)
- Transfers from/(to) Owner Occupied (Note 9)		55	-
- Other Movements		(16)	-
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>1,276</u></b>	<b><u>1,327</u></b>
<b>(b) Valuation Basis</b>			
The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2013 revaluations were based on Independent Assessments made by: APV Valuers and Asset Management			
<b>(c) Leasing Arrangements</b>			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:			
Within 1 year		31	35
<b>Total Minimum Lease Payments Receivable</b>		<b><u>31</u></b>	<b><u>35</u></b>
<b>(d) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		31	35
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(28)	(6)
<b>Net Revenue Contribution from Investment Properties</b>		<b><u>3</u></b>	<b><u>29</u></b>
<b>Total Income attributable to Investment Properties</b>		<b><u>3</u></b>	<b><u>29</u></b>
<b>(e) Restricted Investment Properties</b>			
Water Fund		750	746
Sewer Fund		86	110
<b>Total Restricted Investment Properties</b>		<b><u>836</u></b>	<b><u>856</u></b>

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	19,275	13,019	26,952	13,019
Investments				
- "Held for Trading"	43,819	31,436	43,819	31,436
- "Held to Maturity"	118,677	130,886	111,000	130,886
Receivables	25,058	25,010	24,895	25,010
<b>Total Financial Assets</b>	<b>206,829</b>	<b>200,351</b>	<b>206,666</b>	<b>200,351</b>
<b>Financial Liabilities</b>				
Payables	10,547	11,213	10,261	11,213
Loans / Advances	189,111	191,052	206,963	200,960
<b>Total Financial Liabilities</b>	<b>199,658</b>	<b>202,265</b>	<b>217,224</b>	<b>212,173</b>

Fair Value is determined as follows:

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

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

	Level 1	Level 2	Level 3	Total
<b>2013</b>				
<b>Financial Assets</b>				
Cash & Cash Equivalents	26,952	-		26,952
Receivables	24,895	-		24,895
Investments				
- "Held for Trading"	-	43,819	-	43,819
- "Held to Maturity"	111,000	-		111,000
<b>Total Financial Assets</b>	<b>162,847</b>	<b>43,819</b>	<b>-</b>	<b>206,666</b>
<b>2012</b>	168,915	31,436		200,351
<b>2013</b>				
<b>Financial Liabilities</b>				
Loans & Payables	217,224	-	-	217,224
<b>Total Financial Liabilities</b>	<b>217,224</b>	<b>-</b>	<b>-</b>	<b>217,224</b>
<b>2012</b>	212,173			212,173

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council has an Investment Policy which complies with the LGA and Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	4,382	4,382	(4,382)	(4,382)
Possible impact of a 1% movement in Interest Rates	1,818	1,818	(1,818)	(1,818)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	3,144	3,144	(3,144)	(3,144)
Possible impact of a 1% movement in Interest Rates	1,657	1,657	(1,657)	(1,657)

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Receivables

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

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	0%	78%	0%	78%
Overdue	100%	22%	100%	22%
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			202	65
+ new provisions recognised during the year			76	149
- amounts already provided for & written off this year			(14)	-
- amounts provided for but recovered during the year			(1)	(12)
<b>Balance at the end of the year</b>			<b>263</b>	<b>202</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (d) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

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

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

The contractual undiscounted cash outflows (i.e.. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	1,162	8,925	460	-	-	-	-	10,547	10,547
Loans & Advances	-	21,036	20,558	19,962	19,768	19,631	254,841	355,796	189,111
<b>Total Financial Liabilities</b>	<b>1,162</b>	<b>29,961</b>	<b>21,018</b>	<b>19,962</b>	<b>19,768</b>	<b>19,631</b>	<b>254,841</b>	<b>366,343</b>	<b>199,658</b>
<b>2012</b>									
Trade/Other Payables	1,076	9,651	486	-	-	-	-	11,213	11,213
Loans & Advances	-	22,110	20,490	20,011	19,415	19,222	261,111	362,359	191,052
<b>Total Financial Liabilities</b>	<b>1,076</b>	<b>31,761</b>	<b>20,976</b>	<b>20,011</b>	<b>19,415</b>	<b>19,222</b>	<b>261,111</b>	<b>373,572</b>	<b>202,265</b>

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	10,547	0.0%	11,213	0.0%
Loans & Advances - Fixed Interest Rate	160,725	6.8%	177,592	6.7%
Loans & Advances - Variable Interest Rate	28,386	8.5%	13,460	8.5%
	<b>199,658</b>		<b>202,265</b>	

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 26 June 2012.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>85,185</b>	<b>85,683</b>	<b>498</b>	1%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>34,749</b>	<b>37,177</b>	<b>2,428</b>	7%	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	<b>6,089</b>	<b>10,933</b>	<b>4,844</b>	80%	<b>F</b>
Higher level of funds invested. In addition, Council adopts a conservative approach to budgeting for interest revenue, and does not budget for non-cash items such as fair value adjustments					
<b>Other Revenues</b>	<b>1,854</b>	<b>2,414</b>	<b>560</b>	30%	<b>F</b>
Higher anticipated revenue from rent and fines. In addition, there was substantial revenue from the sale of small plant items					
<b>Operating Grants &amp; Contributions</b>	<b>16,215</b>	<b>20,202</b>	<b>3,987</b>	25%	<b>F</b>
Grants & contributions were received that were not anticipated in the budget, notably Waste & Sustainability grant, Affordable Housing grant, and storm & flood damage grants.					
<b>Capital Grants &amp; Contributions</b>	<b>7,698</b>	<b>25,214</b>	<b>17,516</b>	228%	<b>F</b>
Dedicated assets are not included in the budget					

## Tweed Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	45,737	46,051	(314)	(1%)	U
Borrowing Costs	13,589	14,035	(446)	(3%)	U
Materials & Contracts	46,900	46,941	(41)	(0%)	U
Depreciation & Amortisation	39,644	40,078	(434)	(1%)	U
Other Expenses	14,877	15,735	(858)	(6%)	U
Net Losses from Disposal of Assets	-	6,651	(6,651)		U

**Budget Variations relating to Council's Cash Flow Statement include:**

<b>Cash Flows from Operating Activities</b>	<b>30,691</b>	<b>53,174</b>	<b>22,483</b>	<b>73.3%</b>	<b>F</b>
User charges exceeded budget by \$6m, grants & contributions by \$11m, and investment revenues by \$4m					
<b>Cash Flows from Investing Activities</b>	<b>(39,663)</b>	<b>(44,226)</b>	<b>(4,563)</b>	<b>11.5%</b>	<b>U</b>
<b>Cash Flows from Financing Activities</b>	<b>(434)</b>	<b>(2,692)</b>	<b>(2,258)</b>	<b>520.3%</b>	<b>U</b>
Some loan funding not sought (\$0.6m), also the redemption of a renewal loan (\$1.6m) which was expected to occur in 2011/12 did not occur until 2012/13					

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

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

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	618	5	-	27	(92)	-	558	14,507	(14,829)	236	-
Roads	10,286	1,915	-	432	(2,786)	-	9,847	303,835	(485,104)	(171,422)	-
Traffic Facilities	54	6	-	3	-	-	63	70	(119)	14	-
Parking	1,968	32	-	94	(635)	-	1,459	14,884	-	16,343	-
Open Space	7,137	564	-	349	(1,095)	-	6,955	62,786	(53,170)	16,571	-
Community Facilities	2,269	286	-	116	(122)	-	2,549	18,133	(38,697)	(18,015)	-
Path/Cycleways	450	39	-	19	(370)	-	138	2,514	(2,500)	152	-
Street Trees	129	11	-	6	(10)	-	136	-	-	136	-
Other	1,114	203	-	57	(457)	-	917	27,308	(27,243)	982	-
<b>S94 Contributions - under a Plan</b>	<b>24,025</b>	<b>3,061</b>	<b>-</b>	<b>1,103</b>	<b>(5,567)</b>	<b>-</b>	<b>22,622</b>	<b>444,037</b>	<b>(621,662)</b>	<b>(155,003)</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>24,025</b>	<b>3,061</b>	<b>-</b>	<b>1,103</b>	<b>(5,567)</b>	<b>-</b>	<b>22,622</b>				<b>-</b>
S94 not under Plans	695	-	-	35	(7)	-	723	-	-	723	-
S64 Contributions	-	2,249	2,133	323	-	-	2,572				
<b>Total Contributions</b>	<b>24,720</b>	<b>5,310</b>	<b>2,133</b>	<b>1,461</b>	<b>(5,574)</b>	<b>-</b>	<b>25,917</b>	<b>444,037</b>	<b>(621,662)</b>	<b>(154,280)</b>	<b>-</b>

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	4,200	31	-	196	(481)	-	3,946	969	(4,079)	836	-
<b>Total</b>	<b>4,200</b>	<b>31</b>	<b>-</b>	<b>196</b>	<b>(481)</b>	<b>-</b>	<b>3,946</b>	<b>969</b>	<b>(4,079)</b>	<b>836</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 2

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	542	-	-	25	-	-	567	1	(400)	168	-
<b>Total</b>	<b>542</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>567</b>	<b>1</b>	<b>(400)</b>	<b>168</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 3

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	39	-	-	2	(36)	-	5	-	-	5	-
<b>Total</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(36)</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 4

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	10,205	1,915	-	428	(2,786)	-	9,762	303,835	(485,104)	(171,507)	-
<b>Total</b>	<b>10,205</b>	<b>1,915</b>	<b>-</b>	<b>428</b>	<b>(2,786)</b>	<b>-</b>	<b>9,762</b>	<b>303,835</b>	<b>(485,104)</b>	<b>(171,507)</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN NUMBER 5

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	870	20	-	41	(101)	-	830	5,611	(6,134)	307	-
<b>Total</b>	<b>870</b>	<b>20</b>	<b>-</b>	<b>41</b>	<b>(101)</b>	<b>-</b>	<b>830</b>	<b>5,611</b>	<b>(6,134)</b>	<b>307</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 6

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Street Trees	129	11	-	6	(10)	-	136	-	-	136	-
<b>Total</b>	<b>129</b>	<b>11</b>	<b>-</b>	<b>6</b>	<b>(10)</b>	<b>-</b>	<b>136</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 7

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	76	5	-	2	(92)	-	(9)	14,506	(14,429)	68	-
Open Space	409	4	-	20	(1)	-	432	3,972	(3,977)	427	-
<b>Total</b>	<b>485</b>	<b>9</b>	<b>-</b>	<b>22</b>	<b>(93)</b>	<b>-</b>	<b>423</b>	<b>18,478</b>	<b>(18,406)</b>	<b>495</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 11

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities (Libraries)	1,365	87	-	68	(67)	-	1,453	10,479	(38,886)	(26,954)	-
<b>Total</b>	<b>1,365</b>	<b>87</b>	<b>-</b>	<b>68</b>	<b>(67)</b>	<b>-</b>	<b>1,453</b>	<b>10,479</b>	<b>(38,886)</b>	<b>(26,954)</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 12

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities - Bus Shelters (Other)	54	6	-	3	-	-	63	70	(119)	14	-
<b>Total</b>	<b>54</b>	<b>6</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>70</b>	<b>(119)</b>	<b>14</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 13

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Cemeteries)	(40)	13	-	(2)	(2)	-	(31)	2,125	(1,602)	492	-
<b>Total</b>	<b>(40)</b>	<b>13</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>	<b>-</b>	<b>(31)</b>	<b>2,125</b>	<b>(1,602)</b>	<b>492</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 14

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads (Mebbin Springs)	81	-	-	4	-	-	85	-	-	85	-
<b>Total</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 15

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	319	135	-	19	(15)	-	458	(119)	-	339	-
<b>Total</b>	<b>319</b>	<b>135</b>	<b>-</b>	<b>19</b>	<b>(15)</b>	<b>-</b>	<b>458</b>	<b>(119)</b>	<b>-</b>	<b>339</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN NUMBER 16

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Surf Lifesaving)	328	4	-	16	(1)	-	347	-	(216)	131	-
<b>Total</b>	<b>328</b>	<b>4</b>	<b>-</b>	<b>16</b>	<b>(1)</b>	<b>-</b>	<b>347</b>	<b>-</b>	<b>(216)</b>	<b>131</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 18

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Council Admin Fees)	826	186	-	43	(454)	-	601	25,218	(25,425)	394	-
<b>Total</b>	<b>826</b>	<b>186</b>	<b>-</b>	<b>43</b>	<b>(454)</b>	<b>-</b>	<b>601</b>	<b>25,218</b>	<b>(25,425)</b>	<b>394</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 19

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	(387)	21	-	(21)	(163)	-	(550)	8,316	(1,065)	6,701	-
Community Facilities	546	64	-	27	(4)	-	633	7,773	-	8,406	-
Path/Cycleways	92	-	-	4	-	-	96	-	-	96	-
<b>Total</b>	<b>251</b>	<b>85</b>	<b>-</b>	<b>10</b>	<b>(167)</b>	<b>-</b>	<b>179</b>	<b>16,089</b>	<b>(1,065)</b>	<b>15,203</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 20

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 21

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	28	-	-	1	-	-	29	-	-	29	-
<b>Total</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 22

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Path/Cycleways (Shire Wide Cycleways)	358	39	-	15	(370)	-	42	2,514	(2,500)	56	-
<b>Total</b>	<b>358</b>	<b>39</b>	<b>-</b>	<b>15</b>	<b>(370)</b>	<b>-</b>	<b>42</b>	<b>2,514</b>	<b>(2,500)</b>	<b>56</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 23

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking (Shire Wide Car parking)	1,968	32	-	94	(635)	-	1,459	14,884	-	16,343	-
<b>Total</b>	<b>1,968</b>	<b>32</b>	<b>-</b>	<b>94</b>	<b>(635)</b>	<b>-</b>	<b>1,459</b>	<b>14,884</b>	<b>-</b>	<b>16,343</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 25

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space (Salt Open Space)	907	83	-	46	(12)	-	1,024	99	(136)	987	-
<b>Total</b>	<b>907</b>	<b>83</b>	<b>-</b>	<b>46</b>	<b>(12)</b>	<b>-</b>	<b>1,024</b>	<b>99</b>	<b>(136)</b>	<b>987</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 26

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space (Shirewide)	996	379	-	60	(330)	-	1,105	43,845	(40,537)	4,413	-
<b>Total</b>	<b>996</b>	<b>379</b>	<b>-</b>	<b>60</b>	<b>(330)</b>	<b>-</b>	<b>1,105</b>	<b>43,845</b>	<b>(40,537)</b>	<b>4,413</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 27

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	93	-	-	4	-	-	97	-	-	97	-
<b>Total</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 28

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	20	26	-	2	(7)	-	41	-	-	41	-
<b>Total</b>	<b>20</b>	<b>26</b>	<b>-</b>	<b>2</b>	<b>(7)</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	251	-	-	12	-	-	263	-	-	263	-
Traffic Facilities	92	-	-	5	-	-	97	-	-	97	-
Open Space	275	-	-	18	(7)	-	286	-	-	286	-
Community Facilities	76	-	-	-	-	-	76	-	-	76	-
Footpath	1	-	-	-	-	-	1	-	-	1	-
<b>Total</b>	<b>695</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>(7)</b>	<b>-</b>	<b>723</b>	<b>-</b>	<b>-</b>	<b>723</b>	<b>-</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

###### (i) Defined Benefit Superannuation Contribution Plans

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

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

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

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit. Accordingly, Council has not recorded a net liability of \$3,073,394 for its Defined Benefit Scheme obligations in accordance with AASB 119 was at 30 June 2013.

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

###### (iv) Other Guarantees

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

##### 2. Other Liabilities

###### (ii) S94 Plans

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

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

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

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

###### (ii) Richmond - Tweed Regional Library

Council together with other local government authorities to operate a regional facility known as the Richmond-Tweed Regional Library.

Annually, Councils contribute to fund its activities based upon a formula. In the event that Council wishes to withdraw from the arrangement, Council will receive it's attributable share of assets and liabilities.

## Tweed Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities (continued)

##### (iii) Legal Issues

Council can defend actions in Land & Environment Court. It is not practical to estimate the amount, if any, for which the Council could be liable thereof.

#### ASSETS NOT RECOGNISED:

##### (i) Infringement Notices/Fines

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

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

#### Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no material interest in any Controlled Entities, Associated Entities or Joint Ventures for financial statement accounting and disclosure purposes.

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,207,322	1,211,450
a. Correction of Prior Period Errors	20 (c)	4,861	(23,596)
c. Net Operating Result for the Year		12,132	19,468
<b>Balance at End of the Reporting Period</b>		<u><u>1,224,315</u></u>	<u><u>1,207,322</u></u>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		1,423,413	1,315,038
<b>Total</b>		<u><u>1,423,413</u></u>	<u><u>1,315,038</u></u>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		1,315,038	1,291,552
- Revaluations for the year	9(a)	109,241	23,486
- Other movements		(866)	-
<b>- Balance at End of Year</b>		<u><u>1,423,413</u></u>	<u><u>1,315,038</u></u>
<b>TOTAL VALUE OF RESERVES</b>		<u><u>1,423,413</u></u>	<u><u>1,315,038</u></u>

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

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of prior period errors in the current year:</b>			
Upon review of Council's current asset records, a number of asset classes had minor adjustments to prior period retained earnings arising from revised control assessments and revaluation processes.			
* Buildings		2,018	
* Other Structures		3,614	
* Other Classes		(771)	
<b>Correction of errors as disclosed in last year's financial statements:</b>			
Due to improved auditing and record keeping processes, Council has identified a number of assets not previously included in Council's asset records as well as assets included in Council's records more than once. Council has assessed these assets based on valuations, unit rates and useful lives of like assets as determined in the most recent revaluation process.			
* Buildings			70
* Transport			808
* Land			(24,473)
* Water & Sewer Infrastructure			
* Other Structures			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/11 (relating to adjustments for the 30/6/11 reporting year end and prior periods)		-	(23,596)
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		4,861	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>4,861</b>	<b>(23,596)</b>

**(d) Voluntary Changes in Accounting Policies**

Council did not make any voluntary changes to accounting policies during the year.

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	4,127	21,245	60,311
User Charges & Fees	15,283	2,129	19,765
Interest & Investment Revenue	1,524	2,972	6,437
Other Revenues	750	316	1,348
Grants & Contributions provided for Operating Purposes	373	360	19,469
Grants & Contributions provided for Capital Purposes	2,190	3,780	19,244
<b>Total Income from Continuing Operations</b>	<b>24,247</b>	<b>30,802</b>	<b>126,574</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	3,845	5,309	36,897
Borrowing Costs	5,318	3,338	5,379
Materials & Contracts	8,650	6,641	31,650
Depreciation & Amortisation	6,666	9,742	23,670
Impairment	-	-	-
Other Expenses	1,699	2,517	11,519
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	585	939	5,127
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>26,763</b>	<b>28,486</b>	<b>114,242</b>
<b>Operating Result from Continuing Operations</b>	<b>(2,516)</b>	<b>2,316</b>	<b>12,332</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(2,516)</b>	<b>2,316</b>	<b>12,332</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(2,516)</b>	<b>2,316</b>	<b>12,332</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(4,706)</b>	<b>(1,464)</b>	<b>(6,912)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

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

## Tweed Shire Council

## Notes to the Financial Statements

as at 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	51	7,393	11,831
Investments	22,650	33,000	40,065
Receivables	8,146	3,973	9,952
Inventories	-	-	807
Other	-	-	1,507
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>30,847</b>	<b>44,366</b>	<b>64,162</b>
<b>Non-Current Assets</b>			
Investments	-	8,000	58,781
Receivables	-	-	2,987
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	474,057	585,592	1,602,625
Investments Accounted for using the equity method	-	-	-
Investment Property	750	86	440
Intangible Assets	-	-	754
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>474,807</b>	<b>593,678</b>	<b>1,665,587</b>
<b>TOTAL ASSETS</b>	<b>505,654</b>	<b>638,044</b>	<b>1,729,749</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	1,204	478	11,671
Borrowings	1,068	2,713	3,872
Provisions	-	-	16,721
<b>Total Current Liabilities</b>	<b>2,272</b>	<b>3,191</b>	<b>32,264</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	460
Borrowings	65,989	36,043	79,426
Provisions	-	-	6,074
<b>Total Non-Current Liabilities</b>	<b>65,989</b>	<b>36,043</b>	<b>85,960</b>
<b>TOTAL LIABILITIES</b>	<b>68,261</b>	<b>39,234</b>	<b>118,224</b>
<b>Net Assets</b>	<b>437,393</b>	<b>598,810</b>	<b>1,611,525</b>
<b>EQUITY</b>			
Retained Earnings	180,593	220,703	823,019
Revaluation Reserves	256,800	378,107	788,506
<b>Total Equity</b>	<b>437,393</b>	<b>598,810</b>	<b>1,611,525</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

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

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

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\$ '000

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

#### Note 23. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 17/10/13.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

#### Note 24. Discontinued Operations

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

## Tweed Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 25. Intangible Assets

\$ '000

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

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	2,865	2,427
Accumulated Amortisation (1/7/12)	(2,135)	(1,812)
Accumulated Impairment (1/7/12)	-	-
<b>Net Book Value - Opening Balance</b>	<b>730</b>	<b>615</b>
<b>Movements for the year</b>		
- Purchases	460	438
- Amortisation charges	(436)	(323)
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	3,325	2,865
Accumulated Amortisation (30/6/13)	(2,571)	(2,135)
Accumulated Impairment (30/6/13)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>754</u></b>	<b><u>730</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Software	754	730
	<b><u>754</u></b>	<b><u>730</u></b>

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Tips	2020	659	654
Quarries	2020	432	492
Kingscliff Sewerage Treatment Plant	2013	-	107
<b>Balance at End of the Reporting Period</b>		<b>1,091</b>	<b>1,253</b>

10(a)

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

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

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

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	1,253	1,608
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	(55)	55
Expenditure incurred attributable to Provisions	(107)	(410)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>1,091</b>	<b>1,253</b>

#### Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

## Tweed Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 27. Council Information & Contact Details

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##### **Principal Place of Business:**

Civic & Cultural Centre Tumbulgum Road  
Murwillumbah NSW 2484

##### **Contact Details**

##### **Mailing Address:**

PO Box 816  
Murwillumbah NSW 2484

##### **Opening Hours:**

8.30 am - 4.15 pm Monday to Friday  
Closed Public Holidays

**Telephone:** 1300 292 872

**Facsimile:** 02 6670 2429

**Internet:** [www.tsc.nsw.gov.au](http://www.tsc.nsw.gov.au)

**Email:** [tsc@council.nsw.gov.au](mailto:tsc@council.nsw.gov.au)

##### **Officers**

##### **GENERAL MANAGER**

Troy Green

##### **RESPONSIBLE ACCOUNTING OFFICER**

Michael Chorlton

##### **PUBLIC OFFICER**

Neil Baldwin

##### **AUDITORS**

Thomas Noble & Russell  
Chartered Accountants  
PO Box 106  
Lismore NSW 2480

##### **Elected Members**

##### **MAYOR**

Barry Longland

##### **COUNCILLORS**

Barry Longland - Mayor  
Michael Armstrong - Deputy Mayor  
Gary Bagnall  
Carolyn Byrne  
Katie Milne  
Warren Polglase  
Phil Youngblutt

##### **Other Information**

**ABN:** 90 178 732 496



**TWEED SHIRE COUNCIL  
GENERAL PURPOSE FINANCIAL REPORT  
INDEPENDENT AUDIT REPORT**

We have audited the accompanying financial report of Tweed Shire Council (the Council) which comprises the statement of financial position as at 30 June 2013, the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

**Council's Responsibility for the Financial Report**

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Council determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial 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 procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

Our audit responsibility does not extend to the original budget information included in the income statement, statement of cash flows, Note 2(a), Note 16 budget variation explanations and Note 17 forecast information, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



## Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial report:
  - (i) has been prepared in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position as at 30 June 2013, the results of its operations and its cash flows for the year then ended; and
  - (iv) are in accordance with applicable Accounting Standards, Interpretations and other mandatory professional reporting requirements in Australia;
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

## THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS



.....  
K R FRANEY (Partner)  
Registered Company Auditor

Dated at Lismore this 17th day of October 2013.

# Tweed Shire Council

Report to Council under s417 of  
the Local Government Act 1993  
for the year ended  
30 June 2013



**TWEED**  
SHIRE COUNCIL



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers



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## 1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

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Council is required to prepare two financial reports ready for audit each year:

### *General Purpose Financial Report*

This financial report presents the financial position and performance of the Council on a consolidated basis. The report includes all controlled Council operations such as general, water and sewer funds as well as commercial waste management and holiday parks activities. Council has prepared the general purpose financial report in accordance with the Division of Local Government Code of Accounting Practice Manual which adopts applicable Australian Accounting Standards as the framework for financial reporting.

### *Special Purpose Financial Report*

This financial report provides an understanding of the financial position and performance of Council's declared business activities as required under the National Competition Policy. Council's declared business activities for the 2013 financial year are:

- Water Fund operations
- Sewer Fund operations
- Commercial Waste Management operations
- Tweed Coast Holiday Parks operations

Council is not required to adopt Australian Accounting Standards when preparing this financial report however the financial position and performance has been calculated by adopting applicable Accounting Standard requirements.

## 2. AUDITOR'S RESPONSIBILITIES

---

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards as well as Australian Professional and Ethical Standards. We advise that we have completed our audit of the Council's general purpose and special purpose financial reports for the year ended 30th June 2013. In accordance with section 417 of the Local Government Act 1993 we now report on the conduct of the audit.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. The procedures selected depend on our professional judgement, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Council's preparation and fair presentation of the financial reports 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 organisation's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial reports.

### 3. OPERATING RESULT

Council's surplus from all activities for 2013 totalled \$12,132,000. This compares to a surplus in 2012 of \$19,468,000. This result can be summarised as follows:

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Income from continuing operations	155,797	153,542	136,270	126,447
Expenses from continuing operations	(122,762)	(114,598)	(112,306)	(104,788)
Result from continuing operations before depreciation	33,035	38,944	23,964	21,659
Less Depreciation expense	(40,078)	(38,167)	(37,192)	(38,639)
<b>Operating result before capital amounts</b>	<b>(7,043)</b>	<b>777</b>	<b>(13,228)</b>	<b>(16,980)</b>
<b>Capital Revenue &amp; Other Non-Operating Items</b>				
Capital grants and contributions	25,214	23,859	15,822	24,484
Fair value gains and losses on investments	612	402	159	899
Significant items	0	0	4,598	5,381
Loss on disposal of assets	(6,651)	(5,570)	(4,663)	(4,799)
<b>Surplus from all activities</b>	<b>12,132</b>	<b>19,468</b>	<b>2,688</b>	<b>9,005</b>

#### 3.1. Analysis of Result From Continuing Operations Before Capital Amounts

The result from continuing operations before capital amounts, gain/(loss) on disposal of property, plant and equipment, movements in fair value of investments and significant items has deteriorated from a surplus of \$777,000 for the 2012 year to a deficit of \$7,043,000 in the 2013 financial year. Significant changes in this result include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>Revenue</b>		
Ordinary Rates	3,472	Ordinary rates have increased due to a rate-pegged increment of 4% plus a special rate variation approved by the NSW Division of Local Government of 3.5% plus a specific carbon price advance of 0.4%.



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Annual Charges	2,712	<p>Sewerage annual service charges have increased by \$1,459,000 due to an increment in the annual charge per assessment from \$609 in 2011/12 to \$650 in 2012/13.</p> <p>Annual charges in relation to Domestic Waste Management Services increased by \$488,000 due to an increment in the annual domestic waste management charge per assessment from \$50.70 in 2011/12 to \$54.30 in 2012/13 and an increment in the annual domestic waste service charge per assessment from \$118.30 in 2011/12 to \$144.55 in 2012/13.</p>
Specific User Charges	3,325	<p>Water and sewer user charges increased due to changes in Council's pricing schedule. Charges for both residential and non-residential assessments consuming &lt;300K/L increased from \$1.85 K/L to \$2.05 K/L and residential assessments consuming &gt;300KL increased from \$2.80K/L to \$3.10K/L.</p>
Interest & Investments Revenue	(896)	<p>Interest revenue from investments decreased as a result of lower interest rates in 2012/13 compared to 2011/12.</p>
Operating Grants & Contributions	(6,165)	<p>Total revenue from the Financial Assistance Grant decreased from \$11,370,000 in 2011/12 to \$8,834,000 in 2012/13 due to an advance of the 2012/13 Financial Assistance Grant received prior to the 2012 year end. This advance was reduced from the quarterly Financial Assistance Grant Funding received in 2012/13. The 2011/12 Financial Assistance Grant Funding included the full quarterly instalments as there was no advance in the prior financial year.</p> <p>Council received an operating grant of \$4,000,000 in 2012 from the Department of Families, Housing, Community and Indigenous Affairs for the Affordable Housing project at Tweed Heads. The funding received for this project decreased to \$2,000,000 in 2013.</p>



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>Expenses</b>		
Employee Benefits & On-Costs	2,939	<p>Salaries and wages increased by \$2,037,000 and reflects an award increase of 3.25% and an overall increase in the number of FTE employees to 672 (2012: 659).</p> <p>Employee leave entitlement expenses increased by \$1,197,000 due to the increase in FTE employees as well as additional on-costs being applied to the long service leave liability.</p> <p>These increases were offset by a decrease in workers compensation expenses by \$1,099,000 as a result of an improved claims history.</p>
Materials and Contracts	3,207	Raw materials and consumables expenses have increased mainly due to annual increases from suppliers, additional monies spent on debt recovery and valuation services.
Depreciation	1,911	Depreciation of Infrastructure assets has increased due to prior year additions, in particular the Banora Point Sewer Treatment Plant upgrade and the Burringbar-Mooball Sewerage Scheme as well as the impact on depreciation arising from prior year revaluation increments.
Other Expenses	2,088	<p>Electricity &amp; Heating expenses have increased by \$1,037,000 which can be attributed to higher electricity rates as well as higher capacity at the Banora Point Waste Water Treatment Plant after its upgrade this year.</p> <p>Donations, contributions and assistance to other organisations expenses have increased by \$711,000 which is largely attributable to the residential toilet rebate which commenced in 2012/13.</p>

### 3.2. Capital Grants & Contributions

Council receives capital grants and contributions from various sources. The extent of revenue received each year is influenced by the nature and extent of Council's capital improvements program and general economic activity.

#### Capital Grants

Capital grants received in cash during the year amounted to \$4,978,000 and were largely attributable to:

- \$1,080,000 received from the NSW Office of Water for the Burringbar-Mooball Sewerage Scheme;
- Roads to Recovery funding of \$1,206,000;
- \$1,041,000 received from the Department of Infrastructure, Transport and Regional Development for the Murwillumbah Community Centre upgrade; and
- Smaller grants associated with a number of other projects.

#### Capital Contributions

Capital contributions received during the period amounted to \$20,236,000. Capital contributions largely comprise section 94 and 64 developer contributions and dedications of infrastructure assets to Council upon the completion of residential and other developments.

	2013 \$'000	2012 \$'000	2011 \$'000
Non-cash developer infrastructure dedications	8,194	13,278	8,475
Section 94 contributions - cash	3,061	2,238	1,419
Section 64 contributions - cash	2,249	2,178	907
Other contributions	6,732	1,665	2,545
<b>Total</b>	<b>20,236</b>	<b>19,359</b>	<b>13,346</b>

The use of cash contributions received during each year is restricted and accordingly they are not available for use in Council's general operations.

## 4. SPECIAL PURPOSE FINANCIAL REPORT

### DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES

Under the National Competition guidelines Council is required to apply taxation equivalent principles to each business similar to those that would apply if they were operating in the commercial sector. Council declared business activities have been reported with operating details and assets disclosed on a gross basis in Council's special purpose financial report. Each non-core activity (commercial activities other than water and sewer) have a rate of return on their activities that is calculated as the operating result plus interest expense divided by the written down value of property, plant and equipment. Where the return on investment is below the required rate of return, the difference is disclosed as a notional subsidy from Council's General Fund activities. Dividends represent funds used from the relevant business activity for other functions of Council.

#### Water and Sewer Services

The operating results for water and sewer funds are influenced by the depreciation expense relating to infrastructure assets. Council has recognised the need to ensure revenue sources are sufficient to fund short and long term infrastructure requirements. Council's water and sewer activities have returned deficits before capital grants and contributions for at least the last five years. It is important that these operations return surpluses so that they can continue to provide services, replace assets and provide new infrastructure to satisfy population growth. We are aware that Council has developed a 10 year long term financial plan that will allow water and sewer operations to achieve a break-even operating result in the future.

#### Tweed Coast Holiday Parks

Tweed Coast Holiday Parks returned a profit of \$526,000 before capital and income tax equivalents for 2013. Council has historically targeted a 15% return on capital employed for this activity however due to the high value of land assets associated with the operations this is not always achievable. As the actual rate of return for 2013 is lower than the desired rate of return a subsidy totalling \$2,921,000 is disclosed in the special purpose financial report. This subsidy is notional in nature and has not physically been paid from Council's General Fund.

## 5. BALANCE SHEET

### 5.1. Cash and Investments

At balance date Council had \$181.8 million in cash and investments. Council's cash and investments consist of:

	2013 \$'000	2012 \$'000
Cash on hand and at bank	806	519
Term Deposits	121,867	133,886
Floating Rate Notes and Fixed Rate Bonds	43,819	31,436
Deposits at Call / Short Term Money Market	15,279	9,500
	<u>181,771</u>	<u>175,341</u>



Council's cash and investments are largely restricted in their use:

Externally restricted	130,785	129,729
Internally restricted	47,503	41,474
Unrestricted	3,483	4,138
	<u>181,771</u>	<u>175,341</u>

### Unrestricted Cash

The above table illustrates that Council has \$3,483,000 in unrestricted cash at balance date. This money is used to conduct Council's day-to-day operations.

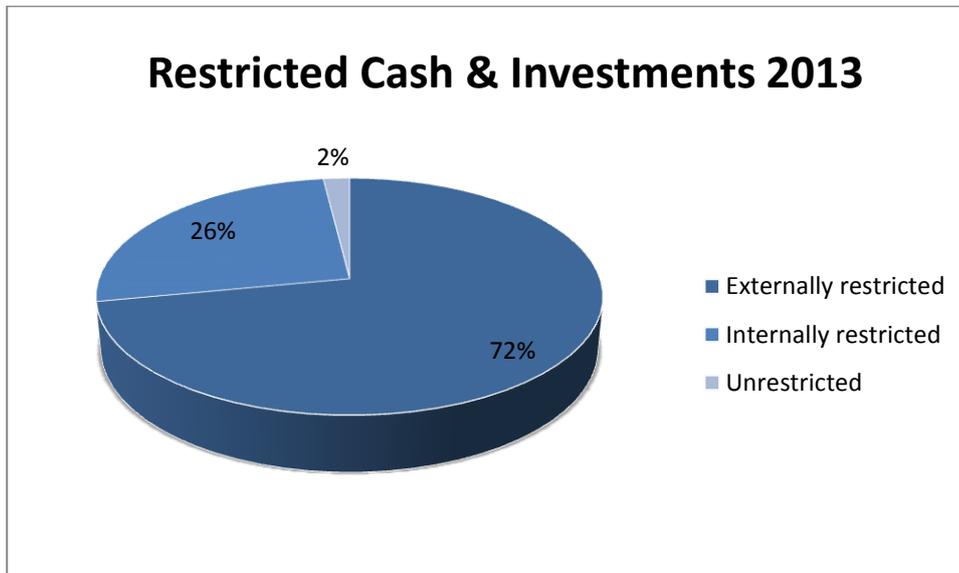
### Externally Restricted Cash

Externally restricted cash consists of unspent monies such as developer contributions, grants and special rates as well as water, sewer and holiday parks funds. These funds are limited in their use under legislation or specific funding agreements and are not available for general Council operations.

### Internally Restricted Cash

Internally restricted cash reserves are tied to specific Council projects under Council resolution and are generally not available to fund day-to-day operations.

A summary of Council's restricted cash and investments is provided below:



## 5.2. Infrastructure, Property, Plant and Equipment

During the year Council capitalised \$56.4 million of infrastructure, property, plant and equipment. This was attributable to the following classes of assets:

	2013 \$'000	2012 \$'000	2011 \$'000
<b>Developer Infrastructure Dedications</b>			
Open Space	363	2,492	425
Roads and Drainage Network	5,686	5,550	5,042
Water Supply Network	404	1,671	1,582
Sewerage Network	1,729	3,565	1,426
<b>Council Constructed / Purchased Assets</b>			
Land and Buildings	4,067	3,098	2,313
Plant and Equipment	4,832	3,622	8,721
Roads and Drainage	12,950	8,898	13,341
Water Supply Network	1,153	2,324	4,025
Sewerage Network	7,481	12,281	884
Other Structures & Assets	880	1,120	5,124
Work in Progress	16,882	18,764	22,061
	<u>56,427</u>	<u>63,385</u>	<u>64,944</u>

Significant construction projects during the 2013 financial year included the Banora Point Sewer Treatment Plant Upgrade, Burringbar-Mooball Sewerage Scheme and Kirkwood Road (associated with the Banora Point Bypass Project).

### Asset Revaluations 2013

The NSW Division of Local Government has mandated that all infrastructure assets including land and buildings are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity.

#### *Operational Land and Buildings Revaluation*

As part of the fair value reporting programme introduced by the Division of Local Government, Council has comprehensively revalued its operational land and building assets as at 30 June 2013. This revaluation process has resulted in the asset revaluation reserve decreasing by \$14,020,000.



### *Water & Sewer Infrastructure Revaluation*

Water and sewer infrastructure assets were indexed by 2.5% in accordance with the NSW Office of Water guidelines, resulting in an increase in fair value of \$10,513,000 for water infrastructure and \$12,345,000 for sewer infrastructure assets.

### *Transport Infrastructure Revaluation*

The last comprehensive revaluation for transport assets was performed in 2010. Council is required to annually reassess the fair value of all infrastructure assets. In prior years, Council has performed this assessment and deemed the resulting impact to be immaterial. In the current year, Council reviewed the replacement cost of transport assets (including roads, bridges, footpaths, bulk earthworks and stormwater drainage) and an increase in the asset revaluation reserve was recorded for the following asset classes:

■ Roads, bridges, footpaths	\$71,381,000
■ Bulk earthworks	\$18,322,000
■ Stormwater drainage	\$10,697,000

### **Asset Management**

As at 30 June 2013 Council controls infrastructure, property, plant and equipment with a written down replacement cost of \$2.662 billion. Infrastructure, property, plant and equipment represent the largest asset group on the organisation's balance sheet. To ensure Council is able to manage its large infrastructure portfolio it is important that it continues to develop asset management systems and associated resources so that revenue is utilised effectively and efficiently and integrated strategic planning goals are achieved.

#### *Asset Management Systems*

As Council auditors, we have provided advice and assistance to management in relation to the operational land & buildings revaluation process for 2013 and the indexation of transport and water and sewer infrastructure assets. Council needs to ensure that adequate resources are allocated to asset information systems to facilitate best practice processes for asset management (including asset revaluations) being adopted and adhered to into the future. We understand that Council plans to improve their asset information systems to assist with the on-going maintenance and reporting of underlying asset information data. This will assist Council with accurate financial reporting and forecasting required under the Integrated Planning and Reporting Framework.

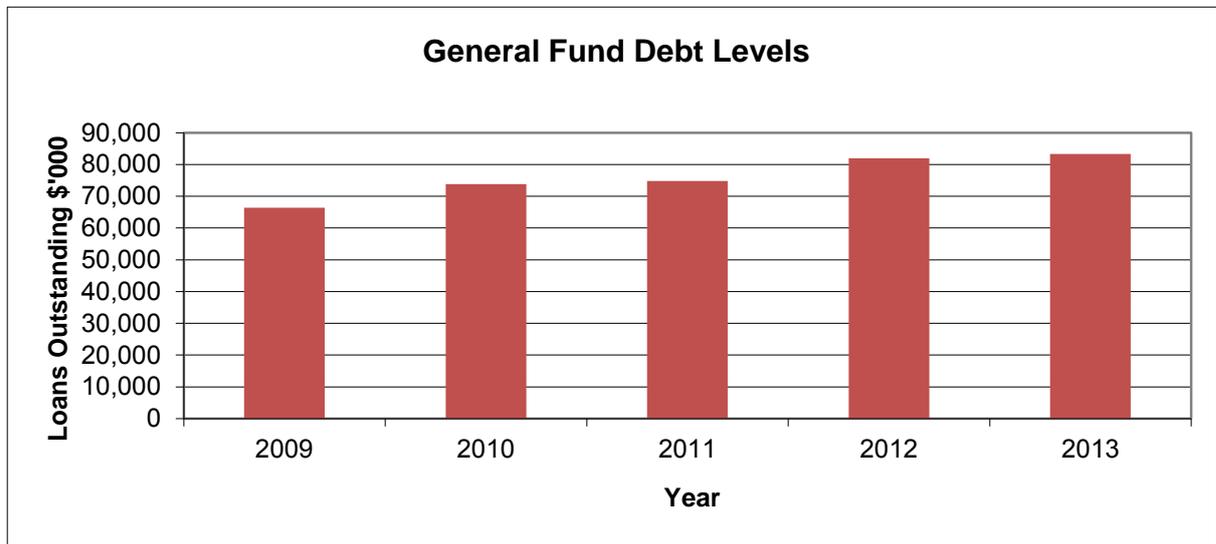
### 5.3. Loans Liability

Council has total borrowings as at 30 June 2013 of \$189,111,000. This loan liability comprises:

	\$
General Fund	83,298,000
Water Fund	67,057,000
Sewer Fund	38,756,000
	<u>189,111,000</u>

#### General Fund Loan Liability

The movement in General Fund borrowings since 2009 is illustrated in the graph below:



General Fund debt levels have increased by \$1,330,000 since 2012. During the 2013 financial year Council's General Fund borrowed \$6,060,000 to fund the following projects:

Project	2013 \$'000
West Kingscliff Drainage	2,335
Other Drainage Projects	1,099
Coastline Management Plan	1,750
Public Toilets	100
Bridges	776
	<u>6,060</u>

Sewerage Fund debt levels have decreased by \$2,250,000 and Water Fund debt levels have decreased by \$1,021,000 since 2012 as no new borrowings have been entered into in 2012/13 and Council continues to make repayments in accordance with loan agreements.

## 6. PERFORMANCE INDICATORS

Council's performance can be measured using selected financial indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial report provides detail of local government sector key performance indicators. We provide an analysis of some of these key performance indicators on a fund-by-fund basis.

When interpreting the ratios below it is important to recognise that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

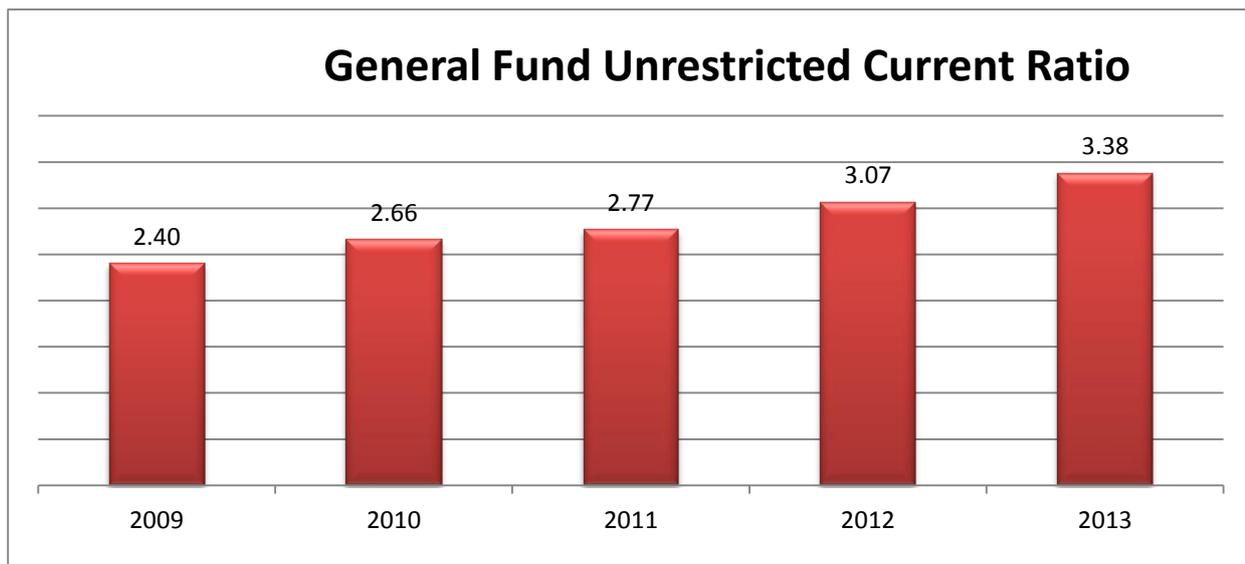
### *Unrestricted Current Ratio*

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- planning and budgetary controls
- cash management and the timing of cash flows
- the level of internally restricted assets
- credit management policies and economic circumstances

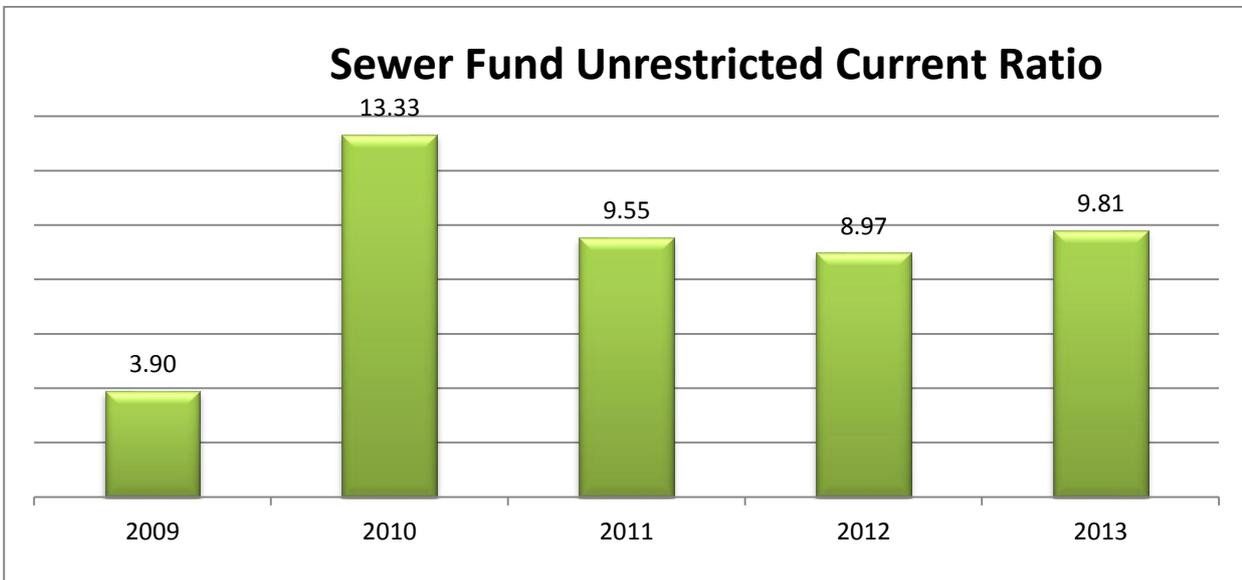
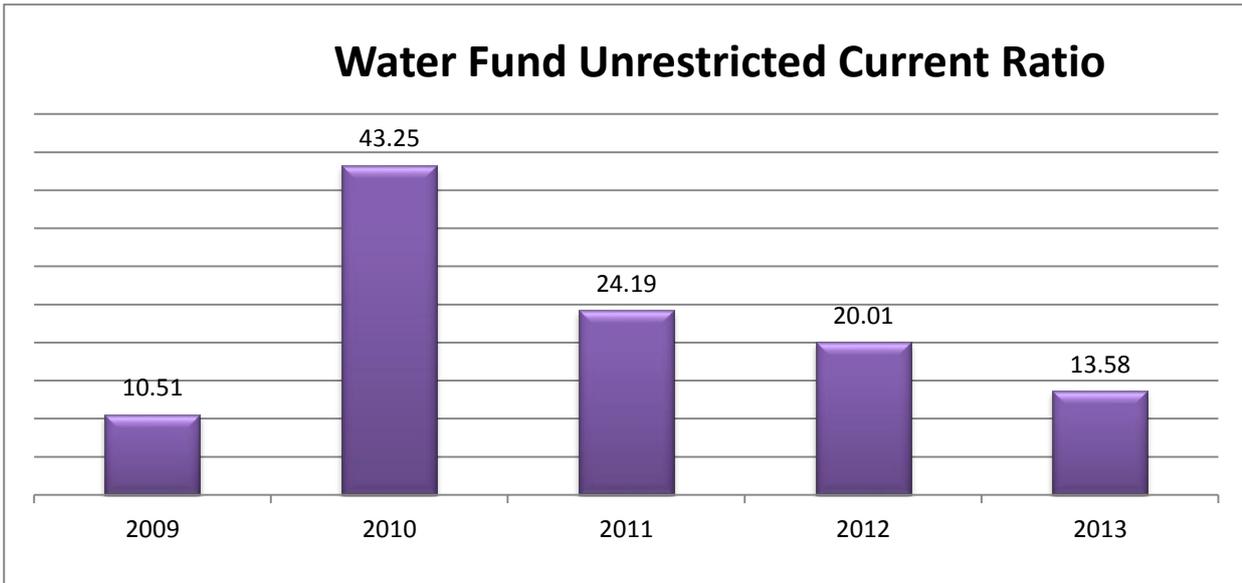
### *General Fund Unrestricted Current Ratio*



Council's general fund unrestricted current ratio at balance date is 3.38. This means that Council has \$3.38 in liquid assets for every \$1 in current liabilities. The trending of this ratio over the last five years highlights the stability of the general fund unrestricted current ratio and illustrates Council's sound short-term financial position.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day-to-day commitments and absorb any unforeseen expenses or reductions in revenue.

*Sewer and Water Funds Unrestricted Current Ratio*



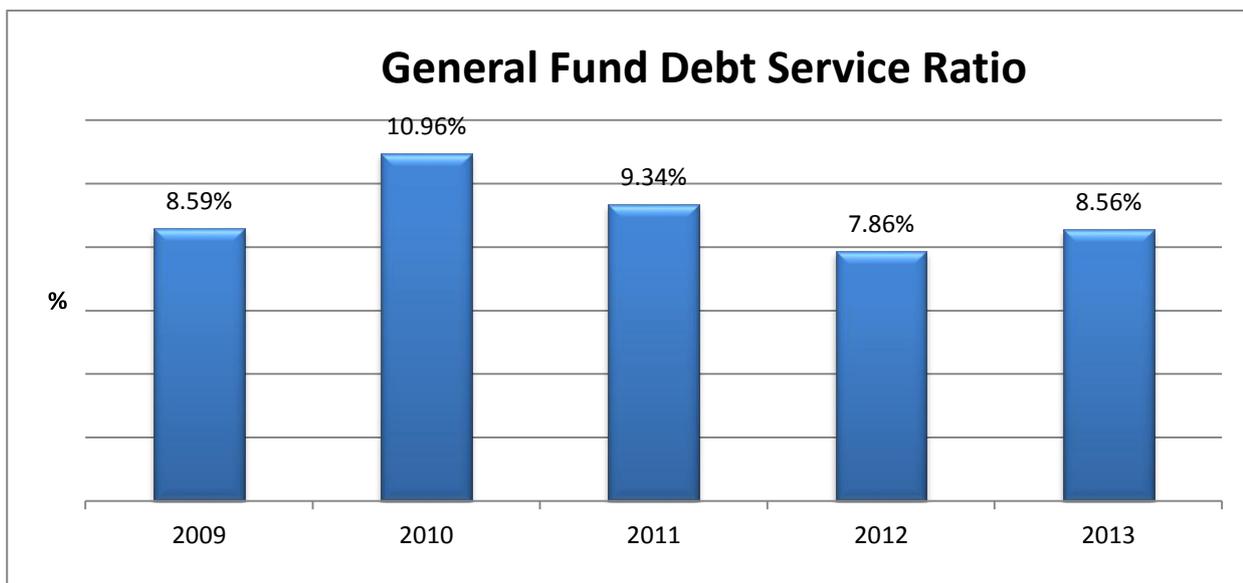
The unrestricted current ratio for water and sewer activities may fluctuate significantly. Yearly variations in the ratio may result from the build up of internal reserves and the impact of lower debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.

### Debt Service Ratio

This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

- the rate of new development in the shire
- Council's debt policy
- interest rate movements and loan terms
- capital investment strategies and capital contributions policies
- the level of cash reserves available to reduce the level of borrowings
- the state of Council's infrastructure/age of assets.

#### General Fund Debt Service Ratio

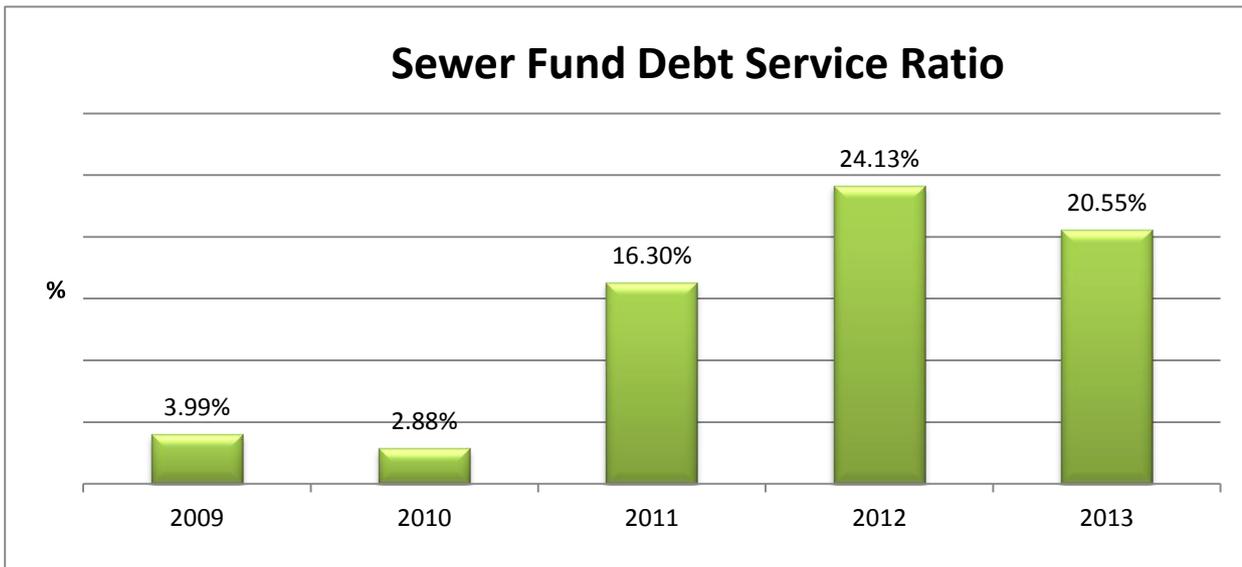
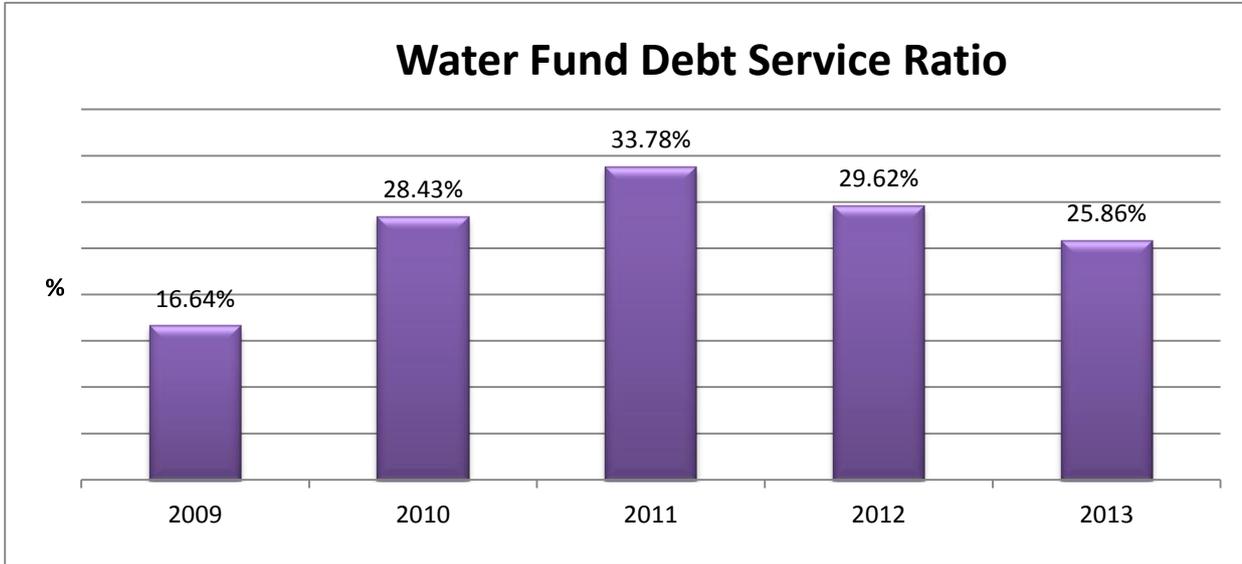


Council's debt service ratio represents total debt service costs as a percentage of revenues (excluding specific purpose grants and contributions as well as capital revenue). The above graph illustrates Council's management of general fund debt service levels over the past five years. The ratio has increased to 8.56% in 2013 as Council's General Fund borrowed \$6,060,000 to fund the projects noted at section '5.3 - Loans Liability'.

The NSW Division of Local Government suggested benchmark for the debt service ratio is <10 satisfactory, 10-20 is fair and >20 could be of concern when considered with other financial indicators. High growth coastal Council's often have a higher debt service ratio. Use of loan funds for infrastructure improvements and other capital purposes is considered to be a prudent financial strategy allowing for the contribution to the cost of the asset through its useful life by the community.



*Water and Sewer Funds Debt Service Ratios*

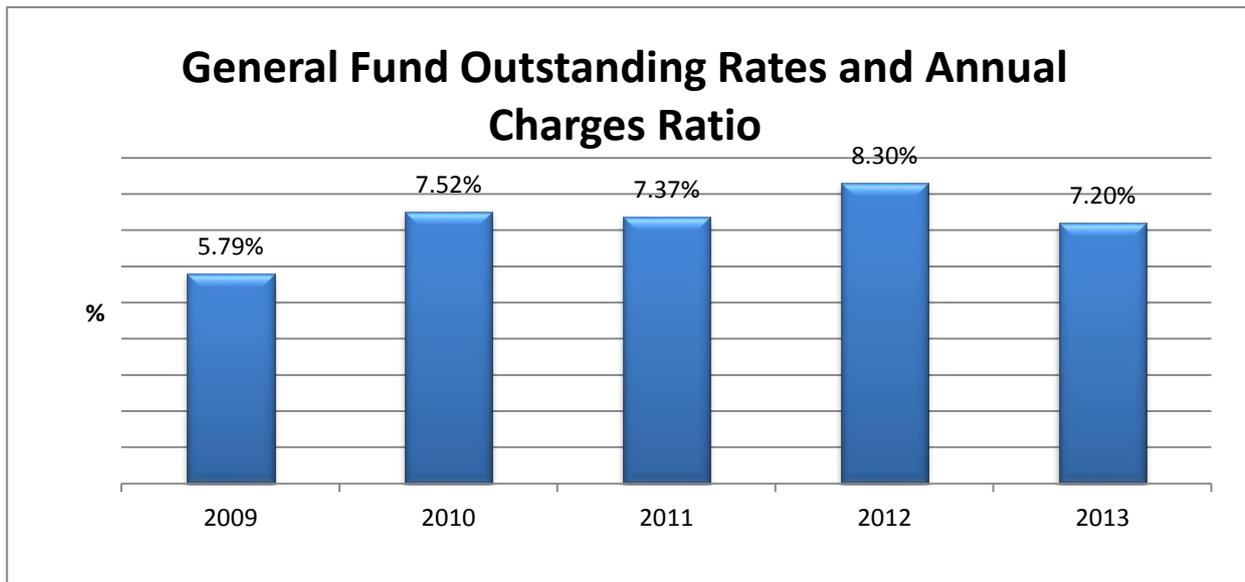


The above graphs illustrate the periodic borrowings to fund capital works programmes for water and sewer funds. Water and Sewer fund's debt service ratios have decreased as Council focuses on reducing the principal of water fund loans used for infrastructure projects in prior years as well as an increase in revenues.

### Rates and Annual Charges Outstanding Percentage

This indicator assesses the effectiveness of Council's revenue collection. Factors influencing Council's rates and annual charges outstanding ratio include:

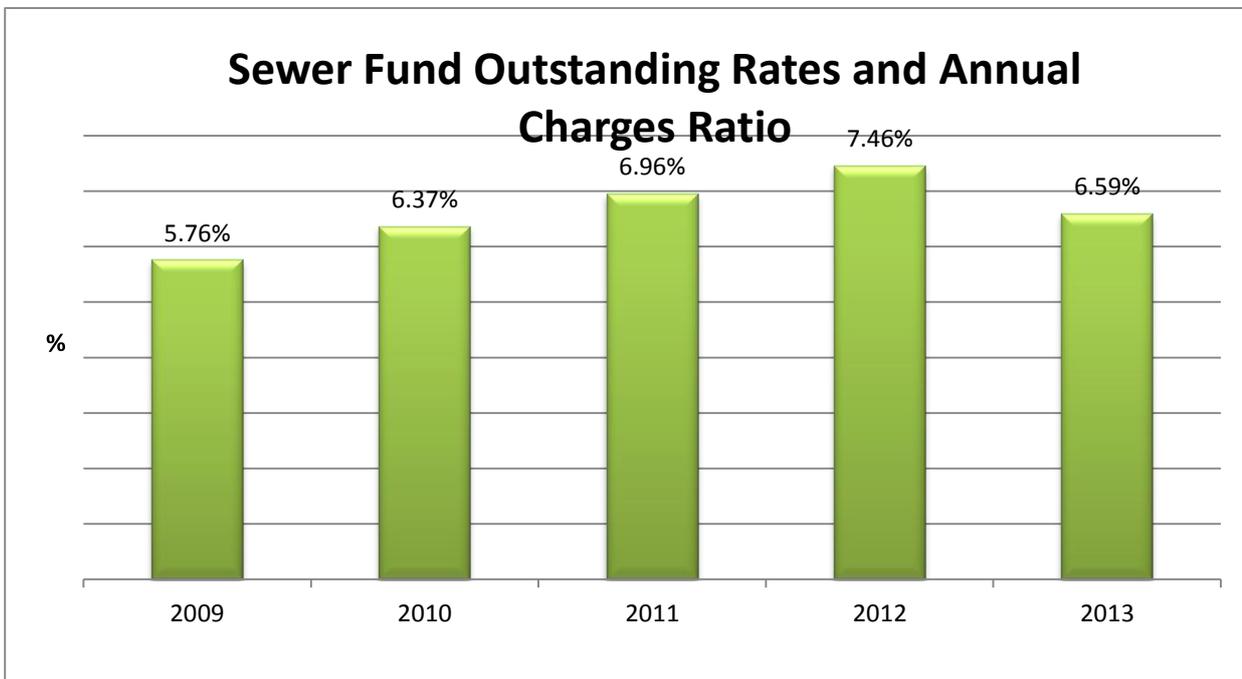
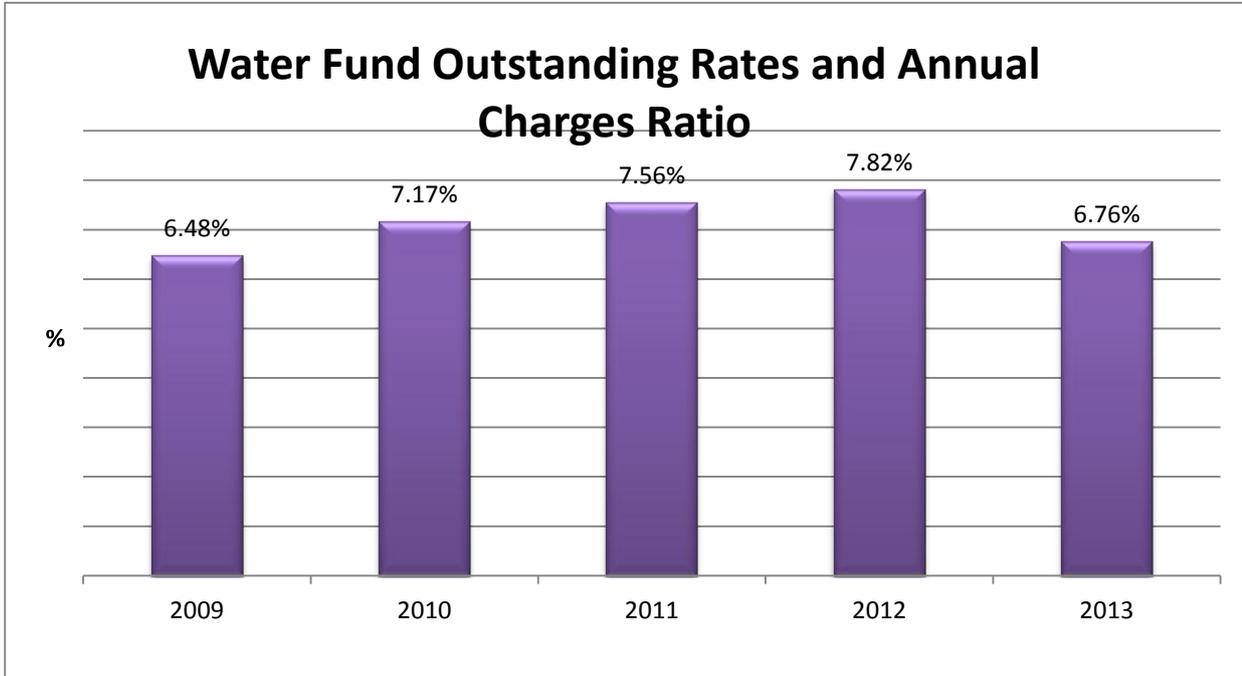
- Council's rating policy
- credit management policies
- the socioeconomic characteristics of the area
- environmental factors influencing ratepayer's ability to satisfy their obligations.



Council's general fund rates and annual charges outstanding percentage has improved and stands at 7.20% as at 30 June 2013. This is reflective of increased expenditure on debt recovery management processes. The NSW Division of Local Government benchmark is <5% for urban and coastal Council's and <10% for rural Council's. We recommend that Council continue to review and monitor its collection procedures to determine whether this ratio can be further reduced so that cash flow can be improved.



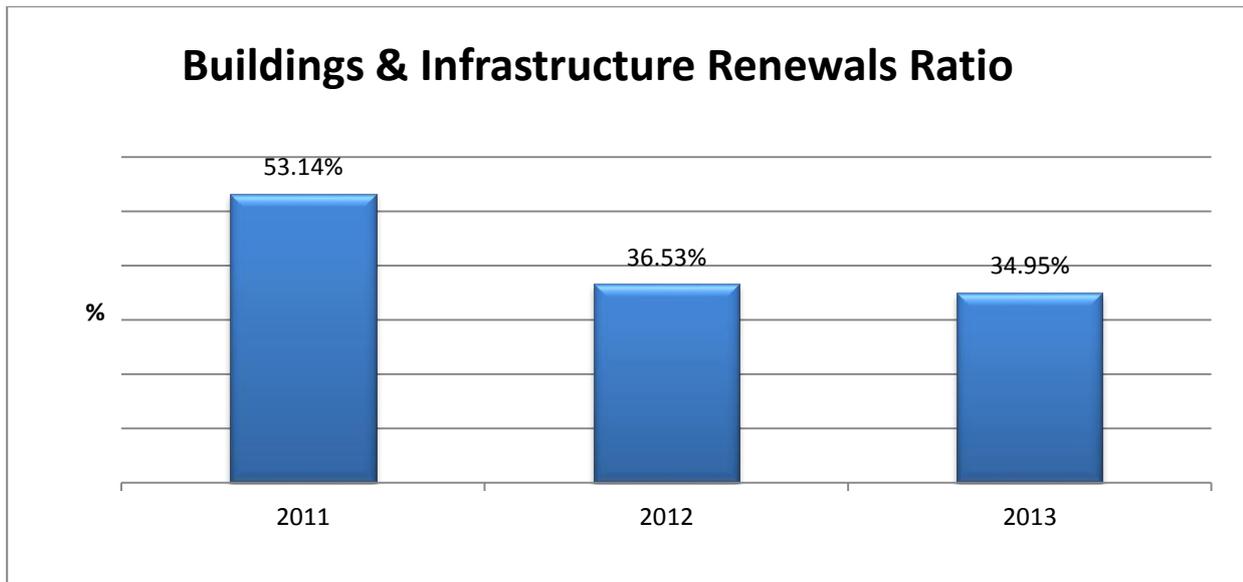
*Water and Sewer Funds Rates & Annual Charges Outstanding*



The above graphs illustrate that the rates and annual charges outstanding ratio for water and sewer funds have also improved over the last year. We recommend that Council continue to review and monitor its collection procedures for the water and sewer funds to determine whether this ratio can be further reduced so that cash flow can be improved.

### Buildings & Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. Renewal is defined as the replacement of existing assets of equivalent capacity or performance as opposed to the acquisition of new assets with additional capacity or performance. This performance indicator has only recently been introduced by the NSW Division of Local Government and has been mandatory for the last three years. The graph below has been prepared on a consolidated basis.



The table above indicates that Council's asset renewal expenditure is not keeping pace with the rate at which these assets are depreciating. The asset renewal ratio for General, Water and Sewer funds for the 2013 financial year are 46.68%, 36.38% & 11.30% respectively.

This ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance. It should be noted that Council has incurred expenditure during the year to increase the capacity of existing assets. By definition, this type of expenditure is not included in the asset renewal ratio to the extent of the increased capacity.

Industry benchmarking recommends that asset renewals equate to the related depreciation expense, or be in the range of 90-100%. We recommend that Council review its asset information systems to ensure all asset renewal expenditure is captured as well as the organisation's capacity to achieve a higher asset renewal ratio as part of its asset management planning.

This ratio should also be considered in conjunction with the level of new asset additions.

## 7. INTERNAL CONTROL ENVIRONMENT

### Results of Testing Council's Financial Reporting Systems

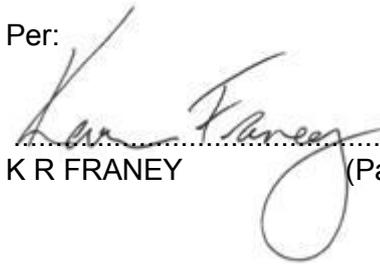
No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a qualified audit opinion. Improvements to the internal control environment have been recommended in our audit management letters.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

Per:

  
.....  
K R FRANEY (Partner)



# Tweed Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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"TOGETHER FORWARD"



**TWEED**  
SHIRE COUNCIL

## Tweed Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

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#### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

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## Tweed Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

**We are not aware of any matter that would render these Statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 17 October 2013.**



Barry Longland  
MAYOR



Michael Armstrong  
COUNCILLOR



Troy Green  
ACTING GENERAL MANAGER



Michael Chorlton  
RESPONSIBLE ACCOUNTING OFFICER

## Tweed Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	4,127	3,784
User charges	15,283	13,032
Fees	-	-
Interest	1,524	1,635
Grants and contributions provided for non capital purposes	373	375
Profit from the sale of assets	-	-
Other income	750	700
<b>Total income from continuing operations</b>	<b>22,057</b>	<b>19,526</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,845	3,903
Borrowing costs	5,318	4,906
Materials and contracts	8,650	7,519
Depreciation and impairment	6,666	6,699
Water purchase charges	-	-
Loss on sale of assets	585	1,250
Calculated taxation equivalents	676	657
Debt guarantee fee (if applicable)	335	340
Other expenses	1,699	1,470
<b>Total expenses from continuing operations</b>	<b>27,774</b>	<b>26,744</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(5,717)</b>	<b>(7,218)</b>
Grants and contributions provided for capital purposes	2,190	3,131
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(3,527)</b>	<b>(4,087)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(3,527)</b>	<b>(4,087)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(3,527)</b>	<b>(4,087)</b>
plus Opening Retained Profits	183,213	186,534
plus/less: Prior Period Adjustments		(128)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	676	657
- Debt guarantee fees	335	340
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(104)	(103)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>180,593</b>	<b>183,213</b>
<b>Return on Capital %</b>	<b>-0.1%</b>	<b>-0.5%</b>
<b>Subsidy from Council</b>	<b>N/A</b>	<b>N/A</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(3,527)	(4,087)
less: Capital grants and contributions (excluding developer contributions)	(747)	(1,707)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Tweed Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	21,245	19,769
User charges	-	-
Liquid Trade Waste charges	1,999	1,506
Fees	130	60
Interest	2,972	3,645
Grants and contributions provided for non capital purposes	360	363
Profit from the sale of assets	-	-
Other income	316	931
<b>Total income from continuing operations</b>	<b>27,022</b>	<b>26,274</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,309	5,258
Borrowing costs	3,338	3,496
Materials and contracts	6,641	6,504
Depreciation and impairment	9,742	8,232
Loss on sale of assets	939	2,347
Calculated taxation equivalents	859	844
Debt guarantee fee (if applicable)	194	223
Other expenses	2,517	1,991
<b>Total expenses from continuing operations</b>	<b>29,539</b>	<b>28,895</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(2,517)</b>	<b>(2,621)</b>
Grants and contributions provided for capital purposes	3,780	6,652
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,263</b>	<b>4,031</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,263</b>	<b>4,031</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,263</b>	<b>4,031</b>
plus Opening Retained Profits	218,486	213,689
plus/less: Prior Period Adjustments		(203)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	859	844
- Debt guarantee fees	194	223
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(99)	(98)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>220,703</b>	<b>218,486</b>
<b>Return on Capital %</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Subsidy from Council</b>	<b>N/A</b>	<b>N/A</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,263	4,031
less: Capital grants and contributions (excluding developer contributions)	(2,974)	(5,898)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Tweed Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	-	-	1,913	1,701
User charges	-	-	3,011	3,002
Fees	7,116	6,656	-	-
Interest	638	728	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	434	474	130	9
<b>Total income from continuing operations</b>	<b>8,188</b>	<b>7,858</b>	<b>5,054</b>	<b>4,712</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	711	641	276	252
Borrowing costs	-	-	3	17
Materials and contracts	1,604	1,780	2,252	1,908
Depreciation and impairment	591	477	94	91
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	1,576	1,765	44	38
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	3,180	2,981	896	889
<b>Total expenses from continuing operations</b>	<b>7,662</b>	<b>7,644</b>	<b>3,565</b>	<b>3,195</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>526</b>	<b>214</b>	<b>1,489</b>	<b>1,517</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>526</b>	<b>214</b>	<b>1,489</b>	<b>1,517</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>526</b>	<b>214</b>	<b>1,489</b>	<b>1,517</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(158)	(64)	(447)	(455)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>368</b>	<b>150</b>	<b>1,042</b>	<b>1,062</b>
plus Opening Retained Profits	24,448	22,819	8,798	7,243
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	1,576	1,765	44	38
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	158	64	447	455
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(1,073)	(350)	-	-
<b>Closing Retained Profits</b>	<b>25,477</b>	<b>24,448</b>	<b>10,331</b>	<b>8,798</b>
<b>Return on Capital %</b>	<b>0.6%</b>	<b>0.2%</b>	<b>39.7%</b>	<b>43.9%</b>
<b>Subsidy from Council</b>	<b>2,921</b>	<b>2,602</b>	<b>-</b>	<b>-</b>

## Tweed Shire Council

## Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	51	67
Investments	22,650	22,000
Receivables	8,146	8,350
Inventories	-	-
Other	-	21
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>30,847</b>	<b>30,438</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	75
Inventories	-	-
Infrastructure, property, plant and equipment	474,057	466,118
Investments accounted for using equity method	-	-
Investment property	750	746
Other	-	-
<b>Total non-Current Assets</b>	<b>474,807</b>	<b>466,939</b>
<b>TOTAL ASSETS</b>	<b>505,654</b>	<b>497,377</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1,204	500
Interest bearing liabilities	1,068	1,021
Provisions	-	-
<b>Total Current Liabilities</b>	<b>2,272</b>	<b>1,521</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	65,989	67,057
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>65,989</b>	<b>67,057</b>
<b>TOTAL LIABILITIES</b>	<b>68,261</b>	<b>68,578</b>
<b>NET ASSETS</b>	<b>437,393</b>	<b>428,799</b>
<b>EQUITY</b>		
Retained earnings	180,593	183,214
Revaluation reserves	256,800	245,585
Council equity interest	437,393	428,799
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>437,393</b>	<b>428,799</b>

## Tweed Shire Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,393	1,519
Investments	33,000	50,000
Receivables	3,973	2,560
Inventories	-	-
Other	-	26
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>44,366</b>	<b>54,105</b>
<b>Non-Current Assets</b>		
Investments	8,000	-
Receivables	-	1,367
Inventories	-	-
Infrastructure, property, plant and equipment	585,592	570,607
Investments accounted for using equity method	-	-
Investment property	86	110
Other	-	-
<b>Total non-Current Assets</b>	<b>593,678</b>	<b>572,084</b>
<b>TOTAL ASSETS</b>	<b>638,044</b>	<b>626,189</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	478	1,294
Interest bearing liabilities	2,713	3,108
Provisions	-	-
<b>Total Current Liabilities</b>	<b>3,191</b>	<b>4,402</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	36,043	38,005
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>36,043</b>	<b>38,005</b>
<b>TOTAL LIABILITIES</b>	<b>39,234</b>	<b>42,407</b>
<b>NET ASSETS</b>	<b>598,810</b>	<b>583,782</b>
<b>EQUITY</b>		
Retained earnings	220,703	218,486
Revaluation reserves	378,107	365,296
Council equity interest	598,810	583,782
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>598,810</b>	<b>583,782</b>

## Tweed Shire Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	280	94	1,106	1,546
Investments	15,646	14,886	7,105	5,304
Receivables	90	174	-	-
Inventories	-	332	-	-
Other	123	121	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>16,139</b>	<b>15,607</b>	<b>8,211</b>	<b>6,850</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	91,435	96,921	3,759	3,494
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>91,435</b>	<b>96,921</b>	<b>3,759</b>	<b>3,494</b>
<b>TOTAL ASSETS</b>	<b>107,574</b>	<b>112,528</b>	<b>11,970</b>	<b>10,344</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	1,770	2,650	29	181
Interest bearing liabilities	-	-	-	-
Provisions	256	243	10	314
<b>Total Current Liabilities</b>	<b>2,026</b>	<b>2,893</b>	<b>39</b>	<b>495</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	81	75	320	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>81</b>	<b>75</b>	<b>320</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,107</b>	<b>2,968</b>	<b>359</b>	<b>495</b>
<b>NET ASSETS</b>	<b>105,467</b>	<b>109,560</b>	<b>11,611</b>	<b>9,849</b>
<b>EQUITY</b>				
Retained earnings	25,477	24,448	10,331	8,798
Revaluation reserves	79,990	85,112	1,280	1,051
Council equity interest	<b>105,467</b>	<b>109,560</b>	<b>11,611</b>	<b>9,849</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>105,467</b>	<b>109,560</b>	<b>11,611</b>	<b>9,849</b>

## Tweed Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing and Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing and Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

**a. Tweed Water**  
Supply of water

**b. Tweed Sewerage**  
Sewerage Services

**c. Tweed Coast Holiday Parks**  
Holiday/Caravan parks

**d. Commercial Waste**  
Non-domestic waste collection and disposal

##### Category 2

(where gross operating turnover is less than \$2 million)

**Nil**

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates and Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

##### Loan and Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

---

##### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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**Written Down Value of I,PPandE as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

##### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 2. Water Supply Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2013

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	1,011,000
(ii) No of assessments multiplied by \$3/assessment	104,037
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	104,037
(iv) Amounts actually paid for Tax Equivalents	104,037

**2. Dividend from Surplus**

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	936,333
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(10,952,000)

2013 Surplus	(4,274,000)	2012 Surplus	(5,794,000)	2011 Surplus	(884,000)
		2012 Dividend	-	2011 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

**3. Required outcomes for 6 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
- Complying charges [Item 2(b) in Table 1]	YES
- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii) Sound Water Conservation and Demand Management implemented	YES
(iv) Sound Drought Management implemented	YES
(v) Complete Performance Reporting Form (by 15 September each year)	YES
(vi) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2013

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	22,815
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	74.93%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	474,016
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	13,525
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	5,230
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.55%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 3. Sewerage Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2013

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	1,053,000
(ii)	No of assessments multiplied by \$3/assessment	99,144
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	99,144
(iv)	Amounts actually paid for Tax Equivalents	99,144

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	892,296
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(4,760,000)

2013 Surplus	(1,711,000)	2012 Surplus	(1,867,000)	2011 Surplus	(1,182,000)
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

**3. Required outcomes for 4 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013


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**National Water Initiative (NWI) Financial Performance Indicators**

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	26,923
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	585,248
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	13,826
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	8,054
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (i.e.. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.57%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	1,080

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**National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)**

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	48,214
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.52%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	13,284
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.56%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2013

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	3.35%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		2
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(1,686)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	733

- Notes:
- References to w (e.g. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



**TWEED SHIRE COUNCIL  
SPECIAL PURPOSE FINANCIAL REPORT  
INDEPENDENT AUDIT REPORT**

We have audited the accompanying financial report, being a special purpose financial report, of Tweed Shire Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

**Council's Responsibility for the Financial Report**

The Council is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to satisfy the requirements of the *Local Government Act 1993* and meet the needs of the NSW Division of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3 to the financial statements, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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

- i -



## Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## Auditor's Opinion

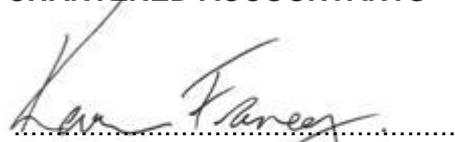
In our opinion the special purpose financial report of Tweed Shire Council:

- i) has been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
  - a) is consistent with the Council's accounting records;
  - b) presents fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2013 and the results of their operations for the year then ended;
- ii) all information relevant to the conduct of the audit has been obtained; and
- iii) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the requirements of the NSW Division of Local Government. As a result, the financial report may not be suitable for another purpose.

## THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

  
.....  
K R FRANEY (Partner)  
Registered Company Auditor

Dated at Lismore this 17th day of October 2013.



# Tweed Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2013

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"TOGETHER FORWARD"



**TWEED**  
SHIRE COUNCIL

# Tweed Shire Council

## Special Schedules

for the financial year ended 30 June 2013

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<sup>1</sup> Special Purpose Schedules are not audited.

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water,
  - the Department of Environment, Climate Change and Water, and
  - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Tweed Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>4,188</b>	-	-	<b>(4,188)</b>
<b>Administration</b>	<b>14,817</b>	<b>1,595</b>	<b>1,346</b>	<b>(11,876)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,066	396	9	<b>(661)</b>
Beach Control	485	29	-	<b>(456)</b>
Enforcement of Local Govt. Regulations	1,037	507	-	<b>(530)</b>
Animal Control	374	288	-	<b>(86)</b>
Other	79	-	-	<b>(79)</b>
<b>Total Public Order &amp; Safety</b>	<b>3,041</b>	<b>1,220</b>	<b>9</b>	<b>(1,812)</b>
<b>Health</b>	<b>1,571</b>	<b>341</b>	-	<b>(1,230)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	391	2	-	<b>(389)</b>
Other Environmental Protection	4,853	1,479	-	<b>(3,374)</b>
Solid Waste Management	14,409	18,497	-	<b>4,088</b>
Street Cleaning	-	-	-	-
Drainage	4,402	52	572	<b>(3,778)</b>
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>24,055</b>	<b>20,030</b>	<b>572</b>	<b>(3,453)</b>
<b>Community Services and Education</b>				
Administration & Education	1,307	11	-	<b>(1,296)</b>
Social Protection (Welfare)	778	1,747	-	<b>969</b>
Aged Persons and Disabled	608	27	-	<b>(581)</b>
Children's Services	11	22	-	<b>11</b>
<b>Total Community Services &amp; Education</b>	<b>2,704</b>	<b>1,807</b>	-	<b>(897)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	1,000	555	13	<b>(432)</b>
Public Conveniences	790	-	-	<b>(790)</b>
Street Lighting	968	152	-	<b>(816)</b>
Town Planning	4,032	968	-	<b>(3,064)</b>
Other Community Amenities	4,010	2,044	-	<b>(1,966)</b>
<b>Total Housing and Community Amenities</b>	<b>10,800</b>	<b>3,719</b>	<b>13</b>	<b>(7,068)</b>
<b>Water Supplies</b>	<b>22,875</b>	<b>21,165</b>	<b>2,189</b>	<b>479</b>
<b>Sewerage Services</b>	<b>24,990</b>	<b>27,170</b>	<b>3,645</b>	<b>5,825</b>

## Tweed Shire Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	2,416	246	-	(2,170)
Museums	469	1	-	(468)
Art Galleries	1,343	353	280	(710)
Community Centres and Halls	754	359	267	(128)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	132	1	-	(131)
Sporting Grounds and Venues	1,165	569	646	50
Swimming Pools	4,070	1,184	-	(2,886)
Parks & Gardens (Lakes)	7,206	49	545	(6,612)
Other Sport and Recreation	1,396	11	15	(1,370)
<b>Total Recreation and Culture</b>	<b>18,951</b>	<b>2,773</b>	<b>1,753</b>	<b>(14,425)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,592	1,292	-	(300)
Other Mining, Manufacturing & Construction	823	-	-	(823)
<b>Total Mining, Manufacturing and Const.</b>	<b>2,415</b>	<b>1,292</b>	-	<b>(1,123)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	8,259	1,248	9,146	2,135
Urban Roads - Regional	705	-	541	(164)
Sealed Rural Roads (SRR) - Local	14,025	123	4,145	(9,757)
Sealed Rural Roads (SRR) - Regional	1,741	1,758	460	477
Unsealed Rural Roads (URR) - Local	3,359	-	640	(2,719)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	49	-	-	(49)
Bridges on SRR - Local	9	-	-	(9)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	657	-	-	(657)
Parking Areas	553	108	32	(413)
Footpaths	860	20	636	(204)
Aerodromes	36	24	-	(12)
Other Transport & Communication	883	413	87	(383)
<b>Total Transport and Communication</b>	<b>31,136</b>	<b>3,694</b>	<b>15,687</b>	<b>(11,755)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	6,297	7,836	-	1,539
Other Economic Affairs	1,651	117	-	(1,534)
<b>Total Economic Affairs</b>	<b>7,948</b>	<b>7,953</b>	-	<b>5</b>
<b>Totals – Functions</b>	<b>169,491</b>	<b>92,759</b>	<b>25,214</b>	<b>(51,518)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>63,650</b>		<b>63,650</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>169,491</b>	<b>156,409</b>	<b>25,214</b>	<b>12,132</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

Tweed Shire Council

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	1,682	11,778	<b>13,460</b>	-	1,683	-	-	-	1,682	10,095	<b>11,777</b>
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	7,342	173,935	<b>181,277</b>	6,060	7,069	-	-	13,339	7,590	172,678	<b>180,268</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>9,024</b>	<b>185,713</b>	<b>194,737</b>	<b>6,060</b>	<b>8,752</b>	-	-	<b>13,339</b>	<b>9,272</b>	<b>182,773</b>	<b>192,045</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt</b>	<b>9,024</b>	<b>185,713</b>	<b>194,737</b>	<b>6,060</b>	<b>8,752</b>	-	-	<b>13,339</b>	<b>9,272</b>	<b>182,773</b>	<b>192,045</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Tweed Shire Council

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2013

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	430,000	-	430,000
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	<b>430,000</b>	<b>-</b>	<b>430,000</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

#### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Records facility	DWM	28/03/12	30/06/13			6.36%	430,000	-	430,000
<b>Totals</b>							<b>430,000</b>	<b>-</b>	<b>430,000</b>

## Tweed Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	4,110	3,742
b. Engineering and Supervision	1,774	1,635
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	231	231
b. Maintenance expenses	192	170
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	934	880
<b>- Reservoirs</b>		
e. Operation expenses	203	90
f. Maintenance expenses	65	55
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	129	103
h. Energy costs	1,267	1,040
i. Maintenance expenses	74	140
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	1,284	1,315
k. Chemical costs	913	756
l. Maintenance expenses	290	211
<b>- Other</b>		
m. Operation expenses	685	707
n. Maintenance expenses	1,340	1,209
o. Purchase of water	34	27
<b>3. Depreciation expenses</b>		
a. System assets	6,645	6,693
b. Plant and equipment	20	6
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4,773	4,854
b. Revaluation Decrements	-	-
c. Other expenses	1,215	736
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	104	-
<b>5. Total expenses</b>	<b>26,282</b>	<b>24,600</b>

## Tweed Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	3,692	3,443
b. Usage charges	11,033	10,426
<b>7. Non-residential charges</b>		
a. Access (including rates)	435	341
b. Usage charges	4,250	2,606
<b>8. Extra charges</b>	92	78
<b>9. Interest income</b>	1,432	1,557
<b>10. Other income</b>	751	701
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	373	375
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	1,442	1,424
b. Developer provided assets	404	1,671
c. Other contributions	343	36
<b>13. Total income</b>	<b>24,247</b>	<b>22,658</b>
<b>14. Gain (or loss) on disposal of assets</b>	(585)	(1,250)
<b>15. Operating Result</b>	<b>(2,620)</b>	<b>(3,192)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(2,620)	(3,192)

## Tweed Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	2,022	4,028
c. Renewals	1,892	2,141
d. Plant and equipment	1,316	-
e. Buildings	7	36
<b>17. Repayment of debt</b>		
a. Loans	1,021	940
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>6,258</b>	<b>7,145</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	32,675	31,019
b. Residential (unoccupied, ie. vacant lot)	174	1,379
c. Non-residential (occupied)	1,675	1,861
d. Non-residential (unoccupied, ie. vacant lot)	155	207
<b>25. Number of ETs for which developer charges were received</b>	- ET	573 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 682,414	\$ 549,815

## Tweed Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Tweed Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	22,701	-	22,701
<b>31. Receivables</b>			
a. Specific purpose grants	404	-	404
b. Rates and Availability Charges	285	-	285
c. User Charges	6,986	-	6,986
d. Other	471	-	471
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	474,016	474,016
b. Plant and equipment	-	41	41
<b>34. Other assets</b>	-	750	750
<b>35. Total assets</b>	<b>30,847</b>	<b>474,807</b>	<b>505,654</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	1,204	-	1,204
<b>38. Borrowings</b>			
a. Loans	1,068	65,989	67,057
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>2,272</b>	<b>65,989</b>	<b>68,261</b>
<b>41. NET ASSETS COMMITTED</b>	<b>28,575</b>	<b>408,818</b>	<b>437,393</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			180,592
<b>43. Asset revaluation reserve</b>			256,801
<b>44. TOTAL EQUITY</b>			<b>437,393</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			620,775
<b>46. Accumulated current cost</b> depreciation of system assets			(146,759)
<b>47. Written down current cost</b> of system assets			<b>474,016</b>

## Tweed Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	3,257	3,570
b. Engineering and Supervision	1,414	1,324
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	1	1
b. Maintenance expenses	1,280	1,016
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	577	628
d. Energy costs	841	697
e. Maintenance expenses	1,369	1,210
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,681	1,604
g. Chemical costs	438	351
h. Energy costs	1,339	1,004
i. Effluent Management	57	89
j. Biosolids Management	577	663
k. Maintenance expenses	736	887
<b>- Other</b>		
l. Operation expenses	203	155
m. Maintenance expenses	56	55
<b>3. Depreciation expenses</b>		
a. System assets	9,631	8,128
b. Plant and equipment	111	103
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	3,338	3,496
b. Revaluation Decrements	-	-
c. Other expenses	641	630
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
d. Tax Equivalent Dividends (actually paid)	99	-
<b>5. Total expenses</b>	<b>27,646</b>	<b>25,611</b>

## Tweed Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	19,514	18,781
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,731	988
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	67	60
b. Usage charges	1,932	1,506
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	173	187
<b>10. Interest income</b>	2,799	3,458
<b>11. Other income</b>	611	962
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	1,080	2,061
b. Grants for pensioner rebates	360	363
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	806	754
b. Developer provided assets	1,729	3,565
c. Other contributions	-	272
<b>14. Total income</b>	<b>30,802</b>	<b>32,957</b>
<b>15. Gain (or loss) on disposal of assets</b>	(939)	(2,347)
<b>16. Operating Result</b>	<b>2,217</b>	<b>4,999</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	1,137	2,938

## Tweed Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	4,055	29,780
c. Renewals	3,107	658
d. Plant and equipment	892	14
e. Buildings	214	-
<b>18. Repayment of debt</b>		
a. Loans	3,001	2,909
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>11,269</b>	<b>33,361</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	1,402
<b>22. Borrowing utilised</b>		
a. Loans	5,373	18,660
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>5,373</b>	<b>20,062</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	31,158	29,722
b. Residential (unoccupied, ie. vacant lot)	150	1,195
c. Non-residential (occupied)	1,615	1,584
d. Non-residential (unoccupied, ie. vacant lot)	125	160
<b>26. Number of ETs for which developer charges were received</b>	- ET	526 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 658,402	\$ 660,610

## Tweed Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Tweed Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	9,262	-	9,262
e. Sinking fund	-	-	-
f. Other	31,132	8,000	39,132
<b>32. Receivables</b>			
a. Specific purpose grants	434	-	434
b. Rates and Availability Charges	1,412	-	1,412
c. User Charges	498	-	498
d. Other	1,611	-	1,611
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	585,248	585,248
b. Plant and equipment	-	344	344
<b>35. Other assets</b>	17	86	103
<b>36. Total Assets</b>	<b>44,366</b>	<b>593,678</b>	<b>638,044</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	478	-	478
<b>39. Borrowings</b>			
a. Loans	3,102	35,654	38,756
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>3,580</b>	<b>35,654</b>	<b>39,234</b>
<b>42. NET ASSETS COMMITTED</b>	<b>40,786</b>	<b>558,024</b>	<b>598,810</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			220,703
<b>44. Asset revaluation reserve</b>			378,107
<b>45. TOTAL EQUITY</b>			<b>598,810</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			770,237
<b>47. Accumulated current cost</b> depreciation of system assets			(184,989)
<b>48. Written down current cost</b> of system assets			<b>585,248</b>

## Tweed Shire Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2013

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.







## Tweed Shire Council

### Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	181,623	165,097	165,494	172,748	181,375	190,958	203,032	212,824	227,389	239,865	249,759
Expenses from continuing operations	169,491	158,393	164,231	166,495	172,225	175,882	179,440	184,938	190,416	196,586	200,159
<b>Operating Result from Continuing Operations</b>	<b>12,132</b>	<b>6,704</b>	<b>1,263</b>	<b>6,253</b>	<b>9,150</b>	<b>15,076</b>	<b>23,592</b>	<b>27,886</b>	<b>36,973</b>	<b>43,279</b>	<b>49,600</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	13,561	8,250	4,250	-	9,808	991	2,000	3,728	985	11,709	9,837
Replacement/Refurbishment of Existing Assets	11,657	9,941	776	776	776	776	776	776	776	3,597	5,296
<b>Total Capital Budget</b>	<b>25,218</b>	<b>18,191</b>	<b>5,026</b>	<b>776</b>	<b>10,584</b>	<b>1,767</b>	<b>2,776</b>	<b>4,504</b>	<b>1,761</b>	<b>15,306</b>	<b>15,133</b>
<b>Funded by:</b>											
– Loans	4,345	776	776	776	776	776	776	776	776	776	799
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	10,491	9,665	4,250	-	9,808	-	2,000	2,228	-	6,800	7,134
– Grants/Contributions	9,537	7,750	-	-	-	991	-	1,500	985	7,730	7,200
– Recurrent revenue	845	-	-	-	-	-	-	-	-	-	-
– Other	-	-	-	-	-	-	-	-	-	-	-
	<b>25,218</b>	<b>18,191</b>	<b>5,026</b>	<b>776</b>	<b>10,584</b>	<b>1,767</b>	<b>2,776</b>	<b>4,504</b>	<b>1,761</b>	<b>15,306</b>	<b>15,133</b>

**Notes:**

(1) From 12/13 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.