



Tweed Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for 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 NSW Local Government Act 1993 (LGA).

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

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

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 29 October 2015. Council has the power to amend and reissue these financial statements.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Understanding Council's Financial Statements

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 2015.

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 Office 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 specialise in local government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position, and
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 NSW Office of Local Government.

Tweed Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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

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

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

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

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

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

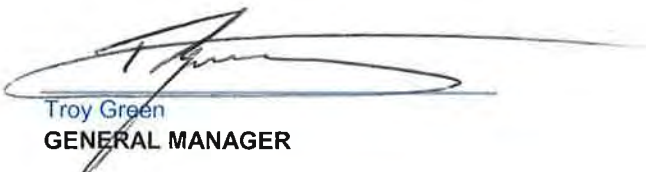
Signed in accordance with a resolution of Council made on 29 October 2015.



Katie Milne
MAYOR



Carolyn Byrne
COUNCILLOR



Troy Green
GENERAL MANAGER



Michael Chorlton
RESPONSIBLE ACCOUNTING OFFICER

Tweed Shire Council

Income Statement

for the financial year ended 30 June 2015

| Budget ¹ 2015 | \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|--|-------|----------------|---------------------|
| Income from Continuing Operations | | | | |
| Revenue: | | | | |
| 94,366 | Rates & Annual Charges | 3a | 95,698 | 90,566 |
| 37,655 | User Charges & Fees | 3b | 40,501 | 41,039 |
| 9,184 | Interest & Investment Revenue | 3c | 8,936 | 8,747 |
| 1,582 | Other Revenues | 3d | 4,044 | 2,456 |
| 15,896 | Grants & Contributions provided for Operating Purposes | 3e,f | 20,195 | 15,921 ² |
| 23,223 | Grants & Contributions provided for Capital Purposes | 3e,f | 45,482 | 45,629 |
| 181,906 | Total Income from Continuing Operations | | 214,856 | 204,358 |
| Expenses from Continuing Operations | | | | |
| 46,710 | Employee Benefits & On-Costs | 4a | 50,163 | 46,823 |
| 13,041 | Borrowing Costs | 4b | 13,650 | 13,882 |
| 50,946 | Materials & Contracts | 4c | 44,330 | 56,661 |
| 41,368 | Depreciation & Amortisation | 4d | 45,043 | 43,678 |
| - | Impairment | 4d | - | - |
| 14,708 | Other Expenses | 4e | 13,303 | 14,532 |
| - | Net Losses from the Disposal of Assets | 5 | 5,681 | 4,588 |
| - | Net Share of interests in Joint Ventures & Associates using the equity method | 19 | - | - |
| 166,773 | Total Expenses from Continuing Operations | | 172,170 | 180,164 |
| 15,133 | Operating Result from Continuing Operations | | 42,686 | 24,194 |
| Discontinued Operations | | | | |
| - | Net Profit/(Loss) from Discontinued Operations | 24 | - | - |
| 15,133 | Net Operating Result for the Year | | 42,686 | 24,194 |
| 15,133 | Net Operating Result attributable to Council | | 42,686 | 24,194 |
| - | Net Operating Result attributable to Non-controlling Interests | | - | - |
| (8,090) | Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | | (2,796) | (21,435) |

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Tweed Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|----------|----------------|----------------|
| Net Operating Result for the year (as per Income statement) | | 42,686 | 24,194 |
| Other Comprehensive Income: | | | |
| Amounts which will not be reclassified subsequently to the Operating Result | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 86,714 | 67,975 |
| Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | (239) |
| Total Items which will not be reclassified subsequently to the Operating Result | | 86,714 | 67,736 |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met | | | |
| Nil | | | |
| Total Other Comprehensive Income for the year | | 86,714 | 67,736 |
| Total Comprehensive Income for the Year | | 129,400 | 91,930 |
| Total Comprehensive Income attributable to Council | | 129,400 | 91,930 |
| Total Comprehensive Income attributable to Non-controlling Interests | | - | - |

Tweed Shire Council

Statement of Financial Position

as at 30 June 2015

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 11,517 | 16,407 |
| Investments | 6b | 123,898 | 78,564 |
| Receivables | 7 | 17,501 | 25,720 |
| Inventories | 8 | 919 | 899 |
| Other | 8 | 645 | 664 |
| Non-current assets classified as "held for sale" | 22 | - | - |
| Total Current Assets | | 154,480 | 122,254 |
| Non-Current Assets | | | |
| Investments | 6b | 99,817 | 98,739 |
| Receivables | 7 | 77 | 285 |
| Inventories | 8 | - | - |
| Infrastructure, Property, Plant & Equipment | 9 | 2,865,618 | 2,767,565 |
| Investments accounted for using the equity method | 19 | - | - |
| Investment Property | 14 | - | - |
| Intangible Assets | 25 | 106 | 419 |
| Total Non-Current Assets | | 2,965,618 | 2,867,008 |
| TOTAL ASSETS | | 3,120,098 | 2,989,262 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 14,927 | 14,070 |
| Borrowings | 10 | 7,221 | 7,251 |
| Provisions | 10 | 18,250 | 16,576 |
| Total Current Liabilities | | 40,398 | 37,897 |
| Non-Current Liabilities | | | |
| Payables | 10 | 416 | 405 |
| Borrowings | 10 | 177,072 | 178,247 |
| Provisions | 10 | 5,765 | 5,666 |
| Total Non-Current Liabilities | | 183,253 | 184,318 |
| TOTAL LIABILITIES | | 223,651 | 222,215 |
| Net Assets | | 2,896,447 | 2,767,047 |
| EQUITY | | | |
| Retained Earnings | 20 | 1,318,584 | 1,275,898 |
| Revaluation Reserves | 20 | 1,577,863 | 1,491,149 |
| Council Equity Interest | | 2,896,447 | 2,767,047 |
| Non-controlling Equity Interests | | - | - |
| Total Equity | | 2,896,447 | 2,767,047 |

Tweed Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non- controlling Interest | Total Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|------------------|
| 2015 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 1,256,878 | 1,491,149 | 2,748,027 | - | 2,748,027 |
| a. Correction of Prior Period Errors | 20 (c) | 19,020 | - | 19,020 | - | 19,020 |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/14) | | 1,275,898 | 1,491,149 | 2,767,047 | - | 2,767,047 |
| c. Net Operating Result for the Year | | 42,686 | - | 42,686 | - | 42,686 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 86,714 | 86,714 | - | 86,714 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| - Other Movements | 20b (ii) | - | - | - | - | - |
| Other Comprehensive Income | | - | 86,714 | 86,714 | - | 86,714 |
| Total Comprehensive Income (c&d) | | 42,686 | 86,714 | 129,400 | - | 129,400 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 1,318,584 | 1,577,863 | 2,896,447 | - | 2,896,447 |

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non- controlling Interest | Total Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|------------------|
| 2014 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 1,224,315 | 1,423,413 | 2,647,728 | - | 2,647,728 |
| a. Correction of Prior Period Errors | 20 (c) | 27,389 | - | 27,389 | - | 27,389 |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/13) | | 1,251,704 | 1,423,413 | 2,675,117 | - | 2,675,117 |
| c. Net Operating Result for the Year | | 24,194 | - | 24,194 | - | 24,194 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 67,975 | 67,975 | - | 67,975 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | (239) | (239) | - | (239) |
| - Other Movements | 20b (ii) | - | - | - | - | - |
| Other Comprehensive Income | | - | 67,736 | 67,736 | - | 67,736 |
| Total Comprehensive Income (c&d) | | 24,194 | 67,736 | 91,930 | - | 91,930 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 1,275,898 | 1,491,149 | 2,767,047 | - | 2,767,047 |

Tweed Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

| Budget 2015 | \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|---|-------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 94,366 | Rates & Annual Charges | | 96,233 | 91,409 |
| 37,745 | User Charges & Fees | | 48,469 | 40,859 |
| 9,184 | Investment & Interest Revenue Received | | 8,232 | 8,349 |
| 39,120 | Grants & Contributions | | 39,527 | 44,181 |
| - | Bonds, Deposits & Retention amounts received | | 589 | 854 |
| 1,582 | Other | | 10,859 | 5,149 |
| Payments: | | | | |
| (46,710) | Employee Benefits & On-Costs | | (48,503) | (47,332) |
| (49,825) | Materials & Contracts | | (47,934) | (55,347) |
| (13,041) | Borrowing Costs | | (13,071) | (13,218) |
| - | Bonds, Deposits & Retention amounts refunded | | (856) | - |
| (15,919) | Other | | (14,270) | (15,656) |
| 56,502 | Net Cash provided (or used in) Operating Activities | 11b | 79,275 | 59,248 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| 10,000 | Sale of Investment Securities | | 79,805 | 102,083 |
| - | Sale of Investment Property | | - | 53 |
| 2,845 | Sale of Infrastructure, Property, Plant & Equipment | | 1,796 | 2,275 |
| - | Deferred Debtors Receipts | | 207 | 1,018 |
| Payments: | | | | |
| (19,000) | Purchase of Investment Securities | | (126,092) | (116,457) |
| (52,716) | Purchase of Infrastructure, Property, Plant & Equipment | | (38,074) | (46,796) |
| (58,871) | Net Cash provided (or used in) Investing Activities | | (82,358) | (57,824) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| 6,676 | Proceeds from Borrowings & Advances | | 6,046 | 3,366 |
| Payments: | | | | |
| (7,715) | Repayment of Borrowings & Advances | | (7,853) | (7,658) |
| (1,039) | Net Cash Flow provided (used in) Financing Activities | | (1,807) | (4,292) |
| (3,408) | Net Increase/(Decrease) in Cash & Cash Equivalents | | (4,890) | (2,868) |
| 12,599 | plus: Cash & Cash Equivalents - beginning of year | 11a | 16,407 | 19,275 |
| 9,191 | Cash & Cash Equivalents - end of the year | 11a | 11,517 | 16,407 |
| Additional Information: | | | | |
| | plus: Investments on hand - end of year | 6b | 223,715 | 177,303 |
| Total Cash, Cash Equivalents & Investments | | | 235,232 | 193,710 |

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 2015

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n/a - not applicable

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in their 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 2014 to 30 June 2015 Tweed Shire Council had its principal business office at the Murwillumbah Civic Centre, Tumbulgum Road, Murwillumbah NSW 2484. Tweed Shire Council is empowered by the Local Government Act and its Charter is specified in Section 8 of that Act.

A description of the nature of the Council's operations and its principal activities are provided in Note 2(b) of these financial statements. Tweed Shire Council is classified as a "Not for Profit" entity as defined by the 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 2015. 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 Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act 1993 (as amended) and Regulation,

- The Local Government Code of Accounting Practice and Financial Reporting.

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

Because AASB are sector neutral, some standards either:

- 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
- 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), Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in New South Wales only have a requirement to comply with AASB.

(iii) New and amended standards adopted by Council

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

The AASB has permitted Not for Profit Public Sector Entities (and in particular Local Governments) to reduce their AASB 13 Fair Value disclosure requirements for the current and future financial years. Note 27 (4) (c) relating to quantitative and qualitative information about the sensitivity of Fair Value measurements to changes in unobservable inputs for Level 3 assets is now voluntary. In accordance with this disclosure relief, Council has elected not to complete this section of Note 27.

(iv) Early Adoption of Accounting Standards

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of Infrastructure, Property, Plant and Equipment.
- (ii) Estimated tip remediation provisions.

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Council has used significant judgement in determining the useful lives of assets and the associated consumption (depreciation expense).

(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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

Doubtful rates debtors are provided 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.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the 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 Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consent 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 are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest, Rents and Other Income

Interest, rents and other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

Interest Income from cash and investments is accounted for using the effective interest rate at the date that interest is earned 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 2015 and **(ii)** all the related operating results for the financial year ended the 30th June 2015.

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

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

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 Local Government Act 1993 (as amended), 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.

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

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

(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* (as amended) 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, almost 50% of whom are registered library members.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Arrangements - Control and Influence

Associated Entities and 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

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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 has the positive intention and ability to hold to maturity.

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

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

(iv) Available-for-sale financial assets

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

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

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

They are generally included in non-current assets unless Council 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 cost or amortised cost as applicable, and no

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting and Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value

adjustments are included in the income statement as gains and losses from investment securities.

Impairment

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

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

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

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

As a practical expedient, Council 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 Section 625 of the Local Government Act 1993 (as amended) and Clause 212 of the Local Government (General) Regulation 2005.

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

Council maintains its Investment Policy in compliance with the Act and ensures that it and its representatives exercise care, diligence and skill that

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 and 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.

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

(j) Infrastructure, Property, Plant and Equipment (I,PP and 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 expenditure 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, provided it is material to the total value of the relevant nature/type asset category:

- 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.

Initial Recognition and Capitalisation of Costs

On initial recognition, an asset's cost is measured at its fair value.

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 i.e. GST etc) is equal to or greater than the asset capitalisation thresholds stated below.

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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 expenses.
- Fleet/plant hire costs (predominately internal hire rates set by the Manager Infrastructure Delivery)
- 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 timesheet 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 other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Categories of assets

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)

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- Community Land (Valuer Generals valuation) includes Council administered Crown land.
- Land under roads (englobo valuation – refer Note 1 (I))
- Buildings – Specialised / Non Specialised (external valuation)
- Other Structures (as approximated by depreciated historical cost)
- Investment Properties (external valuation)
- Infrastructure Assets include roads, bridges, footpaths, bulk earthworks, stormwater drainage, water supply and sewerage networks, swimming pools, open space/recreation assets and other infrastructure (internal/external valuation)
- Other Assets (Artworks as approximated by historical cost)
- Reinstatement, Rehabilitation and Restoration Assets includes Tip and quarry assets (internal valuation)

Asset Revaluations (including Indexation)

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

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

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

Water and sewerage network assets, transport and drainage assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Department of Primary

Industries, Office of Water - Rates Reference Manual and to the Australian Bureau of Statistics – NSW Road and Bridge Construction Cost Indexes.

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.

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 and Equipment

| | |
|-----------------------------|-----------|
| - Office furniture | > \$5,000 |
| - Office equipment | > \$5,000 |
| - Other plant and equipment | > \$2,000 |

Buildings

| | |
|---------------------------|-----------|
| - Construction/extensions | > \$5,000 |
| - Renovations | > \$5,000 |

Other Infrastructure Assets

| | |
|---------------------------|-----------|
| - Other structures | > \$5,000 |
| - Open space/recreational | > \$5,000 |
| - Swimming pools | > \$5,000 |

Water and Sewer Assets

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

Stormwater Assets

| | |
|-----------------------|-----------|
| - Drains and culverts | > \$5,000 |
| - Other | > \$5,000 |

Transport Assets

| | |
|---------------------------------------|-----------|
| - Road construction and reconstruct | > \$5,000 |
| - Reseal/resheet and major repairs: | > \$5,000 |
| - Bridge construction and reconstruct | > \$5,000 |
| - Footpath construction | > \$5,000 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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, buildings 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 Infrastructure, Property, Plant and Equipment include:

Plant and Equipment

| | |
|-----------------------------|--------------|
| - Office equipment | 3 - 10 years |
| - Office furniture | 4 - 20 years |
| - Vehicles | 2.5 years |
| - Road making equipment | 5 - 10 years |
| - Other plant and equipment | 5 - 10 years |

Buildings (components)

| | |
|------------------------|-----------------|
| - Buildings : floor | 60 to 130 years |
| - Buildings : envelope | 45 to 125 year |
| - Buildings : roof | 40 to 90 years |

Stormwater Drainage

| | |
|------------|-----------|
| - Drains | 100 years |
| - Culverts | 75 years |

Transportation Assets

| | |
|--------------------------|-----------------|
| - Sealed roads surface | 20 - 30 years |
| - Concrete/paved road | 80 years |
| - Road pavement - gravel | 10 years |
| - Road pavement - sealed | 50 - 80 years |
| - Road pavement sub-base | 125 - 200 years |
| - Bridge concrete | 80 - 100 years |
| - Bridges other | 30 - 100 years |
| - Footpaths | 30 - 60 years |
| - Kerb and guttering | 80 years |
| - Traffic facilities | 20 - 80 years |

Water and Sewer Assets

| | |
|-------------------------|-----------|
| - Dams and reservoirs | 100 years |
| - Pipes - PVC and 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 (if appropriate), at each reporting date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

Council has elected 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).

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences 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 basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council within the Note 9 Community Land category.

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

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

(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 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.

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) 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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed over the life of the loan.

(w) Provisions

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

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

- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

Claims made on Council which are indemnified by Council's Insurers are not provided for. Any costs payable by Council on resolution of the claim are written off through the Income Statement at that time.

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Other Long Term Obligations

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

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

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

Expected future payments are then discounted using market yields at the reporting date based on Commonwealth 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 Employee Benefits.

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc FIA FIAA of Mercer Actuaries on 20 February, 2013.

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

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

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 2015 was \$1,640,042.

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

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

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$661,038 as at 30 June 2015.

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

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

(y) Self insurance

Council does not self insure.

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

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

The asset or liability is classified as current if it is expected to be settled within the next 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.

(aa) Taxes

Council is liable to pay various taxes and financial duties. Where this is the case, they are 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 applied to all Council nominated business activities and reflected in the Special Purpose Financial Reports.

The Council is also exempt from Capital Gains Tax.

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

Goods and Services Tax (GST)

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective

date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

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

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

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

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

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

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

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

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

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

Not applicable to Local Government per se;

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|----------------|----------------|-------------------------------------|----------------|----------------|---|-----------------|-----------------|--|---------------|---|------------------|
| | Income from Continuing Operations | | | Expenses from Continuing Operations | | | Operating Result from Continuing Operations | | | Grants included in Income from Continuing Operations | | Total Assets held (Current & Non-current) | |
| | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Governance | - | 1 | 1 | 3,069 | 2,815 | 2,807 | (3,069) | (2,814) | (2,806) | - | - | - | - |
| Administration | 820 | 11,589 | 2,090 | 20,158 | 17,504 | 14,038 | (19,338) | (5,915) | (11,948) | 21 | - | 203,310 | 80,458 |
| Public Order & Safety | 1,041 | 1,040 | 1,046 | 3,478 | 3,569 | 3,341 | (2,437) | (2,529) | (2,295) | 276 | 236 | 6,581 | 7,729 |
| Health | 350 | 385 | 367 | 1,670 | 1,596 | 1,595 | (1,320) | (1,211) | (1,228) | - | - | 114 | 123 |
| Environment | 19,312 | 26,160 | 22,509 | 25,763 | 24,819 | 25,429 | (6,451) | 1,341 | (2,920) | 3,387 | 1,284 | 213,658 | 212,600 |
| Community Services & Education | 1,380 | 1,683 | 1,398 | 2,532 | 2,589 | 3,211 | (1,152) | (906) | (1,813) | 1,410 | 3,713 | 4,714 | 4,816 |
| Housing & Community Amenities | 1,725 | 2,339 | 4,486 | 6,791 | 6,954 | 10,981 | (5,066) | (4,615) | (6,495) | 169 | 272 | 49,387 | 52,819 |
| Water Supplies | 40,022 | 28,987 | 33,435 | 23,612 | 22,310 | 22,994 | 16,410 | 6,677 | 10,441 | 382 | 1,293 | 533,719 | 523,489 |
| Sewerage Services | 34,431 | 35,497 | 37,874 | 24,659 | 28,141 | 25,912 | 9,772 | 7,356 | 11,962 | 366 | 683 | 668,252 | 652,435 |
| Recreation & Culture | 2,874 | 10,688 | 12,449 | 19,653 | 20,683 | 20,547 | (16,779) | (9,995) | (8,098) | 2,507 | 5,359 | 413,297 | 421,267 |
| Mining, Manufacturing & Construction | 1,323 | 1,896 | 1,566 | 2,102 | 1,883 | 1,875 | (779) | 13 | (309) | - | - | 2,526 | 3,331 |
| Transport & Communication | 5,250 | 17,434 | 18,143 | 25,612 | 31,255 | 38,956 | (20,362) | (13,821) | (20,813) | 6,218 | 3,837 | 908,377 | 919,780 |
| Economic Affairs | 7,691 | 9,640 | 8,598 | 7,674 | 8,052 | 8,478 | 17 | 1,588 | 120 | - | - | 116,163 | 110,415 |
| Total Functions & Activities | 116,219 | 147,339 | 143,962 | 166,773 | 172,170 | 180,164 | (50,554) | (24,831) | (36,202) | 14,736 | 16,677 | 3,120,098 | 2,989,262 |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Purpose Income ¹ | 65,687 | 67,517 | 60,396 | - | - | - | 65,687 | 67,517 | 60,396 | 10,334 | 5,481 | - | - |
| Operating Result from Continuing Operations | 181,906 | 214,856 | 204,358 | 166,773 | 172,170 | 180,164 | 15,133 | 42,686 | 24,194 | 25,070 | 22,158 | 3,120,098 | 2,989,262 |

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 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & 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,

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 2015

Note 3. Income from Continuing Operations

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Rates & Annual Charges | | | |
| Ordinary Rates | | | |
| Residential | | 44,657 | 43,029 |
| Farmland | | 3,135 | 2,995 |
| Business | | 5,181 | 4,854 |
| Total Ordinary Rates | | 52,973 | 50,878 |
| Special Rates | | | |
| Koala Beach | | 77 | 75 |
| Total Special Rates | | 77 | 75 |
| Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | | |
| Domestic Waste Management Services | | 11,198 | 10,255 |
| Water Supply Services | | 4,490 | 4,232 |
| Sewerage Services | | 24,468 | 22,771 |
| Waste Management Services (non-domestic) | | 2,492 | 2,355 |
| Total Annual Charges | | 42,648 | 39,613 |
| TOTAL RATES & ANNUAL CHARGES | | 95,698 | 90,566 |

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 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (b) User Charges & Fees | | | |
| Specific User Charges (per s.502 - Specific "actual use" charges) | | | |
| Domestic Waste Management Services | | 1,910 | 2,942 |
| Water Supply Services | | 15,648 | 17,874 |
| Sewerage Services | | 2,521 | 2,206 |
| Waste Management Services (non-domestic) | | 2,100 | 2,210 |
| Total User Charges | | 22,179 | 25,232 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s.608) | | | |
| Animal Control | | 130 | 156 |
| Building | | 1,418 | 1,174 |
| Health Approvals | | 257 | 262 |
| Private Works | | 422 | 234 |
| Section 603 Certificates | | 205 | 191 |
| Town Planning | | 1,281 | 901 |
| Total Fees & Charges - Statutory/Regulatory | | 3,713 | 2,918 |
| (ii) Fees & Charges - Other (incl. General User Charges) (per s.608) | | | |
| Beach Vehicles | | 23 | 27 |
| Caravan Parks | | 8,546 | 7,653 |
| Cemeteries | | 631 | 605 |
| Library & Art Gallery | | 395 | 180 |
| Parks & Gardens | | 55 | 65 |
| Parking Fees | | 11 | 8 |
| Pools | | 1,561 | 1,282 |
| Sewer/Drainage | | 350 | 300 |
| Sportsgrounds | | 76 | 51 |
| Tweed Laboratory | | 448 | 511 |
| Water Connection Fees | | 417 | 272 |
| Other | | 2,096 | 1,935 |
| Total Fees & Charges - Other | | 14,609 | 12,889 |
| TOTAL USER CHARGES & FEES | | 40,501 | 41,039 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|---------------------|---------------------|
| (c) Interest & Investment Revenue (incl. losses) | | | |
| Interest & Dividends | | | |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) | | 475 | 516 |
| - Interest earned on Investments (interest & coupon payment income) | | 8,287 | 7,640 |
| - Interest on Deferred Debtors | | 49 | 158 |
| Fair Value Adjustments | | | |
| - Fair Valuation movements in Investments (at FV or Held for Trading) | | 125 | 433 |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>8,936</u> | <u>8,747</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges (General Fund) | | 274 | 335 |
| General Council Cash & Investments | | 3,412 | 3,201 |
| Restricted Investments/Funds - External: | | | |
| Development Contributions | | | |
| - Section 94 | | 984 | 952 |
| - Section 64 | | 97 | 109 |
| Water Fund Operations | | 977 | 1,153 |
| Sewerage Fund Operations | | 2,202 | 1,995 |
| Domestic Waste Management operations | | 466 | 501 |
| Restricted Investments/Funds - Internal: | | | |
| Internally Restricted Assets | | 524 | 501 |
| <u>Total Interest & Investment Revenue Recognised</u> | | <u>8,936</u> | <u>8,747</u> |
| (d) Other Revenues | | | |
| Rental Income - Other Council Properties | | 814 | 694 |
| Fines - Parking | | 414 | 403 |
| Fines - Other | | 141 | 158 |
| Legal Fees Recovery - Rates & Charges (Extra Charges) | | 538 | 423 |
| Insurance Claim Recoveries | | 890 | - |
| Tweed Coast Holiday Parks Other Income | | 498 | 263 |
| Other | | 749 | 515 |
| <u>TOTAL OTHER REVENUE</u> | | <u>4,044</u> | <u>2,456</u> |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2015 Operating | 2014 Operating | 2015 Capital | 2014 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (e) Grants | | | | |
| General Purpose (Untied) | | | | |
| Financial Assistance - General Component | 1 6,756 | 3,257 | - | - |
| Financial Assistance - Local Roads Component | 1 2,653 | 1,300 | - | - |
| Pensioners' Rates Subsidies - General Component | 925 | 924 | - | - |
| Total General Purpose | 10,334 | 5,481 | - | - |

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

| | | | | |
|--|---------------|---------------|--------------|--------------|
| - Water | 379 | 376 | - | - |
| - Sewerage | 366 | 363 | - | - |
| - Domestic Waste Management | 259 | 248 | - | - |
| Water Supplies | - | - | 5 | 917 |
| Sewerage Services | - | - | - | 320 |
| Art Gallery | 61 | 51 | - | 2,000 |
| Bushfire & Emergency Services | 263 | 239 | - | - |
| Community Service | 994 | 831 | - | - |
| Cycleways/Walkways | - | - | 60 | 72 |
| Environment (incl. coastal/estuary management) | 885 | 994 | - | - |
| Environmental Protection | - | - | 1,890 | - |
| Library | 245 | 257 | 24 | - |
| LIRS Subsidy | 135 | 70 | - | - |
| Other Affordable Housing | - | 2,362 | - | - |
| Other Waste and Sustainability Improvement | 217 | - | - | - |
| Pedestrian Facilities | - | - | - | 60 |
| Positions Funded by Other Govt. Dept | 471 | 604 | - | - |
| Recreation & Culture | - | - | 2,061 | 2,991 |
| Street Lighting | 152 | 152 | - | - |
| Transport (Other Roads & Bridges Funding) | 2,886 | 1,380 | 3,164 | 2,340 |
| Museums | 55 | - | - | - |
| Other | 57 | 50 | 107 | - |
| Total Specific Purpose | 7,425 | 7,977 | 7,311 | 8,700 |
| Total Grants | 17,759 | 13,458 | 7,311 | 8,700 |

Grant Revenue is attributable to:

| | | | | |
|------------------------|---------------|---------------|--------------|--------------|
| - Commonwealth Funding | 10,557 | 8,266 | 7,111 | 6,529 |
| - State Funding | 5,018 | 5,192 | 2,384 | 2,171 |
| | 17,759 | 13,458 | 7,311 | 8,700 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2015 Operating | 2014 Operating | 2015 Capital | 2014 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (f) Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the LGA): | | | | |
| S 94 - Contributions towards amenities/services | - | - | 5,544 | 7,185 |
| S 64 - Water Supply Contributions | - | - | 4,219 | 5,062 |
| S 64 - Sewerage Service Contributions | - | - | 2,205 | 2,565 |
| Water S 64 - In Kind | - | - | 1,612 | 2,825 |
| Sewerage S 64 - In Kind | - | - | 2,976 | 5,386 |
| Total Developer Contributions | 17 | - | 16,556 | 23,023 |
| Other Contributions: | | | | |
| Art Gallery | - | - | 1,121 | 737 |
| Community Services | 19 | 55 | - | - |
| Dedications (other than by S94) | - | - | 23 | 624 |
| Dedications (other than by S94) - Roads | - | - | 5,450 | 3,041 |
| Dedications (other than by S94) - Drainage | - | - | 2,948 | 2,226 |
| Dedications (other than by S94) - Open Space | - | - | 358 | 55 |
| Dedications (other than by S94) - Land Under Roads | - | - | 101 | 86 |
| Environment | - | 23 | - | - |
| Govt Subsidy | 26 | 19 | - | - |
| Recreation & Culture | - | - | 190 | - |
| Roads | - | - | 84 | 72 |
| RMS Contributions (Regional Roads, Block Grant) | 2,100 | 2,064 | 152 | 5,558 |
| Sewerage (excl. Section 64 contributions) | 154 | 139 | - | 1,387 |
| Water Supplies (excl. Section 64 contributions) | - | 1 | - | - |
| Dedications (other than by S94) - Land | - | - | 1,655 | - |
| Dedications (other than by S94) - Non-Specialised Buildings | - | - | 290 | - |
| Dedications (other than by S94) - Specialised Buildings | - | - | 90 | - |
| SCU contribution | - | - | 8,848 | - |
| Other | 137 | 162 | 305 | 120 |
| Total Other Contributions | 2,436 | 2,463 | 21,615 | 13,906 |
| Total Contributions | 2,436 | 2,463 | 38,171 | 36,929 |
| TOTAL GRANTS & CONTRIBUTIONS | 20,195 | 15,921 | 45,482 | 45,629 |

Tweed Shire Council

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

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| (g) Restrictions relating to Grants and Contributions | | |
| Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Unexpended at the Close of the Previous Reporting Period | 29,407 | 31,763 |
| add: Grants & contributions recognised in the current period but not yet spent: | 16,087 | 9,831 |
| less: Grants & contributions recognised in a previous reporting period now spent: | (11,099) | (12,187) |
| Net Increase (Decrease) in Restricted Assets during the Period | 4,988 | (2,356) |
| Unexpended and held as Restricted Assets | 34,395 | 29,407 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 2,923 | 2,739 |
| - Developer Contributions | 29,410 | 26,254 |
| - Other Contributions | 2,062 | 414 |
| | 34,395 | 29,407 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| (a) Employee Benefits & On-Costs | | | |
| Salaries and Wages | | 41,631 | 40,703 |
| Travelling | | 120 | 90 |
| Employee Leave Entitlements (ELE) | | 7,311 | 5,538 |
| Superannuation | | 4,525 | 4,348 |
| Workers' Compensation Insurance | | 241 | 656 |
| Fringe Benefit Tax (FBT) | | 250 | 213 |
| Payroll Tax | | 933 | 886 |
| Training Costs (other than Salaries & Wages) | | 294 | 405 |
| Other | | 164 | 153 |
| Total Employee Costs | | 55,469 | 52,992 |
| less: Capitalised Costs | | (5,306) | (6,169) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 50,163 | 46,823 |
| Number of "Equivalent Full Time" Employees at year end | | 675 | 677 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Overdraft | | 2 | 1 |
| Interest on Loans | | 13,045 | 13,368 |
| Total Interest Bearing Liability Costs Expensed | | 13,047 | 13,369 |
| (ii) Other Borrowing Costs | | | |
| Discount adjustments relating to movements in Provisions (other than ELE) | | | |
| - Remediation Liabilities | 26 | 1 | (166) |
| - Fair Value of Interest Free Sewer Loan - Dept of Planning Loan | | 602 | 679 |
| Total Other Borrowing Costs | | 603 | 513 |
| TOTAL BORROWING COSTS EXPENSED | | 13,650 | 13,882 |
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 42,832 | 55,022 |
| Auditors Remuneration ⁽¹⁾ | | 102 | 90 |
| Legal Expenses: | | | |
| - Legal Expenses: Planning & Development | | 444 | 809 |
| - Legal Expenses: Other | | 114 | 215 |
| Operating Leases: | | | |
| - Operating Lease Rentals: Minimum Lease Payment ⁽²⁾ | | 838 | 525 |
| TOTAL MATERIALS & CONTRACTS | | 44,330 | 56,661 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| (c) Materials & Contracts (continued) | | | |
| 1. Auditor Remuneration | | | |
| During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities): | | | |
| (i) Audit and Other Assurance Services | | | |
| - Audit & review of financial statements: Council's Auditor | | 98 | 89 |
| Remuneration for audit and other assurance services | | 98 | 89 |
| (ii) Other Services | | | |
| - Other Services | | 4 | 1 |
| Remuneration for other services | | 4 | 1 |
| Total Auditor Remuneration | | 102 | 90 |
| 2. Operating Lease Payments are attributable to: | | | |
| Computer Equipment | | 833 | 525 |
| Other | | 5 | - |
| | | 838 | 525 |

| \$ '000 | Notes | Impairment Costs | | Depreciation/Amortisation | |
|---|--------|------------------|----------------|---------------------------|----------------|
| | | Actual 2015 | Actual 2014 | Actual 2015 | Actual 2014 |
| Plant and Equipment | | - | - | 2,753 | 2,668 |
| Office Equipment | | - | - | 119 | 69 |
| Furniture & Fittings | | - | - | 128 | 116 |
| Buildings - Non Specialised | | - | 239 | 1,498 | 1,649 |
| Buildings - Specialised | | - | - | 33 | 39 |
| Other Structures | | - | - | 19 | 21 |
| Infrastructure: | | | | | |
| - Roads | | - | - | 15,645 | 14,913 |
| - Bridges | | - | - | 2,155 | 2,094 |
| - Footpaths | | - | - | 560 | 509 |
| - Stormwater Drainage | | - | - | 2,791 | 2,631 |
| - Water Supply Network | | - | - | 7,097 | 6,890 |
| - Sewerage Network | | - | - | 10,326 | 9,982 |
| - Swimming Pools | | - | - | 245 | 285 |
| - Other Open Space/Recreational Assets | | - | - | 835 | 786 |
| - Other Infrastructure | | - | - | 501 | 566 |
| Asset Reinstatement Costs | 9 & 26 | - | - | 15 | 21 |
| Intangible Assets | 25 | - | - | 323 | 439 |
| Total Depreciation & Impairment Costs | | - | 239 | 45,043 | 43,678 |
| less: Impairments (to)/from ARR [Equity] | 9a | - | (239) | - | - |
| TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED | | - | - | 45,043 | 43,678 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------------|----------------------|
| (e) Other Expenses | | | |
| Bad & Doubtful Debts | | 69 | - |
| Caretakers Remuneration - Holiday Parks | | 1,651 | 1,548 |
| Contributions/Levies to Other Levels of Government | | | |
| - Department of Lands Levy - Holiday Parks | | 395 | 381 |
| - Emergency Services Levy (includes FRNSW, SES, and RFS Levies) | | 715 | 689 |
| - Waste Levy | | 189 | 651 |
| Councillor Expenses - Mayoral Fee | | 39 | 38 |
| Councillors' Expenses (incl. Mayor) | | 33 | 20 |
| Councillor Expenses - Councillors' Fees | | 137 | 140 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | 2,675 | 2,523 |
| Electricity & Heating | | 4,686 | 5,585 |
| Insurance | | 1,477 | 1,585 |
| Street Lighting | | 799 | 944 |
| Telephone & Communications | | 438 | 428 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>13,303</u> | <u>14,532</u> |

Note 5. Gains or Losses from the Disposal of Assets

| | | | |
|--|--|-----------------------|-----------------------|
| Property (excl. Investment Property) | | | |
| Proceeds from Disposal - Property | | 461 | 1,060 |
| less: Carrying Amount of Property Assets Sold / Written Off | | (1,585) | (2,096) |
| Net Gain/(Loss) on Disposal | | <u>(1,124)</u> | <u>(1,036)</u> |
| Plant & Equipment | | | |
| Proceeds from Disposal - Plant & Equipment | | 1,335 | 1,215 |
| less: Carrying Amount of P&E Assets Sold / Written Off | | (2,060) | (1,694) |
| Net Gain/(Loss) on Disposal | | <u>(725)</u> | <u>(479)</u> |
| Infrastructure | | | |
| less: Carrying Amount of Infrastructure Assets Sold / Written Off | | (3,832) | (3,071) |
| Net Gain/(Loss) on Disposal | | <u>(3,832)</u> | <u>(3,071)</u> |
| Investment Properties | | | |
| Proceeds from Disposal - Investment Properties | | - | 53 |
| less: Carrying Amount of Investment Properties Sold / Written Off | | - | (55) |
| Net Gain/(Loss) on Disposal | | <u>-</u> | <u>(2)</u> |
| Financial Assets | | | |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets | | 79,805 | 102,083 |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured | | (79,805) | (102,083) |
| Net Gain/(Loss) on Disposal | | <u>-</u> | <u>-</u> |
| <u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u> | | <u>(5,681)</u> | <u>(4,588)</u> |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Notes | 2015 | 2015 | 2014 | 2014 |
|--|-------|-------------------|-----------------------|-------------------|-----------------------|
| | | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank | | 1,654 | - | 2,791 | - |
| Cash-Equivalent Assets ¹ | | | | | |
| - Deposits at Call | | 9,863 | - | 6,390 | - |
| - Short Term Deposits | | - | - | 7,226 | - |
| Total Cash & Cash Equivalents | | 11,517 | - | 16,407 | - |
| Investments (Note 6b) | | | | | |
| - Long Term Deposits | | 117,419 | 49,000 | 76,531 | 52,000 |
| - FRN's & Fixed Rate Bonds | | 6,479 | 50,817 | 2,033 | 46,739 |
| Total Investments | | 123,898 | 99,817 | 78,564 | 98,739 |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 135,415 | 99,817 | 94,971 | 98,739 |

¹ 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" | | 11,517 | - | 16,407 | - |
|--|--|---------------|----------|---------------|----------|

Investments

| | | | | | |
|--|---------|----------------|---------------|---------------|---------------|
| a. "At Fair Value through the Profit & Loss" | | | | | |
| - "Held for Trading" | 6(b-i) | 6,479 | 50,817 | 2,033 | 46,739 |
| b. "Held to Maturity" | 6(b-ii) | 117,419 | 49,000 | 76,531 | 52,000 |
| Investments | | 123,898 | 99,817 | 78,564 | 98,739 |

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

| \$ '000 | 2015 Actual Current | 2015 Actual Non Current | 2014 Actual Current | 2014 Actual Non Current |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Note 6(b-i) | | | | |
| Reconciliation of Investments classified as "At Fair Value through the Profit & Loss" | | | | |
| Balance at the Beginning of the Year | 2,033 | 46,739 | 5,038 | 38,781 |
| Revaluations (through the Income Statement) | 125 | - | - | 433 |
| Additions | 4,321 | 20,883 | 16,079 | 7,525 |
| Disposals (sales & redemptions) | - | (16,805) | (19,084) | - |
| Balance at End of Year | 6,479 | 50,817 | 2,033 | 46,739 |
| Comprising: | | | | |
| - NCD's, FRN's (with Maturities > 3 months) | 6,479 | 50,817 | 2,033 | 43,739 |
| - Other Long Term Financial Assets | - | - | - | 3,000 |
| Total | 6,479 | 50,817 | 2,033 | 46,739 |
| Note 6(b-ii) | | | | |
| Reconciliation of Investments classified as "Held to Maturity" | | | | |
| Balance at the Beginning of the Year | 76,531 | 52,000 | 90,677 | 28,000 |
| Additions | 40,888 | 60,000 | 68,853 | 24,000 |
| Disposals (sales & redemptions) | - | (63,000) | (82,999) | - |
| Balance at End of Year | 117,419 | 49,000 | 76,531 | 52,000 |
| Comprising: | | | | |
| - Long Term Deposits | 117,419 | 49,000 | 76,531 | 52,000 |
| Total | 117,419 | 49,000 | 76,531 | 52,000 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | 2015 | 2015 | 2014 | 2014 |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Total Cash, Cash Equivalents and Investments | 135,415 | 99,817 | 94,971 | 98,739 |
| attributable to: | | | | |
| External Restrictions (refer below) | 73,563 | 89,487 | 47,220 | 88,928 |
| Internal Restrictions (refer below) | 56,667 | 10,330 | 42,181 | 9,811 |
| Unrestricted | 5,185 | - | 5,570 | - |
| | 135,415 | 99,817 | 94,971 | 98,739 |

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

Details of Restrictions

External Restrictions - Included in Liabilities

| | | | | |
|--|---------------|----------|----------------|--------------|
| Specific Purpose Unexpended Loans-Sewer (A) | 8,967 | - | (2,709) | 6,258 |
| Other - Security Deposits | 2,014 | - | (268) | 1,746 |
| External Restrictions - Included in Liabilities | 10,981 | - | (2,977) | 8,004 |

External Restrictions - Other

| | | | | |
|---|----------------|---------------|-----------------|----------------|
| Developer Contributions - General (B) | 23,639 | 6,527 | (3,407) | 26,759 |
| Developer Contributions - Water Fund - CCR (B) | 2,615 | 4,315 | (4,279) | 2,651 |
| Developer Contributions - Sewer Fund - CCR (B) | - | 2,205 | (2,205) | - |
| RMS (formerly RTA) Contributions (C) | 347 | 30 | (247) | 130 |
| Specific Purpose Contributions (C) | 67 | 1,932 | (67) | 1,932 |
| Specific Purpose Unexpended Grants (D) | 2,739 | 184 | - | 2,923 |
| Water Supplies (E) | 2,334 | 120 | - | 2,454 |
| Water Supplies - Asset Replacement - ARR (E) | 16,461 | 15,862 | (1,833) | 30,490 |
| Sewerage Services (E) | 3,482 | - | (1,634) | 1,848 |
| Sewerage Services - Banora Point Laboratory (E) | 413 | 101 | - | 514 |
| Sewerage Services - Asset Replacement - ARF (E) | 43,111 | 14,763 | (4,995) | 52,879 |
| Domestic Waste Management (E) | 11,407 | 2,574 | - | 13,981 |
| Caravan Park Cash Assets | 18,338 | - | (55) | 18,283 |
| Special Rate - Koala Beach | 214 | 77 | (89) | 202 |
| External Restrictions - Other | 125,167 | 48,690 | (18,811) | 155,046 |
| Total External Restrictions | 136,148 | 48,690 | (21,788) | 163,050 |

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- E** 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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| 2015 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|---|--------------------|------------------------------|--------------------------------|--------------------|
| Internal Restrictions | | | | |
| Employees Leave Entitlement | 9,811 | 1,519 | - | 11,330 |
| Unexpended Loans | 9,436 | 6,046 | (6,067) | 9,415 |
| Unexpended Grants | 2,753 | 9,409 | (8,993) | 3,169 |
| Asset Management Reserve - Office Ext. | 185 | 6 | (64) | 127 |
| Community Facilities | 4 | 5,900 | - | 5,904 |
| Land Sales - Cemetery Asset Management | 47 | 2 | - | 49 |
| Murwillumbah Community Centre | 5 | - | - | 5 |
| Software & Equipment - Asset management | 1,498 | 1,332 | (543) | 2,287 |
| Sports fields - Asset management | 1 | - | - | 1 |
| Swimming Pools Asset management | 1 | 33 | - | 34 |
| Waterways Asset Management | 6 | 1 | - | 7 |
| Civic Centre Asset management | 184 | 56 | - | 240 |
| Museum Asset Management | 60 | 2 | - | 62 |
| Land Development | 438 | 122 | (73) | 487 |
| Workers Comp. Cont. Reserve | 5 | - | - | 5 |
| Non- DWM Management | 8,013 | 1,750 | (604) | 9,159 |
| Access Funding | 287 | 14 | (18) | 283 |
| Agenda 21 | 58 | - | - | 58 |
| Art Gallery Construction | 84 | 29 | - | 113 |
| Beach Vehicle Licence Income | 237 | 31 | (36) | 232 |
| Car Parking | 416 | 103 | - | 519 |
| Catchment Water Quality | 737 | 235 | (152) | 820 |
| Coastal Management Planning | 31 | 1 | - | 32 |
| Haulage Fees | 313 | 10 | - | 323 |
| Plant Operations | 2,313 | 1,842 | - | 4,155 |
| Revolving Energy Fund | 236 | 34 | - | 270 |
| Road Land Sale | 43 | - | - | 43 |
| Sewerage Management Facilities | 8 | - | - | 8 |
| 7 Year Plan | 3,094 | 4,176 | (2,775) | 4,495 |
| Works Carried Forward | 11,777 | 7,393 | (5,985) | 13,185 |
| Environmental Enforcement Levy | (442) | 237 | (199) | (404) |
| SES Vehicle Replacement | 21 | 120 | - | 141 |
| Museum Donations | 14 | 16 | (4) | 26 |
| Frangela Park Maintenance | 41 | 1 | (1) | 41 |
| Cemeteries Perpetual Maintenance | 277 | 64 | - | 341 |
| Opportunity/Matching grants | - | 35 | - | 35 |
| Total Internal Restrictions | 51,992 | 40,519 | (25,514) | 66,997 |
| TOTAL RESTRICTIONS | 188,140 | 89,209 | (47,302) | 230,047 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

| \$ '000 | Notes | 2015 | | 2014 | |
|---|-------|----------------------|------------------|----------------------|-------------------|
| | | Current | Non Current | Current | Non Current |
| Purpose | | | | | |
| Rates & Annual Charges | | 4,631 | - | 5,104 | |
| Interest & Extra Charges | | 537 | - | 547 | |
| User Charges & Fees | | 4,771 | - | 11,308 | - |
| Accrued Revenues | | | | | |
| - Interest on Investments | | 2,615 | - | 2,026 | - |
| - Other Income Accruals | | - | - | 2,461 | - |
| Government Grants & Subsidies | | 4,532 | - | 3,564 | - |
| Deferred Debtors | | 8 | 77 | 7 | 285 |
| Net GST Receivable | | 609 | - | 835 | - |
| Total | | 17,703 | 77 | 25,852 | 285 |
| less: Provision for Impairment | | | | | |
| Doubtful Debts | | (202) | - | (132) | - |
| Total Provision for Impairment - Receivables | | (202) | - | (132) | - |
| <u>TOTAL NET RECEIVABLES</u> | | <u>17,501</u> | <u>77</u> | <u>25,720</u> | <u>285</u> |
| Externally Restricted Receivables | | | | | |
| Water Supply | | | | | |
| - Specific Purpose Grants | | 2 | - | 472 | - |
| - Rates & Availability Charges | | 250 | - | 253 | - |
| - Other | | 2,811 | - | 10,217 | - |
| Sewerage Services | | | | | |
| - Specific Purpose Grants | | 1 | - | 1 | - |
| - Rates & Availability Charges | | 1,204 | - | 1,228 | - |
| - Other | | 1,232 | - | 1,580 | - |
| Domestic Waste Management | | 507 | - | 374 | 124 |
| Tweed Coast Holiday Parks | | 200 | - | 194 | - |
| Total External Restrictions | | 6,207 | - | 14,319 | 124 |
| Internally Restricted Receivables | | | | | |
| Nil | | | | | |
| Unrestricted Receivables | | 11,294 | 77 | 11,401 | 161 |
| <u>TOTAL NET RECEIVABLES</u> | | <u>17,501</u> | <u>77</u> | <u>25,720</u> | <u>285</u> |

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 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

| \$ '000 | Notes | 2015 | | 2014 | |
|---|-------|--------------|-------------|--------------|-------------|
| | | Current | Non Current | Current | Non Current |
| Inventories | | | | | |
| Stores & Materials | | 919 | - | 899 | - |
| Total Inventories | | 919 | - | 899 | - |
| Other Assets | | | | | |
| Prepayments | | 645 | - | 664 | - |
| Total Other Assets | | 645 | - | 664 | - |
| TOTAL INVENTORIES / OTHER ASSETS | | 1,564 | - | 1,563 | - |
| Externally Restricted Assets | | | | | |
| Water | | | | | |
| Prepayments | | 27 | - | 30 | - |
| Total Water | | 27 | - | 30 | - |
| Sewerage | | | | | |
| Prepayments | | 26 | - | 26 | - |
| Total Sewerage | | 26 | - | 26 | - |
| Domestic Waste Management | | | | | |
| Nil | | | | | |
| Tweed Coast Holiday Parks | | | | | |
| Prepayments | | 154 | - | 126 | - |
| Total Other | | 154 | - | 126 | - |
| Total Externally Restricted Assets | | 207 | - | 182 | - |
| Total Internally Restricted Assets | | - | - | - | - |
| Total Unrestricted Assets | | 1,357 | - | 1,381 | - |
| TOTAL INVENTORIES & OTHER ASSETS | | 1,564 | - | 1,563 | - |

Other Disclosures

Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

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

Tweed Shire Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2014 | | | | | Asset Movements during the Reporting Period | | | | | | | | as at 30/6/2015 | | | | |
|--|-----------------|------------------|----------------|------------|-------------------|---|------------------------------|-------------------------|------------------|----------------------------|--------------------|---|---|-----------------|------------------|----------------|------------|-------------------|
| | At Cost | At Fair Value | Accumulated | | Carrying Value | Asset Additions | WDV of Asset Disposals | Depreciation Expense | WIP Transfers | Adjustments & Transfers | Other Movements | Revaluation Decrements to Equity (ARR) | Revaluation Increments to Equity (ARR) | At Cost | At Fair Value | Accumulated | | Carrying Value |
| | | | Dep'n | Impairment | | | | | | | | | | | | Dep'n | Impairment | |
| Capital Work in Progress | 13,302 | - | - | - | 13,302 | 11,025 | - | - | (12,106) | - | (727) | - | - | 11,494 | - | - | - | 11,494 |
| Plant & Equipment | - | 34,803 | 14,859 | - | 19,944 | 4,088 | (1,962) | (2,753) | 1,874 | - | (12) | - | - | - | 36,661 | 15,482 | - | 21,179 |
| Office Equipment | - | 1,457 | 1,167 | - | 290 | 257 | - | (119) | - | - | - | - | - | - | 1,616 | 1,188 | - | 428 |
| Furniture & Fittings | - | 2,161 | 1,689 | - | 472 | 278 | - | (128) | 51 | - | - | - | - | - | 2,489 | 1,816 | - | 673 |
| Land: | | | | | | | | | | | | | | | | | | |
| - Operational Land | - | 442,875 | - | - | 442,875 | 10,038 | (1,310) | - | 12 | 124 | - | 4,128 | - | - | 455,867 | - | - | 455,867 |
| - Community Land | - | 160,501 | - | - | 160,501 | 629 | - | - | - | (125) | - | 89 | - | - | 161,094 | - | - | 161,094 |
| - Land under Roads (pre 1/7/08) | - | 41,867 | - | - | 41,867 | - | - | - | - | - | - | - | - | - | 41,867 | - | - | 41,867 |
| - Land under Roads (post 30/6/08) | - | 2,100 | - | - | 2,100 | 138 | - | - | - | - | - | - | - | - | 2,238 | - | - | 2,238 |
| Buildings - Non Specialised | - | 129,839 | 13,886 | - | 115,953 | 6,896 | (275) | (1,498) | 4,791 | 668 | 206 | (201) | - | - | 142,932 | 16,392 | - | 126,540 |
| Buildings - Specialised | - | 6,677 | 419 | - | 6,258 | 90 | - | (33) | - | - | - | - | - | - | 6,767 | 452 | - | 6,315 |
| Other Structures | - | 654 | 286 | - | 368 | - | - | (19) | - | - | - | - | - | - | 654 | 305 | - | 349 |
| Infrastructure: | | | | | | | | | | | | | | | | | | |
| - Roads | - | 621,758 | 175,919 | - | 445,839 | 11,470 | (1,436) | (15,645) | 1,292 | 4,204 | - | 57,549 | - | - | 661,640 | 158,367 | - | 503,273 |
| - Bridges | - | 173,377 | 18,234 | - | 155,143 | 1,214 | (248) | (2,155) | 2 | 2,662 | - | 756 | - | - | 182,988 | 25,614 | - | 157,374 |
| - Footpaths | - | 31,031 | 4,204 | - | 26,827 | 1,401 | (205) | (560) | 207 | 4,285 | - | (1,249) | - | - | 37,109 | 6,403 | - | 30,706 |
| - Bulk Earthworks (non-depreciable) | - | 148,049 | - | - | 148,049 | 704 | - | - | - | - | - | - | - | - | 148,753 | - | - | 148,753 |
| - Stormwater Drainage | - | 204,272 | 63,455 | - | 140,817 | 3,873 | (35) | (2,791) | 309 | 1,088 | - | 6,915 | - | - | 221,616 | 71,440 | - | 150,176 |
| - Water Supply Network | - | 609,447 | 155,861 | - | 453,586 | 2,267 | (47) | (7,097) | 152 | - | - | 6,727 | - | - | 620,979 | 165,391 | - | 455,588 |
| - Sewerage Network | - | 746,567 | 199,745 | - | 546,822 | 5,486 | (1,861) | (10,326) | 1,585 | - | - | 8,126 | - | - | 762,147 | 212,315 | - | 549,832 |
| - Swimming Pools | - | 5,384 | 1,599 | - | 3,785 | 23 | (12) | (245) | - | - | - | - | - | - | 5,384 | 1,833 | - | 3,551 |
| - Other Open Space/Recreational Assets | - | 17,365 | 6,926 | - | 10,439 | 2,721 | (86) | (835) | 1,827 | 6,743 | - | 3,874 | - | - | 32,163 | 7,480 | - | 24,683 |
| - Other Infrastructure | - | 13,624 | 4,190 | - | 9,434 | 322 | - | (501) | 4 | (630) | - | - | - | - | 13,136 | 4,507 | - | 8,629 |
| Other Assets: | | | | | | | | | | | | | | | | | | |
| - Artworks | - | 3,797 | - | - | 3,797 | 1,150 | - | - | - | - | - | - | - | - | 4,947 | - | - | 4,947 |
| Reinstatement, Rehabilitation & Restoration Assets (refer Note 26): | | | | | | | | | | | | | | | | | | |
| - Tip Assets | - | 687 | 621 | - | 66 | - | - | (11) | - | - | - | - | - | - | 687 | 632 | - | 55 |
| - Quarry Assets | - | 351 | 340 | - | 11 | - | - | (4) | - | - | - | - | - | - | 176 | 169 | - | 7 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 13,302 | 3,398,643 | 663,400 | - | 2,748,545 | 64,070 | (7,477) | (44,720) | - | 19,019 | (533) | (1,450) | 88,164 | 11,494 | 3,543,910 | 689,786 | - | 2,865,618 |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$16,511) and New Assets (\$30,126).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Actual | | | | Actual | | | |
|------------------------------------|---------|------------------|-------------------|------------------|---------|------------------|-------------------|------------------|
| | 2015 | | | | 2014 | | | |
| Class of Asset | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value |
| Water Supply | | | | | | | | |
| WIP | - | 2,264 | - | 2,264 | - | 1,163 | - | 1,163 |
| Plant & Equipment | - | 132 | 85 | 47 | - | 85 | 54 | 31 |
| Furniture & Fittings | - | 20 | 20 | - | - | 20 | 20 | - |
| Land | | | | | | | | |
| - Operational Land | - | 35,120 | - | 35,120 | - | 34,814 | - | 34,814 |
| - Community Land | - | 86 | - | 86 | - | 86 | - | 86 |
| Buildings | - | 2,573 | 644 | 1,929 | - | 2,853 | 612 | 2,241 |
| Infrastructure | - | 620,627 | 165,391 | 455,236 | - | 609,093 | 155,861 | 453,232 |
| Other Assets | - | 352 | - | 352 | - | 354 | - | 354 |
| Total Water Supply | - | 661,174 | 166,140 | 495,034 | - | 648,468 | 156,547 | 491,921 |
| Sewerage Services | | | | | | | | |
| WIP | - | 3,845 | - | 3,845 | - | 2,947 | - | 2,947 |
| Plant & Equipment | - | 1,172 | 861 | 311 | - | 1,168 | 792 | 376 |
| Office Equipment | - | 26 | 26 | - | - | 26 | 26 | - |
| Furniture & Fittings | - | 87 | 87 | - | - | 87 | 87 | - |
| Land | | | | | | | | |
| - Operational Land | - | 44,126 | - | 44,126 | - | 43,642 | - | 43,642 |
| - Community Land | - | 238 | - | 238 | - | 238 | - | 238 |
| Buildings | - | 6,382 | 445 | 5,937 | - | 6,382 | 406 | 5,976 |
| Infrastructure | - | 762,148 | 212,315 | 549,833 | - | 746,566 | 199,745 | 546,821 |
| Total Sewerage Services | - | 818,024 | 213,734 | 604,290 | - | 801,056 | 201,056 | 600,000 |
| Domestic Waste Management | | | | | | | | |
| Plant & Equipment | - | 23 | 15 | 8 | - | 129 | 116 | 13 |
| Office Equipment | - | 16 | 16 | - | - | 16 | 16 | - |
| Furniture & Fittings | - | 198 | 122 | 76 | - | 198 | 102 | 96 |
| Land | | | | | | | | |
| - Operational Land | - | 2,699 | - | 2,699 | - | 3,199 | - | 3,199 |
| Buildings | - | 956 | 286 | 670 | - | 848 | 243 | 605 |
| Infrastructure | - | 70 | 67 | 3 | - | 131 | 112 | 19 |
| Total DWM | - | 3,962 | 506 | 3,456 | - | 4,521 | 589 | 3,932 |
| Other Restricted Assets | | | | | | | | |
| - Capital WIP | - | 581 | - | 581 | - | 1,604 | - | 1,604 |
| - Plant & Equipment | - | 4,574 | 2,346 | 2,228 | - | 2,929 | 2,390 | 539 |
| - Office Equipment | - | 137 | 124 | 13 | - | 137 | 119 | 18 |
| - Operational Land | - | 79,615 | - | 79,615 | - | 79,615 | - | 79,615 |
| Buildings | - | 13,204 | 1,657 | 11,547 | - | 11,684 | 1,793 | 9,891 |
| Swimming Pools | - | 391 | 302 | 89 | - | 390 | 301 | 89 |
| Total Other Restrictions | - | 98,502 | 4,429 | 94,073 | - | 96,359 | 4,603 | 91,756 |
| TOTAL RESTRICTED I,PP&E | - | 1,581,662 | 384,809 | 1,196,853 | - | 1,550,404 | 362,795 | 1,187,609 |

Tweed Shire Council

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

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

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|---------|----------------|----------------|
| Impairment Losses recognised direct to Equity (ARR): | | | |
| Buildings non-specialised | | - | (239) |
| Total Impairment Losses | | - | (239) |
| <u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u> | 20 (ii) | - | (239) |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

| \$ '000 | Notes | 2015 | | 2014 | |
|--|-------|---------------|----------------|---------------|----------------|
| | | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services - operating expenditure | | 9,243 | - | 8,222 | - |
| Payments Received In Advance | | 3,840 | - | 3,630 | - |
| Accrued Expenses: | | | | | |
| - Borrowings | | 464 | - | 488 | - |
| - Other Expenditure Accruals | | 47 | - | 119 | - |
| Security Bonds, Deposits & Retentions | | 1,333 | 416 | 1,611 | 405 |
| Total Payables | | 14,927 | 416 | 14,070 | 405 |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 7,221 | 177,072 | 7,251 | 178,247 |
| Total Borrowings | | 7,221 | 177,072 | 7,251 | 178,247 |
| Provisions | | | | | |
| Employee Benefits: | | | | | |
| Annual Leave | | 5,005 | - | 5,104 | - |
| Sick Leave | | 1,023 | 4,545 | 848 | 4,330 |
| Long Service Leave | | 12,222 | 322 | 10,624 | 439 |
| Sub Total - Aggregate Employee Benefits | | 18,250 | 4,867 | 16,576 | 4,769 |
| Asset Remediation/Restoration (Future Works) ²⁶ | | - | 898 | - | 897 |
| Total Provisions | | 18,250 | 5,765 | 16,576 | 5,666 |
| Total Payables, Borrowings & Provisions | | 40,398 | 183,253 | 37,897 | 184,318 |
| (i) Liabilities relating to Restricted Assets | | | | | |
| | | 2015 | | 2014 | |
| | | Current | Non Current | Current | Non Current |
| Externally Restricted Assets | | | | | |
| Water | | 1,756 | 63,545 | 1,474 | 64,803 |
| Sewer | | 2,667 | 31,800 | 3,088 | 33,886 |
| Other | | 1,746 | - | 2,001 | - |
| Other - Holiday Parks | | 2,183 | 1,032 | 2,540 | - |
| Liabilities relating to externally restricted assets | | 8,352 | 96,377 | 9,103 | 98,689 |
| Internally Restricted Assets | | | | | |
| Nil | | | | | |
| Total Liabilities relating to restricted assets | | 8,352 | 96,377 | 9,103 | 98,689 |
| Total Liabilities relating to Unrestricted Assets | | 32,046 | 86,876 | 28,794 | 85,629 |
| TOTAL PAYABLES, BORROWINGS & PROVISIONS | | 40,398 | 183,253 | 37,897 | 184,318 |

¹. 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 2015

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

| \$ '000 | Actual 2015 | Actual 2014 |
|---|----------------|----------------|
| (ii) Current Liabilities not anticipated to be settled within the next 12 months | | |
| The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions - Employees Benefits | 10,989 | 10,000 |
| Payables - Security Bonds, Deposits & Retentions | 300 | 220 |
| | <u>11,289</u> | <u>10,220</u> |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2014 | | 2015 | | | |
|--------------------|------------------------------|-----------------------|--------------------------|--|-------------------------|-------------------------------|
| | Opening Balance as at 1/7/14 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | Closing Balance as at 30/6/15 |
| Annual Leave | 5,104 | 3,215 | (3,314) | - | - | 5,005 |
| Sick Leave | 5,178 | 825 | (435) | - | - | 5,568 |
| Long Service Leave | 11,063 | 2,297 | (816) | - | - | 12,544 |
| Asset Remediation | 897 | 1 | - | - | - | 898 |
| TOTAL | 22,242 | 6,338 | (4,565) | - | - | 24,015 |

- 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 2015

Note 11. Statement of Cash Flows - Additional Information

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 11,517 | 16,407 |
| Less Bank Overdraft | 10 | - | - |
| BALANCE as per the STATEMENT of CASH FLOWS | | 11,517 | 16,407 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 42,686 | 24,194 |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 45,043 | 43,678 |
| Net Losses/(Gains) on Disposal of Assets | | 5,681 | 4,588 |
| Non Cash Capital Grants and Contributions | | (25,472) | (18,987) |
| Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: | | | |
| - Investments classified as "At Fair Value" or "Held for Trading" | | (125) | (433) |
| - Other | | - | 6,634 |
| Amortisation of Premiums, Discounts & Prior Period Fair Valuations | | | |
| - Interest Exp. on Interest Free Loans received by Council (previously Fair Valued) | | 602 | 679 |
| Unwinding of Discount Rates on Reinstatement Provisions | | 1 | 15 |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | 8,150 | (1,834) |
| Increase/(Decrease) in Provision for Doubtful Debts | | 70 | (131) |
| Decrease/(Increase) in Inventories | | (20) | (92) |
| Decrease/(Increase) in Other Assets | | 19 | 843 |
| Increase/(Decrease) in Payables | | 1,021 | (623) |
| Increase/(Decrease) in accrued Interest Payable | | (24) | (30) |
| Increase/(Decrease) in other accrued Expenses Payable | | (72) | 97 |
| Increase/(Decrease) in Other Liabilities | | (57) | 1,218 |
| Increase/(Decrease) in Employee Leave Entitlements | | 1,772 | (359) |
| Increase/(Decrease) in Other Provisions | | - | (209) |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 79,275 | 59,248 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (c) Non-Cash Investing & Financing Activities | | | |
| Art Gallery | | 1,121 | 463 |
| Development Contributions - General | | 10,915 | 10,313 |
| Development Contributions - Water | | 1,612 | 2,825 |
| Development Contributions - Sewerage | | 2,976 | 5,386 |
| Other Non Cash Items | | 8,848 | - |
| Total Non-Cash Investing & Financing Activities | | 25,472 | 18,987 |
| (d) Financing Arrangements | | | |
| (i) Unrestricted access was available at balance date to the following lines of credit: | | | |
| Bank Overdraft Facilities ⁽¹⁾ | | 1,000 | 1,000 |
| Credit Cards / Purchase Cards | | 300 | 300 |
| Total Financing Arrangements | | 1,300 | 1,300 |
| Amounts utilised as at Balance Date: | | | |
| - Credit Cards / Purchase Cards | | 28 | 19 |
| Total Financing Arrangements Utilised | | 28 | 19 |

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 2015

Note 12. Commitments for Expenditure

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Capital Commitments (exclusive of GST) | | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Property, Plant & Equipment | | | |
| Buildings | | 775 | 467 |
| Other | | 1,649 | 2,357 |
| Total Commitments | | 2,424 | 2,824 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 2,424 | 2,722 |
| Later than one year and not later than 5 years | | - | 102 |
| Total Payable | | 2,424 | 2,824 |
| Sources for Funding of Capital Commitments: | | | |
| Unrestricted General Funds | | 887 | 1,207 |
| Section 94 Contributions | | 624 | 77 |
| Unexpended Grants | | 220 | 1,213 |
| Externally Restricted Reserves | | 114 | - |
| Internally Restricted Reserves | | 12 | 93 |
| Unexpended Loans | | 357 | 3 |
| Unrestricted Water Funds | | 111 | 66 |
| Unrestricted Sewerage Funds | | 99 | 165 |
| Total Sources of Funding | | 2,424 | 2,824 |

(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 | | 437 | 416 |
| Later than one year and not later than 5 years | | 588 | 576 |
| Total Non Cancellable Operating Lease Commitments | | 1,025 | 992 |

b. Non Cancellable Operating Leases include the following assets:

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.

Tweed Shire Council

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

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

| \$ '000 | Amounts 2015 | Indicator 2015 | Prior Periods 2014 2013 | |
|---|-----------------|-------------------|-------------------------------|--------|
| Local Government Industry Indicators - Consolidated | | | | |
| 1. Operating Performance Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | <u>2,760</u> | 1.63% | -10.92% | -4.52% |
| Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions) | 169,249 | | | |
| 2. Own Source Operating Revenue Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| <u>(excl. ALL Grants & Contributions)</u> | <u>149,054</u> | 69.41% | 69.82% | 74.91% |
| Total continuing operating revenue ⁽¹⁾ | 214,731 | | | |
| 3. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽²⁾ | <u>74,503</u> | 3.59x | 3.26 | 3.51 |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | <u>20,757</u> | | | |
| 4. Debt Service Cover Ratio | | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation | <u>61,453</u> | 2.94x | 1.93 | 2.07 |
| Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) | <u>20,901</u> | | | |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual and Extra Charges Outstanding | <u>5,168</u> | 5.05% | 5.76% | 7.04% |
| Rates, Annual and Extra Charges Collectible | <u>102,362</u> | | | |
| 6. Cash Expense Cover Ratio | | | | |
| Current Year's Cash and Cash Equivalents + All Term Deposits | <u>177,936</u> | 16.12 | 12.49 | 12.01 |
| Payments from cash flow of operating and financing activities | <u>11,041</u> | mths | | |

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

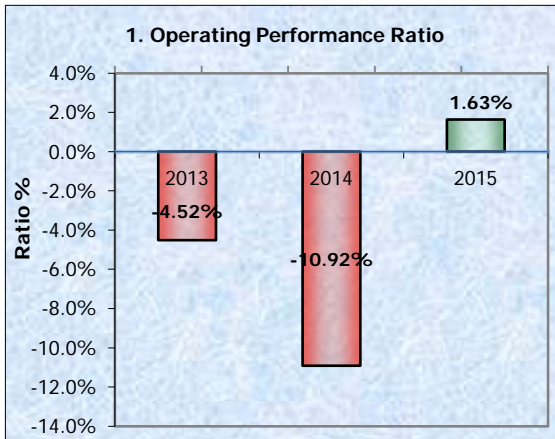
⁽³⁾ Refer to Note 10(a).

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

Tweed Shire Council

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

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



Purpose of Operating Performance Ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2014/15 Result

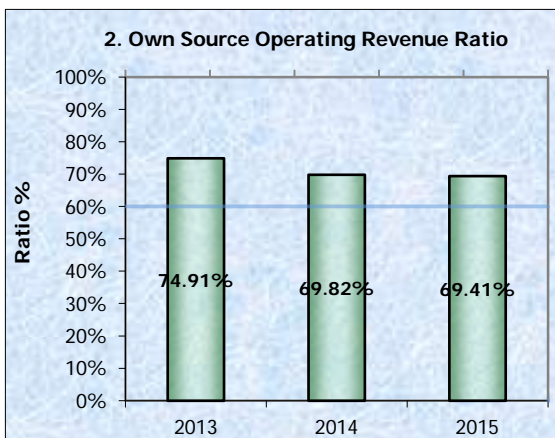
2014/15 Ratio 1.63%

This ratio has improved due to abnormal expenditure items in 2014 no longer occurring in 2015.

Benchmark: ——— Minimum $\geq 0.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

Commentary on 2014/15 Result

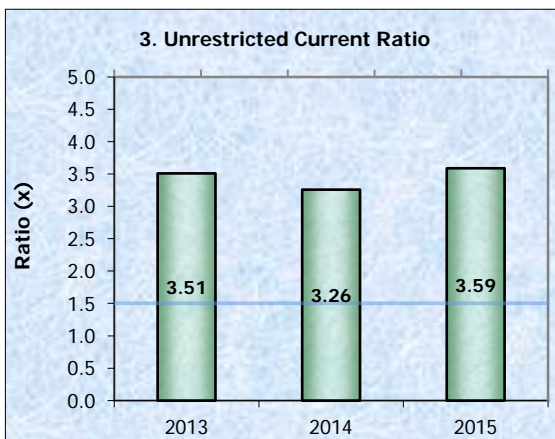
2014/15 Ratio 69.41%

Remains at an acceptable ratio

Benchmark: ——— Minimum $\geq 60.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2014/15 Result

2014/15 Ratio 3.59x

Remains at an acceptable ratio

Benchmark: ——— Minimum ≥ 1.50

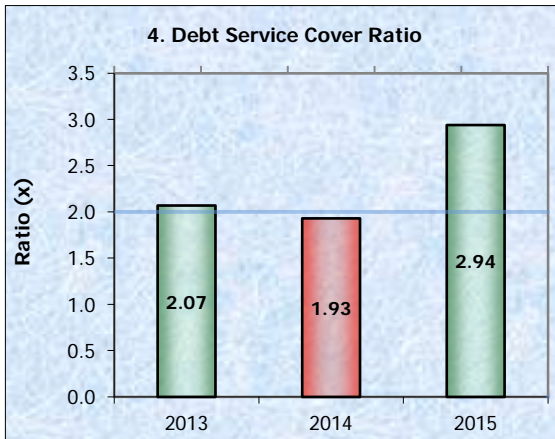
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Tweed Shire Council

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

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



Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments



Commentary on 2014/15 Result

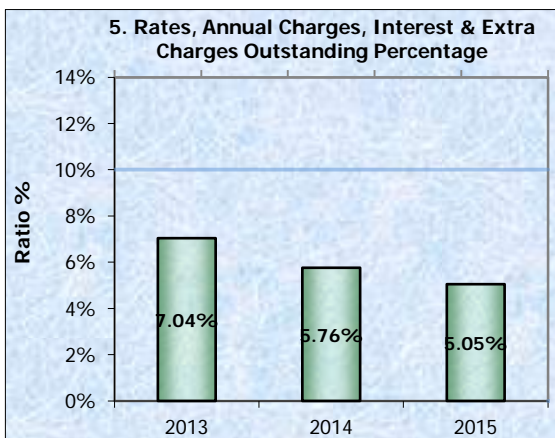
2014/15 Ratio 2.94x

Operating cash is at least twice that required to service Council's debt

Benchmark: ——— Minimum ≥ 2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.



Commentary on 2014/15 Result

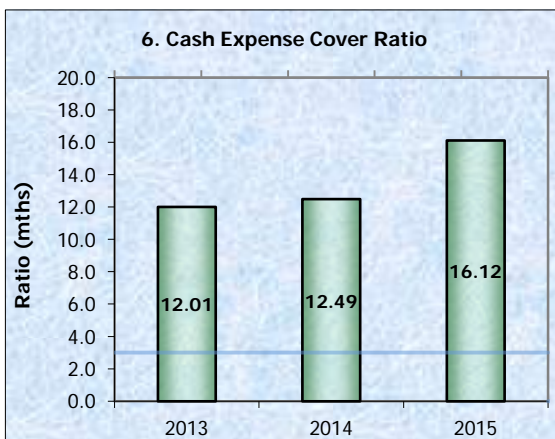
2014/15 Ratio 5.05%

Level of outstanding rates & annual charges has improved

Benchmark: ——— Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.



Commentary on 2014/15 Result

2014/15 Ratio 16.12 mths

Remains at an acceptable ratio

Benchmark: ——— Minimum ≥ 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark
 Ratio is outside Benchmark

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Water 2015 | Sewer 2015 | General ⁵ 2015 |
|--|----------------------|---------------|------------------------------|
| Local Government Industry Indicators - by Fund | | | |
| 1. Operating Performance Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | -11.44% | -2.44% | 5.43% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| (excl. Capital Grants & Contributions) | prior period: -3.51% | -6.52% | -13.93% |
| 2. Own Source Operating Revenue Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(excl. ALL Grants & Contributions)</u> | 78.40% | 84.44% | 64.04% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| | prior period: 73.39% | 73.60% | 67.79% |
| 3. Unrestricted Current Ratio | | | |
| <u>Current Assets less all External Restrictions⁽²⁾</u> | 13.69x | 10.39x | 3.59x |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | | | |
| | prior period: 16.12 | 8.04 | 3.26 |
| 4. Debt Service Cover Ratio | | | |
| <u>Operating Result⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u> | 1.45x | 1.97x | 4.38x |
| Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) | | | |
| | prior period: 1.66 | 1.90 | 2.11 |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | |
| <u>Rates, Annual and Extra Charges Outstanding</u> | 4.80% | 4.64% | 5.22% |
| Rates, Annual and Extra Charges Collectible | | | |
| | prior period: 5.18% | 5.07% | 6.05% |
| 6. Cash Expense Cover Ratio | | | |
| Current Year's Cash and Cash Equivalents <u>+ All Term Deposits</u> | 21.28 | 32.15 | 10.84 |
| Payments from cash flow of operating and financing activities | mths | mths | mths |
| | prior period: 12.67 | 30.96 | 8.34 |

Notes

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

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

Tweed Shire Council

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

Note 14. Investment Properties

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Investment Properties at Fair value | | | |
| <u>Investment Properties on Hand</u> | | | |
| | | - | - |
| Reconciliation of Annual Movement: | | | |
| Opening Balance | | - | 1,276 |
| - Disposals during Year | | - | (55) |
| - Transfers from/(to) Owner Occupied (Note 9) | | - | (1,221) |
| CLOSING BALANCE - INVESTMENT PROPERTIES | | - | - |

(b) Valuation Basis

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

(c) Contractual Obligations at Reporting Date

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

| | Carrying Value | | Fair Value | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 11,517 | 16,407 | 15,462 | 16,302 |
| Investments | | | | |
| - "Held for Trading" | 57,296 | 48,772 | 57,296 | 48,772 |
| - "Held to Maturity" | 166,419 | 128,531 | 162,531 | 128,351 |
| Receivables | 17,578 | 26,005 | 17,635 | 26,005 |
| Total Financial Assets | 252,810 | 219,715 | 252,924 | 219,430 |
| Financial Liabilities | | | | |
| Payables | 11,503 | 10,845 | 11,332 | 10,560 |
| Loans / Advances | 184,293 | 185,498 | 218,080 | 209,084 |
| Total Financial Liabilities | 195,796 | 196,343 | 229,412 | 219,644 |

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.

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "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 Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

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

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

| | Increase of Values/Rates | | Decrease of Values/Rates | |
|--|--------------------------|--------|--------------------------|---------|
| | Profit | Equity | Profit | Equity |
| 2015 | | | | |
| Possible impact of a 10% movement in Market Values | 5,730 | 5,730 | (5,730) | (5,730) |
| Possible impact of a 1% movement in Interest Rates | 2,352 | 2,352 | (2,352) | (2,352) |
| 2014 | | | | |
| Possible impact of a 10% movement in Market Values | 4,877 | 4,877 | (4,877) | (4,877) |
| Possible impact of a 1% movement in Interest Rates | 1,936 | 1,936 | (1,936) | (1,936) |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & 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 the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & 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:

| | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables - % | | | | |
| Current (not yet overdue) | 0% | 95% | 0% | 96% |
| Overdue | 100% | 5% | 100% | 4% |
| | 100% | 100% | 100% | 100% |

| | | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|---|----------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (ii) Ageing of Receivables - value | | | | | |
| Rates & Annual Charges | Other Receivables | | | | |
| Current | Current | 1 | 12,437 | - | 20,252 |
| < 1 year overdue | 0 - 30 days overdue | 3,067 | - | 5,104 | - |
| 1 - 2 years overdue | 30 - 60 days overdue | 794 | 447 | - | 410 |
| 2 - 5 years overdue | 60 - 90 days overdue | 606 | 81 | - | 75 |
| > 5 years overdue | > 90 days overdue | 164 | 184 | - | 296 |
| | | 4,632 | 13,149 | 5,104 | 21,033 |

(iii) Movement in Provision for Impairment of Receivables

| | 2015 | 2014 |
|--|------------|------------|
| Balance at the beginning of the year | 132 | 263 |
| + new provisions recognised during the year | 81 | 12 |
| - amounts already provided for & written off this year | (6) | (128) |
| - amounts provided for but recovered during the year | (5) | (15) |
| Balance at the end of the year | 202 | 132 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) 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 (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity 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 | | |
| 2015 | | | | | | | | | |
| Trade/Other Payables | 1,749 | 9,754 | - | - | - | - | - | 11,503 | 11,503 |
| Loans & Advances | - | 20,810 | 20,610 | 20,466 | 20,285 | 20,112 | 229,315 | 331,598 | 184,293 |
| Total Financial Liabilities | 1,749 | 30,564 | 20,610 | 20,466 | 20,285 | 20,112 | 229,315 | 343,101 | 195,796 |
| 2014 | | | | | | | | | |
| Trade/Other Payables | 2,016 | 8,829 | - | - | - | - | - | 10,845 | 10,845 |
| Loans & Advances | - | 20,921 | 20,319 | 20,119 | 19,975 | 19,794 | 241,701 | 342,829 | 185,498 |
| Total Financial Liabilities | 2,016 | 29,750 | 20,319 | 20,119 | 19,975 | 19,794 | 241,701 | 353,674 | 196,343 |

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:

| | 2015 | | 2014 | |
|---|----------------|-----------------------|----------------|-----------------------|
| | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables | 11,503 | 0.0% | 10,845 | 0.0% |
| Loans & Advances - Fixed Interest Rate | 155,449 | 6.8% | 155,783 | 6.8% |
| Loans & Advances - Variable Interest Rate | 28,844 | 8.3% | 29,715 | 8.3% |
| | <u>195,796</u> | | <u>196,343</u> | |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 19 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

| \$ '000 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | | |
|---|----------------|----------------|-------------------------------|------|----------|
| REVENUES | | | | | |
| Rates & Annual Charges | 94,366 | 95,698 | 1,332 | 1% | F |
| User Charges & Fees | 37,655 | 40,501 | 2,846 | 8% | F |
| Interest & Investment Revenue | 9,184 | 8,936 | (248) | (3%) | U |
| Other Revenues | 1,582 | 4,044 | 2,462 | 156% | F |
| Settlements from legal matters were received during the period. In addition substantial legal fees income for the recovery of rates & annual charges were received. Neither of these items were included in the budget. | | | | | |
| Operating Grants & Contributions | 15,896 | 20,195 | 4,299 | 27% | F |
| Grant funds were received for a number of unbudgetted items, including flood restoration, recycling, and biodiversity. | | | | | |
| Capital Grants & Contributions | 23,223 | 45,482 | 22,259 | 96% | F |
| Non-cash contributions, representing dedicated assets, are not included in the budget | | | | | |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

| \$ '000 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|------|----------|
| EXPENSES | | | | | |
| Employee Benefits & On-Costs | 46,710 | 50,163 | (3,453) | (7%) | U |
| Borrowing Costs | 13,041 | 13,650 | (609) | (5%) | U |
| Materials & Contracts | 50,946 | 44,330 | 6,616 | 13% | F |
| A number of maintenance projects were unfinished or not commenced and were rolled over to 2015/16. | | | | | |
| Depreciation & Amortisation | 41,368 | 45,043 | (3,675) | (9%) | U |
| Other Expenses | 14,708 | 13,303 | 1,405 | 10% | F |
| Substantial savings were achieved for electricity charges through the abolition of the Carbon Tax and also through cost saving measures. | | | | | |
| Net Losses from Disposal of Assets | - | 5,681 | (5,681) | | U |
| Gains and losses from asset disposals are not included in the budget | | | | | |

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

| | | | | | |
|---|-----------------|-----------------|-----------------|-------|----------|
| Cash Flows from Operating Activities | 56,502 | 79,275 | 22,773 | 40.3% | F |
| Favourable results from the introduction of quarterly water billing was greater than foreseen. In addition, the receipt of GST input taxed credits is not budgeted for. | | | | | |
| Cash Flows from Investing Activities | (58,871) | (82,358) | (23,487) | 39.9% | U |
| Purchase of investment securities exceeded budget expectations | | | | | |
| Cash Flows from Financing Activities | (1,039) | (1,807) | (768) | 73.9% | U |
| Better than expected cash revenues allowed a reduction in loan borrowing in 2015/2016. | | | | | |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & 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 | 576 | - | - | 22 | - | - | 598 | 14,505 | (14,825) | 278 | - |
| Roads | 8,090 | 2,660 | - | 355 | (316) | - | 10,789 | 298,032 | (475,298) | (166,477) | - |
| Traffic Facilities | 66 | 17 | - | 3 | (1) | - | 85 | 23 | (92) | 16 | - |
| Parking | 1,408 | 36 | - | 53 | (68) | - | 1,429 | 14,782 | (49) | 16,162 | - |
| Open Space | 7,563 | 1,510 | - | 303 | (2,396) | - | 6,980 | 58,965 | (51,366) | 14,579 | - |
| Community Facilities | 3,431 | 653 | - | 141 | (153) | - | 4,072 | 17,275 | (38,707) | (17,360) | - |
| Path/Cycleways | 238 | 91 | - | 11 | (5) | - | 335 | 2,238 | (2,401) | 172 | - |
| Street Trees | 168 | 15 | - | 7 | (2) | - | 188 | - | - | 188 | - |
| Other | 1,345 | 560 | - | 60 | (465) | - | 1,500 | 25,942 | (26,303) | 1,139 | - |
| S94 Contributions - under a Plan | 22,885 | 5,542 | - | 955 | (3,406) | - | 25,976 | 431,762 | (609,041) | (151,303) | - |
| Total S94 Revenue Under Plans | 22,885 | 5,542 | - | 955 | (3,406) | - | 25,976 | | | | - |
| S94 not under Plans | 754 | - | - | 29 | - | - | 783 | - | - | 783 | - |
| S64 Contributions | 2,615 | 6,424 | 4,590 | 97 | (6,485) | - | 2,651 | | | | |
| Total Contributions | 26,254 | 11,966 | 4,590 | 1,081 | (9,891) | - | 29,410 | 431,762 | (609,041) | (150,520) | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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 | 4,093 | 49 | - | 156 | (2) | - | 4,296 | 767 | (4,070) | 993 | - |
| Total | 4,093 | 49 | - | 156 | (2) | - | 4,296 | 767 | (4,070) | 993 | - |

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 | 586 | - | - | 22 | - | - | 608 | - | (400) | 208 | - |
| Total | 586 | - | - | 22 | - | - | 608 | - | (400) | 208 | - |

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 | 1 | - | - | 1 | - | - | 2 | - | - | 2 | - |
| Total | 1 | - | - | 1 | - | - | 2 | - | - | 2 | - |

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 | 8,002 | 2,660 | - | 352 | (316) | - | 10,698 | 298,032 | (475,298) | (166,568) | - |
| Total | 8,002 | 2,660 | - | 352 | (316) | - | 10,698 | 298,032 | (475,298) | (166,568) | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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 | 634 | 38 | - | 20 | (357) | - | 335 | 5,458 | (5,435) | 358 | - |
| Total | 634 | 38 | - | 20 | (357) | - | 335 | 5,458 | (5,435) | 358 | - |

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 | 168 | 15 | - | 7 | (2) | - | 188 | - | - | 188 | - |
| Total | 168 | 15 | - | 7 | (2) | - | 188 | - | - | 188 | - |

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 | (10) | - | - | - | - | - | (10) | 14,505 | (14,425) | 70 | - |
| Open Space | 457 | - | - | 17 | (5) | - | 469 | 3,947 | (3,977) | 439 | - |
| Total | 447 | - | - | 17 | (5) | - | 459 | 18,452 | (18,402) | 509 | - |

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) | 1,822 | 243 | - | 73 | (128) | - | 2,010 | 9,788 | (38,679) | (26,881) | - |
| Total | 1,822 | 243 | - | 73 | (128) | - | 2,010 | 9,788 | (38,679) | (26,881) | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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) | 66 | 17 | - | 3 | (1) | - | 85 | 23 | (92) | 16 | - |
| Total | 66 | 17 | - | 3 | (1) | - | 85 | 23 | (92) | 16 | - |

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) | 23 | 34 | - | 2 | (2) | - | 57 | 2,034 | (1,601) | 490 | - |
| Total | 23 | 34 | - | 2 | (2) | - | 57 | 2,034 | (1,601) | 490 | - |

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) | 88 | - | - | 3 | - | - | 91 | - | - | 91 | - |
| Total | 88 | - | - | 3 | - | - | 91 | - | - | 91 | - |

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 | 706 | 282 | - | 32 | (17) | - | 1,003 | 125 | (23) | 1,105 | - |
| Total | 706 | 282 | - | 32 | (17) | - | 1,003 | 125 | (23) | 1,105 | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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) | 377 | 8 | - | 14 | (1) | - | 398 | 25 | (212) | 211 | - |
| Total | 377 | 8 | - | 14 | (1) | - | 398 | 25 | (212) | 211 | - |

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) | 945 | 518 | - | 44 | (462) | - | 1,045 | 23,883 | (24,490) | 438 | - |
| Total | 945 | 518 | - | 44 | (462) | - | 1,045 | 23,883 | (24,490) | 438 | - |

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 | (408) | 21 | - | (15) | (20) | - | (422) | 8,221 | (977) | 6,822 | - |
| Community Facilities | 902 | 128 | - | 35 | (8) | - | 1,057 | 7,362 | (5) | 8,414 | - |
| Path/Cycleways | 101 | - | - | 4 | - | - | 105 | 4 | - | 109 | - |
| Total | 595 | 149 | - | 24 | (28) | - | 740 | 15,587 | (982) | 15,345 | - |

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 | - |
| Total | 1 | - | - | - | - | - | 1 | - | - | 1 | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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 | 30 | - | - | 1 | - | - | 31 | - | - | 31 | - |
| Total | 30 | - | - | 1 | - | - | 31 | - | - | 31 | - |

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) | 137 | 91 | - | 7 | (5) | - | 230 | 2,234 | (2,401) | 63 | - |
| Total | 137 | 91 | - | 7 | (5) | - | 230 | 2,234 | (2,401) | 63 | - |

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) | 1,408 | 36 | - | 53 | (68) | - | 1,429 | 14,782 | (49) | 16,162 | - |
| Total | 1,408 | 36 | - | 53 | (68) | - | 1,429 | 14,782 | (49) | 16,162 | - |

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) | 1,115 | - | - | 42 | (19) | - | 1,138 | 6 | (115) | 1,029 | - |
| Total | 1,115 | - | - | 42 | (19) | - | 1,138 | 6 | (115) | 1,029 | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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) | 1,362 | 1,241 | - | 68 | (1,972) | - | 699 | 40,566 | (36,784) | 4,481 | - |
| Total | 1,362 | 1,241 | - | 68 | (1,972) | - | 699 | 40,566 | (36,784) | 4,481 | - |

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 | 172 | - | - | 6 | - | - | 178 | - | (8) | 170 | - |
| Total | 172 | - | - | 6 | - | - | 178 | - | (8) | 170 | - |

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 | 108 | 161 | - | 8 | (21) | - | 256 | - | - | 256 | - |
| Total | 108 | 161 | - | 8 | (21) | - | 256 | - | - | 256 | - |

CONTRIBUTION PLAN NUMBER 10

| 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) | - |
| Total | (1) | - | - | - | - | - | (1) | - | - | (1) | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Drainage | 272 | - | - | 11 | - | - | 283 | - | - | 283 | - |
| Traffic Facilities | 101 | - | - | 4 | - | - | 105 | - | - | 105 | - |
| Open Space | 402 | - | - | 15 | - | - | 417 | - | - | 417 | - |
| Community Facilities | (23) | - | - | (1) | - | - | (24) | - | - | (24) | - |
| Footpath | 2 | - | - | - | - | - | 2 | - | - | 2 | - |
| Total | 754 | - | - | 29 | - | - | 783 | - | - | 783 | - |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

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

(ii) Other Guarantees

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

2. Other Liabilities

(i) 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.

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 2015

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. Interests in Other Entities

Council has no material interest in any Controlled Entities, Joint Arrangements or Associates. Further disclosure of these arrangements is included in Note 1.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|--------|-------------------------|-------------------------|
| (a) Retained Earnings | | | |
| Movements in Retained Earnings were as follows: | | | |
| Balance at beginning of Year (from previous years audited accounts) | | 1,256,878 | 1,224,315 |
| a. Correction of Prior Period Errors | 20 (c) | 19,020 | 27,389 |
| b. Net Operating Result for the Year | | 42,686 | 24,194 |
| Balance at End of the Reporting Period | | <u>1,318,584</u> | <u>1,275,898</u> |

(b) Reserves**(i) Reserves are represented by:**

| | | |
|---|-------------------------|-------------------------|
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | 1,577,863 | 1,491,149 |
| Total | <u>1,577,863</u> | <u>1,491,149</u> |

(ii) Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

| | | |
|--|-------------------------|-------------------------|
| - Opening Balance | 1,491,149 | 1,423,413 |
| - Revaluations for the year | 9(a) 86,714 | 67,975 |
| - (Impairment of revalued assets) / Impairment reversals | 9(a),(c) - | (239) |
| - Balance at End of Year | <u>1,577,863</u> | <u>1,491,149</u> |

TOTAL VALUE OF RESERVES

| | |
|-------------------------|-------------------------|
| <u>1,577,863</u> | <u>1,491,149</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 2015

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

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| (c) Correction of Error/s relating to a Previous Reporting Period | | | |
| Correction of errors disclosed in this year's financial statements: | | | |
| During 2014/15 Council performed revaluations and condition assessments on various asset classes. Assets were identified that were not previously included and have now been recognised for the first time: | | | |
| Roads | | 4,204 | - |
| Bridges | | 2,154 | - |
| Stormwater drainage | | 1,088 | - |
| Footpaths | | 4,794 | - |
| Other Open Space/Recreational assets | | 6,754 | - |
| Buildings identified and recognised in Council's asset register for the first time: | | 26 | - |
| Comparative figures in the Statement of Financial Position have been restated, however Council does not deem it sufficiently material to disclose a third Statement of Financial Position. | | | |
| Correction of errors as disclosed in last year's financial statements: | | | |
| During the prior year Council reviewed its assessment of control of buildings revalued in 2013. Arising from this review a number of buildings were recognised in Council's Statement of Financial Position for the first time. | | | |
| | | - | 5,129 |
| Cemeteries land considered to be under Council control (Council Administered Crown Land) rather than State control | | - | 2,427 |
| Bridges omitted from Council's asset register in prior years | | - | 813 |
| In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively. | | | |
| These amounted to the following Equity Adjustments: | | | |
| - Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end) | | 19,020 | 8,369 |
| Total Prior Period Adjustments - Prior Period Errors | | 19,020 | 8,369 |

(d) Voluntary Changes in Accounting Policies

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

| Income Statement by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| Continuing Operations | Water | Sewer | General¹ |
| Income from Continuing Operations | | | |
| Rates & Annual Charges | 4,781 | 24,655 | 66,262 |
| User Charges & Fees | 17,249 | 3,040 | 20,212 |
| Interest & Investment Revenue | 1,074 | 2,202 | 5,660 |
| Other Revenues | 398 | 22 | 3,624 |
| Grants & Contributions provided for Operating Purposes | 378 | 519 | 19,298 |
| Grants & Contributions provided for Capital Purposes | 5,835 | 5,216 | 34,431 |
| Total Income from Continuing Operations | 29,715 | 35,654 | 149,487 |
| Expenses from Continuing Operations | | | |
| Employee Benefits & on-costs | 4,321 | 7,079 | 38,763 |
| Borrowing Costs | 4,650 | 2,978 | 6,022 |
| Materials & Contracts | 8,443 | 7,508 | 28,379 |
| Depreciation & Amortisation | 7,145 | 10,436 | 27,462 |
| Impairment | - | - | - |
| Other Expenses | 1,372 | 2,319 | 9,612 |
| Net Losses from the Disposal of Assets | 322 | 1,861 | 3,498 |
| Share of interests in Joint Ventures & Associates using the Equity Method | - | - | - |
| Total Expenses from Continuing Operations | 26,253 | 32,181 | 113,736 |
| Operating Result from Continuing Operations | 3,462 | 3,473 | 35,751 |
| Discontinued Operations | | | |
| Net Profit/(Loss) from Discontinued Operations | - | - | - |
| Net Operating Result for the Year | 3,462 | 3,473 | 35,751 |
| Net Operating Result attributable to each Council Fund | 3,462 | 3,473 | 35,751 |
| Net Operating Result attributable to Non-controlling Interests | - | - | - |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | (2,373) | (1,743) | 1,320 |

¹ 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 2015

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

| Statement of Financial Position by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| ASSETS | Water | Sewer | General¹ |
| Current Assets | | | |
| Cash & Cash Equivalents | 595 | 499 | 10,423 |
| Investments | 23,000 | 31,000 | 69,898 |
| Receivables | 3,063 | 2,437 | 12,001 |
| Inventories | - | - | 919 |
| Other | 27 | 26 | 592 |
| Non-current assets classified as 'held for sale' | - | - | - |
| Total Current Assets | 26,685 | 33,962 | 93,833 |
| Non-Current Assets | | | |
| Investments | 12,000 | 30,000 | 57,817 |
| Receivables | - | - | 77 |
| Inventories | - | - | - |
| Infrastructure, Property, Plant & Equipment | 495,034 | 604,290 | 1,766,294 |
| Investments Accounted for using the equity method | - | - | - |
| Investment Property | - | - | - |
| Intangible Assets | - | - | 106 |
| Total Non-Current Assets | 507,034 | 634,290 | 1,824,294 |
| TOTAL ASSETS | 533,719 | 668,252 | 1,918,127 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 498 | 581 | 13,848 |
| Borrowings | 1,258 | 2,086 | 3,877 |
| Provisions | - | - | 18,250 |
| Total Current Liabilities | 1,756 | 2,667 | 35,975 |
| Non-Current Liabilities | | | |
| Payables | - | - | 416 |
| Borrowings | 63,545 | 31,800 | 81,727 |
| Provisions | - | - | 5,765 |
| Total Non-Current Liabilities | 63,545 | 31,800 | 87,908 |
| TOTAL LIABILITIES | 65,301 | 34,467 | 123,883 |
| Net Assets | 468,418 | 633,785 | 1,794,244 |
| EQUITY | | | |
| Retained Earnings | 191,624 | 232,038 | 894,922 |
| Revaluation Reserves | 276,794 | 401,747 | 899,322 |
| Total Equity | 468,418 | 633,785 | 1,794,244 |

¹ 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 2015

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

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

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

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

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(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 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Note 24. Discontinued Operations

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 2015

Note 25. Intangible Assets

| \$ '000 | Actual 2015 | Actual 2014 |
|---|-------------------|-------------------|
| Intangible Assets represent identifiable non-monetary asset without physical substance. | | |
| Intangible Assets are as follows; | | |
| Opening Values: | | |
| Gross Book Value (1/7) | 3,483 | 3,379 |
| Accumulated Amortisation (1/7) | (3,064) | (2,625) |
| Accumulated Impairment (1/7) | - | - |
| Net Book Value - Opening Balance | 419 | 754 |
| Movements for the year | | |
| - Purchases | 10 | 104 |
| - Amortisation charges | (323) | (439) |
| - Gross Book Value written off | (12) | - |
| - Accumulated Amortisation charges written off | 12 | - |
| Closing Values: | | |
| Gross Book Value (30/6) | 3,481 | 3,483 |
| Accumulated Amortisation (30/6) | (3,375) | (3,064) |
| Accumulated Impairment (30/6) | - | - |
| <u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>¹ | <u>106</u> | <u>419</u> |
| ¹ The Net Book Value of Intangible Assets represent: | | |
| - Software | 106 | 419 |
| | <u>106</u> | <u>419</u> |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

| Asset/Operation | Estimated year of restoration | NPV of Provision | |
|---|-------------------------------------|------------------|------------|
| | | 2015 | 2014 |
| Tips | 2020 | 637 | 634 |
| Quarries | 2020 | 261 | 263 |
| Balance at End of the Reporting Period | 10(a) | 898 | 897 |

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 | 897 | 1,091 |
| Effect of a change in other calculation estimates used | - | (28) |
| Amortisation of discount (expensed to borrowing costs) | 1 | (166) |
| Total - Reinstatement, rehabilitation and restoration provision | 898 | 897 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets

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

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

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

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

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

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

| 2015 | Fair Value Measurement Hierarchy | | | Total |
|--|---|--|--|------------------|
| | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | |
| Financial Assets | | | | |
| Investments | | | | |
| - "Held for Trading" | - | 57,296 | - | 57,296 |
| Total Financial Assets | - | 57,296 | - | 57,296 |
| Material Infrastructure, Land & Buildings | | | | |
| Operational Land | - | - | 455,867 | 455,867 |
| Community Land | - | - | 161,094 | 161,094 |
| Land Under Roads | - | - | 44,105 | 44,105 |
| Buildings - Non Specialised | - | - | 126,540 | 126,540 |
| Buildings - Specialised | - | - | 6,315 | 6,315 |
| Roads (Including Bulk Earthworks) | - | - | 652,026 | 652,026 |
| Bridges | - | - | 157,374 | 157,374 |
| Footpaths | - | - | 30,706 | 30,706 |
| Stormwater Drainage | - | - | 150,176 | 150,176 |
| Water Supply Network | - | - | 455,588 | 455,588 |
| Sewerage Network | - | - | 549,832 | 549,832 |
| Total Infrastructure, Property, Plant & Equipment | - | - | 2,789,623 | 2,789,623 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

| 2014 | Fair Value Measurement Hierarchy | | | Total |
|--|---|--|--|------------------|
| | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | |
| Financial Assets | | | | |
| Investments - "Held for Trading" | - | 48,772 | - | 48,772 |
| Total Financial Assets | - | 48,772 | - | 48,772 |
| Material Infrastructure, Land & Buildings | | | | |
| Operational Land | - | - | 442,873 | 442,873 |
| Community Land | - | - | 160,501 | 160,501 |
| Land Under Roads | - | - | 43,967 | 43,967 |
| Buildings - Non Specialised | - | - | 115,954 | 115,954 |
| Buildings - Specialised | - | - | 6,258 | 6,258 |
| Roads (Including Bulk Earthworks) | - | - | 593,889 | 593,889 |
| Bridges | - | - | 155,143 | 155,143 |
| Footpaths | - | - | 26,827 | 26,827 |
| Stormwater Drainage | - | - | 140,818 | 140,818 |
| Water Supply Network | - | - | 453,585 | 453,585 |
| Sewerage Network | - | - | 546,822 | 546,822 |
| Total Infrastructure, Property, Plant & Equipment | - | - | 2,686,637 | 2,686,637 |

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

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

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

Financial Assets

Council's financial assets are held in a number of forms including cash on hand and at bank, deposits at call, term deposits, floating rate notes and fixed rate bonds. Of these, floating rate notes and fixed rate bonds are fair valued.

These investments are valued by Laminar Group Pty Ltd, using marked to market methodology. Laminar has elected to use the mid-price, that is, the price point that falls halfway between the bid and offer spread to value securities held in portfolios within the Treasury Direct system. Typically when an asset has no bid price or ask price, other level 2 inputs are used to determine the most appropriate fair value, such as quoted prices for similar assets, interest rates, yield curves and credit spreads. Appropriateness may change depending upon market conditions and asset type.

Movements in investments, including fair value movements, are reported to Council monthly.

Infrastructure, Property, Plant & Equipment

Operational Land

Council's operational land includes all of Council's land classified as operational land under the Local Government Act 1993. Land use is extremely varied and includes Public Parks, Drainage Reserves, Sports fields, Sewer Pump Stations & Community Services.

Valuation indexation indices are applied on an annual basis only where the percentage indexation results in a material change. A comprehensive revaluation is completed every five years, the most recent one being performed for 30 June 2013 by APV Valuers and Asset Management.

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence such as sales of dissimilar but comparable land. Where there is no observable market evidence, for example parks and reserves, Fair Value is then determined by the cost to acquire it (Replacement Cost) rather than what you could sell it for (Market Value).

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining a rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets, require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Community Land

Council's Community Land is land owned by Council and Council Administered Crown Land (CACL). It is land intended for public access and use or where other restrictions apply to the land create some obligation to maintain public access. Many of these parcels of land have no practical use other than for parks, reserves and cemeteries. Community Land cannot be sold, cannot be leased or licensed for more than 21 years at a time and must have a plan of management for it.

The most recent valuation was performed for 30 June 2012, when the Valuer General issued Unimproved Capital Values (UCV) for properties with a base date of 1 July 2011. Where the Valuer has not provided a land value, estimated Unimproved Capital Values are provided by APV Valuers and Asset Management or a unit rate per square metre is applied at the same rate as a similar community land parcel within close proximity.

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Land under Roads

Land under Roads is land under roadways, and road reserves, including land under footpaths, nature strips and median strips, as per AASB1051.

Land under Roads was recognised for the first time at 30 June 2011. Council elected to recognise Land under Roads acquired pre 1 July 2008 and post 30 June 2008 as per ASSB 116 - Property, Plant and Equipment. Fair Value for Land under Roads was determined using the Englobio methodology derived from the Local Government Code of Accounting Practice and Financial Reporting. This method applies the total shires road reserve in square metres to the average shires rate calculated from the latest Valuers General Unimproved Capital Values (UCV), with a 90% discount.

This asset class is categorised as Level 3 as inputs used in the valuation require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Buildings – Non Specialised & Specialised

Buildings are owned or controlled Non Specialised and Specialised buildings. They are componentised into Floor, Building Envelope, Floor Fit-out, Internal Screens Fit-out, Roof, Mechanical Services, Fire Services and Transportation and Security Services. Building use is extremely varied and includes civic centre administration, depot, community and cultural services such as museums, art galleries, libraries, childcare and aged care, sport and recreation clubhouse amenities and Public Amenities.

Valuation indexation indices are applied on an annual basis only where the percentage indexation results in a material change. A comprehensive revaluation is completed every five years, the most recent one being performed for 30 June 2013 by a registered valuation company.

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence; Such as sales of dissimilar but comparable buildings or if the value is driven by its cash generation, a

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Discounted Cash Flow (DCF) approach is used to determine its fair value. Where there is no observable market evidence, Fair Value is then determined by the cost to acquire it (Depreciated Current Replacement Cost) rather than what you could sell it for (Market Value).

This asset class is categorised as Level 3 with the key unobservable input to the valuation being the Gross Replacement Cost which is influenced by changes in construction costs. Other unobservable inputs are condition changes to any of the buildings components and hence patterns of consumption, remaining useful life and residual values. Professional judgement is required to establish the value of a building which is intrinsically linked to the value of the associated land as combined they represent fair value of the entire parcel.

The depreciation method used for this asset class is consumption based straight line.

Valuation techniques remained the same for this reporting period.

Roads

This asset class comprises the Road Carriageway, Car Parks, Kerb and Gutter, Retaining Walls and Traffic Facilities. The road carriageway consists of the trafficable portion of a road, between but not including the kerb and gutter. The road carriageway is componentised into surface, pavement, pavement sub base and formation and further separated into segments for inspection and valuation.

A valuation of Road assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in this reporting period, 2014/15.

The valuation process commences with a condition assessment of each asset. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The condition of Tweed Shire Council's road segment asset stock is determined by visual inspection in a revaluation year, with the latest condition assessment undertaken late in 2014/2015.

Valuations for this asset class were assessed and provided by a registered valuation company. Technical information for the valuation was extracted from Council's asset management system.

Assets were valued using the cost approach. The unit rates are then applied to square or lineal meters as applicable to establish replacement cost at component level. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, residual value and remaining service potential. These inputs impacted significantly on the determination of fair value.

The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Bridges

Council's Bridge asset register consists of all pedestrian and vehicle access bridges. Bridge assets are componentised into significant parts with different useful lives and patterns of consumption, including the Sub Structure (abutments and foundations), Super Structure, Rails and Surface (where applicable).

A valuation of Bridge assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in this reporting period, 2014/15.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

The valuation process commences with a condition assessment of each asset. Bridges were physically inspected to determine condition. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The data collected is used to calculate the remaining service potential of each asset with the latest condition assessment undertaken late in 2014/2015.

Valuations for this asset class were assessed and provided by a registered valuation company. Technical information for the valuation was extracted from Council's asset management system.

Assets were valued using the cost approach. The unit rates are then applied to square or lineal meters as applicable to establish replacement cost at component level. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life, residual value and remaining life. These inputs impacted significantly on the determination of fair value.

The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Footpaths

This asset class consists of footpaths on road reserves and cycle-ways on Council owned and controlled reserves. Footpaths are segmented to match the adjacent road segment. No further componentisation is undertaken.

A valuation of Footpath assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in this reporting period, 2014/15.

A condition assessment was undertaken by an external provider in 2015 to determine footpath condition ratings. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. Footpath unit rates were developed by a registered valuation company. Assets were valued using the cost approach.

This asset class is categorised Level 3 as extensive professional judgement based on historical information and experience was applied in determining residual values and remaining useful life. The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Drainage Infrastructure

This asset class consists of pits, pipes, open channels, culverts and headwalls. Pipes are segmented from node to node. No further componentisation is undertaken.

A valuation of Drainage assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in this reporting period, 2014/15.

Fair Values were calculated by a registered valuation company. Assets were valued using the cost approach.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life, residual value and remaining life. Asset conditions are assumed based on the age of the pipe with some sample testing via CCTV inspections. A

Tweed Shire Council

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

Note 27. Fair Value Measurement (continued)

condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Water Supply Network

Assets within this class comprise dams, weirs, reservoirs, water treatment plant, water pumping stations and water pipelines.

This asset class is classified as being valued using Level 3 inputs.

The water supply network, excluding water pipelines, was valued by APV Valuers & Asset Management for 30 June 2012. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

The water pipeline assets were last comprehensively revalued as at 30 June 2012. The unit rates were developed in-house using a recognised estimating software package Benchmark Estimator. This uses the Cost Approach, values were taken from contract price list, and actual internal costs. The first principles of engineering was applied for the estimation of unit rates. Unit rates for some pipe sizes were provided by APV. Depreciation is calculated using the straight line, aged based method, with varying useful lives for different material types and purpose.

These assets are indexed annually using the rate as determined by NSW Office of Water.

This asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

Sewerage Network

Assets within this class comprise sewer treatment plants, sewer pumping stations, sewer pipelines

This asset class is classified as being valued using Level 3 inputs.

The sewerage network, excluding water pipelines, was valued by APV Valuers & Asset Management for 30 June 2012. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

Tweed Shire Council

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

Note 27. Fair Value Measurement (continued)

The sewer pipeline assets were last comprehensively revalued as at 30 June 2012. The unit rates were developed in-house using a recognised estimating software package Benchmark Estimator. This uses the Cost Approach, values were taken from contract price list, and actual internal costs. The first principles of engineering was applied for the estimation of unit rates. Unit rates for some pipe sizes were provided by APV. Depreciation is calculated using the straight line, aged based method, with varying useful lives for different material types and purpose.

These assets are indexed annually using the rate as determined by NSW Office of Water.

There has been no change to the valuation process during the reporting period.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

| | Operational Land | Community Land | Land Under Roads | Buildings Non- Specialised | Buildings Specialised | Roads | Bridges | Footpaths | Total |
|---|---------------------|-------------------|------------------------|----------------------------------|--------------------------|----------------|----------------|---------------|------------------|
| Adoption of AASB 13 | 442,403 | 157,834 | 43,231 | 105,785 | 6,555 | 735,087 | - | - | 1,490,895 |
| Transfers from/(to) another asset class | - | - | - | - | - | (171,156) | 146,844 | 24,312 | - |
| Purchases (GBV) | 866 | - | 736 | 6,715 | 90 | 20,060 | 3,286 | 1,801 | 33,554 |
| Disposals (WDV) | (1,034) | - | - | (689) | (348) | (1,508) | (107) | (10) | (3,696) |
| Depreciation & Impairment | - | - | - | (1,649) | (39) | (14,913) | (2,094) | (509) | (19,204) |
| FV Gains - Other Comprehensive Income | - | 25 | - | 615 | - | 26,318 | 6,402 | 1,233 | 34,593 |
| Other movement | (80) | - | - | (239) | - | - | - | - | (319) |
| Other movement | 720 | 2,642 | - | 5,415 | - | - | 812 | - | 9,589 |
| Closing Balance - 30/6/14 | 442,875 | 160,501 | 43,967 | 115,953 | 6,258 | 593,888 | 155,143 | 26,827 | 1,545,412 |
| Transfers from/(to) another asset class | 125 | (125) | - | 642 | - | - | 509 | (509) | 642 |
| Purchases (GBV) | 10,050 | 629 | 138 | 11,687 | 90 | 13,466 | 1,215 | 1,608 | 38,883 |
| Disposals (WDV) | (1,310) | - | - | (275) | - | (1,436) | (248) | (205) | (3,474) |
| Depreciation & Impairment | - | - | - | (1,498) | (33) | (15,645) | (2,155) | (560) | (19,891) |
| FV Gains - Other Comprehensive Income | 4,128 | 89 | - | (201) | - | 57,549 | 756 | (1,249) | 61,072 |
| Other movement | (1) | - | - | 232 | - | 4,204 | 2,154 | 4,794 | 11,383 |
| Closing Balance - 30/6/15 | 455,867 | 161,094 | 44,105 | 126,540 | 6,315 | 652,026 | 157,374 | 30,706 | 1,634,027 |

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

| | Stormwater Drainage | Water Supply Network | Sewerage Network | Total |
|---------------------------------------|------------------------|----------------------------|---------------------|------------------|
| Adoption of AASB 13 | 132,758 | 432,238 | 534,254 | 1,099,250 |
| Purchases (GBV) | 4,494 | 16,698 | 8,269 | 29,461 |
| Disposals (WDV) | (27) | (805) | (613) | (1,445) |
| Depreciation & Impairment | (2,631) | (6,890) | (9,982) | (19,503) |
| FV Gains - Other Comprehensive Income | 6,223 | 12,345 | 14,894 | 33,462 |
| Closing Balance - 30/6/14 | 140,817 | 453,586 | 546,822 | 1,141,225 |
| Purchases (GBV) | 4,182 | 2,419 | 7,071 | 13,672 |
| Disposals (WDV) | (35) | (47) | (1,861) | (1,943) |
| Depreciation & Impairment | (2,791) | (7,097) | (10,326) | (20,214) |
| FV Gains - Other Comprehensive Income | 6,915 | 6,727 | 8,126 | 21,768 |
| Other movement | 1,088 | - | - | 1,088 |
| Closing Balance - 30/6/15 | 150,176 | 455,588 | 549,832 | 1,155,596 |

(5). Highest and best use

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

Tweed Shire Council

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

Note 28. Council Information & Contact Details

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 2149

Internet: www.tweed.nsw.gov.au

Email: 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
31 Keen Street
Lismore NSW 2480

Elected Members

MAYOR

Katie Milne

COUNCILLORS

Gary Bagnall
Barry Longland
Carolyn Byrne
Warren Polglase
Phil Youngblutt

Other Information

ABN: 90 178 732 496



**TWEED SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements of Tweed Shire Council (the Council), which comprises the statement of financial position as at 30 June 2015, the income statement, the statement of comprehensive income, the 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 Statements

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

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.

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;
- b) the financial statements:
 - i. Have been presented in accordance with the requirements of this Division;
 - ii. Are consistent with the Council's accounting records;
 - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2015, and of its performance and its cash flows for the year then ended; and
 - iv. Are in accordance with applicable Accounting Standards;
- c) All information relevant to the conduct of the audit has been obtained; and
- d) There are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Tweed Shire Council for the year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS


.....
A J BRADFIELD (Partner)
Registered Company Auditor

Dated at Lismore this 29th day of October 2015.

Tweed Shire Council

Report to Council under s417 of the Local Government Act 1993

30 June 2015



TWEED

SHIRE COUNCIL

BRW.
CLIENT
CHOICE
AWARDS
2013
australia's best professional service firms
WINNER

BRW.
CLIENT
CHOICE
AWARDS
2014
australia's best professional service firms
WINNER



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers

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We are pleased to advise that we have completed the audit of Council's financial statements for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act 1993. The financial statements that have been subject to independent audit are the:

- General purpose financial report; and
- Special purpose financial report.

1. THE AUDITOR'S ROLE & RESPONSIBILITY

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements comply with Australian Accounting Standards as well as other statutory requirements and are free of material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional 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, 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 statements.

Our independent auditor's report is attached to each financial report.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the *Local Government Act 1993*.

Reporting on the Conduct of the Audit

Section 417 (3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose and other matters pertinent to the audit. These observations are set out below.

2. INCOME STATEMENT

2.1 Consolidated Operating Result

Council's consolidated surplus from all activities for 2015 was \$42,686,000. This compares to a surplus in 2014 of \$24,194,000. This result can be summarised as follows:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|-----------------|-----------------|
| Revenues from continuing operations | 169,249 | 158,296 | 155,797 |
| Expenses from continuing operations | (121,446) | (131,898) | (122,762) |
| Result from continuing operations before depreciation | 47,803 | 26,398 | 33,035 |
| Less: depreciation expense | (45,043) | (43,678) | (40,078) |
| Operating profit/(deficit) after depreciation & before capital revenue and other significant items | 2,760 | (17,280) | (7,043) |
| <i>Significant items impacting the operating result</i> | | | |
| Fair value gains and losses on investments | 125 | 433 | 612 |
| Gain/(Loss) on disposal of assets | (5,681) | (4,588) | (6,651) |
| Operating result before capital revenue | (2,796) | (21,435) | (13,082) |
| Capital grants and contributions | 45,482 | 45,629 | 25,214 |
| Surplus from all activities | 42,686 | 24,194 | 12,132 |

Operating Profit After Depreciation & Before Capital Revenue and Other Significant Items

The consolidated surplus after depreciation & before capital revenue and other significant items has improved from a deficit of \$17,280,000 for the 2014 year to a surplus of \$2,760,000 in the 2015 financial year. Significant changes in this result include:

| Account | 2015 Increase / (Decrease) \$'000 | Reason for Increase / Decrease |
|----------------------------------|-----------------------------------|---|
| Revenue | | |
| Ordinary Rates | 2,095 | Ordinary rates have increased due to a rate pegged increment of 2.3%. |
| Annual Charges | 3,035 | <p>Sewerage annual service charges have increased by \$1,697,000 due to an incremental increase in charges per assessment from \$691 in 2013/14 to \$732 in 2014/15.</p> <p>There were also incremental increases to Water Supply, Domestic Waste and Waste Management Services in line with Council's pricing strategy. The Waste Levy reduced by \$462,000 due to changes in the way Council disposes of waste and the related liability for the waste levy is minimised.</p> |
| User Charges | (3,053) | The reduction in user charges has largely arisen from timing differences due to changes to Council's water billing cycle from six-monthly to quarterly. |
| Other Revenues | 1,588 | Increase largely due to insurance claim recoveries in the current year totalling \$890,000. |
| General Purpose Operating Grants | 4,853 | Increase inflated by advance payment of part of the 2013/14 Financial Assistance Grant in 2012/13, then an adjusted, reduced grant subsidy in 2013/14. Quarterly grant payments returned to the historical normal timing of February, May, August and November in 2014/15. |

| Account | 2015 Increase / (Decrease) \$'000 | Reason for Increase / Decrease |
|------------------------------|-----------------------------------|--|
| Expenses | | |
| Employee Benefits & On-Costs | 3,340 | Increase in salary and wages of \$928,000 largely due to award increases. Increase in employee leave entitlements of \$1,773,000 largely arising from long service leave net present value calculations at year end. |
| Materials and Contracts | (12,331) | Expenses for the Affordable Housing Scheme and non-capital construction costs for the Kirkwood Road Interchange occurred in 2013/14 with no significant projects in the current year. |
| Other Expenses | (1,229) | The decrease in other expenses was driven by Council being able to reduce electricity and heating costs by \$899,000 from securing contracts with energy suppliers at more favourable rates. |

2.2 Operating Result by Fund

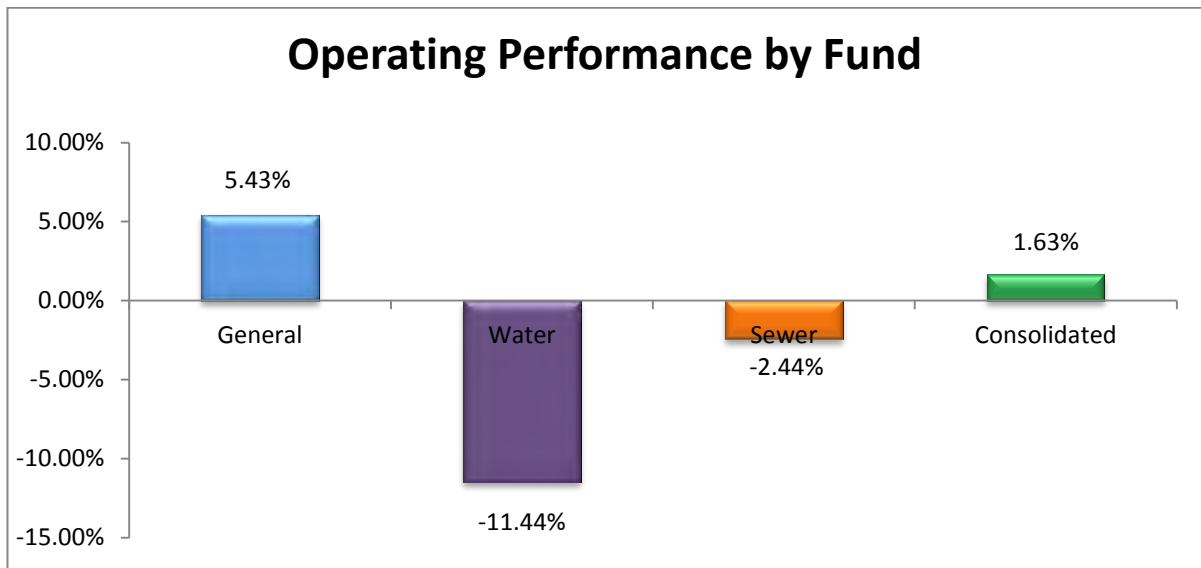
The consolidated operating result comprises the income and expenses of general, water and sewer funds. Note 21 to the financial statements provides the results of each fund on a gross basis.

| 2015 | General \$'000 | Water \$'000 | Sewer \$'000 |
|--|----------------|----------------|----------------|
| Revenues from continuing operations | 115,056 | 23,880 | 30,438 |
| Expenses from continuing operations | (82,776) | (18,786) | (19,884) |
| Result from continuing operations before depreciation | 32,280 | 5,094 | 10,554 |
| Less: depreciation expense | (27,462) | (7,145) | (10,436) |
| Operating surplus/(deficit) after depreciation & before capital revenue and other significant items | 4,818 | (2,051) | 118 |
| <i>Significant items impacting the operating result</i> | | | |
| Gain/(Loss) on disposal of assets | (3,498) | (322) | (1,861) |
| Operating result before capital revenue | 1,320 | (2,373) | (1,743) |
| Capital grants and contributions | 34,431 | 5,835 | 5,216 |
| Surplus/(Deficit) from all activities | 35,751 | 3,462 | 3,473 |

Benchmarking Operating Performance

The Office of Local Government has introduced a ratio that measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue).

It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, fair value adjustments, gain/(loss) on sale of assets and reversal of revaluation decrements are excluded. The benchmark for this ratio is greater than 0%, that is, Council should not be recording recurring operating deficits but should contain operating expenditure within operating revenue.



The table above indicates that Council's General Fund has an operating surplus after depreciation.

Council is generating sufficient revenue and controlling its expenditure to fund annual depreciation expense. Council will need to review its Long Term Financial plan results in accordance with the Fit for the Future reforms.

2.3 Capital Grants & Contributions – All Funds

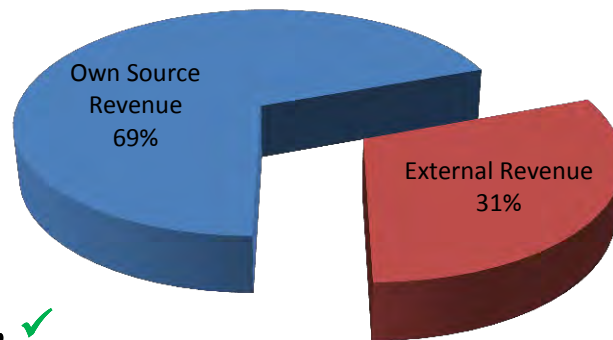
The table below provides an understanding of the nature and quantum of capital grants and contributions received :

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|----------------|
| Section 64 contributions - In kind | 4,588 | 8,211 | 2,133 |
| Section 94 contributions - cash | 5,544 | 7,185 | 3,061 |
| Section 64 contributions - cash | 6,424 | 7,627 | 2,249 |
| Other contributions | 12,735 | 7,874 | 6,732 |
| Non-cash developer infrastructure dedications | 8,880 | 6,032 | 6,061 |
| Specific purpose capital grants | 7,311 | 8,700 | 4,978 |
| | <u>45,482</u> | <u>45,629</u> | <u>25,214</u> |

Capital grants and contributions received during the year amounted to \$45,482,000, including \$38,171,000 in contributions. Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as dedications received by Council on the finalisation of a development.

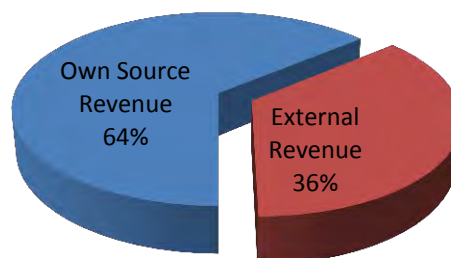
Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources. The NSW Office of Local Government stipulates a benchmark of greater than 60% is recommended. The graph below illustrates that Council sources 69% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds industry benchmarks.

2015 Revenue Sources (Consolidated)



Benchmark = 60% ✓

2015 Revenue Sources (General Fund)



Benchmark = 60% ✓

This ratio can be subject to significant fluctuations, depending on the level of development, that is revenues from Section 94 and Section 64 developer contributions, as well as the level of general user fees and charges raised.

3. STATEMENT OF FINANCIAL POSITION

Council's Statement of Financial Position (Balance Sheet) is summarised below:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|--------------------------|------------------|------------------|------------------|
| Assets | | | |
| Current Assets | 154,480 | 122,254 | 139,375 |
| Non-Current Assets | 2,965,618 | 2,867,008 | 2,742,441 |
| Total Assets | 3,120,098 | 2,989,262 | 2,881,816 |
| Liabilities | | | |
| Current Liabilities | 40,398 | 37,897 | 37,727 |
| Non-Current Liabilities | 183,253 | 184,318 | 187,992 |
| Total Liabilities | 223,651 | 222,215 | 225,719 |
| Equity | 2,896,447 | 2,767,047 | 2,656,097 |

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2015 together with related Office of Local Government benchmark data.

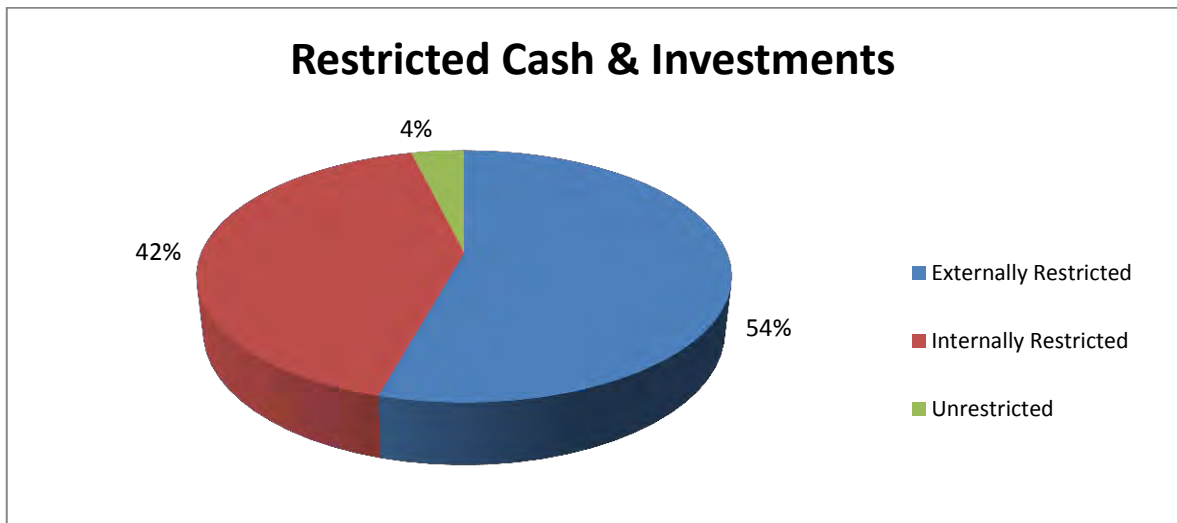
3.1 Current Assets

3.1.1 Cash & Investments

Included in Council's net current assets are cash and investments which are restricted in their use as follows:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|----------------|
| Externally Restricted <i>Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications</i> | 73,563 | 47,220 | 64,004 |
| Internally Restricted <i>Money set aside for special projects via Council resolution</i> | 56,667 | 42,181 | 47,503 |
| Unrestricted <i>Funds forming part of working capital used for day-to-day Council operations</i> | 5,185 | 5,570 | 3,483 |
| Total Cash & Investments | 135,415 | 94,971 | 114,990 |

Council is managing its investment portfolio in accordance with the Minister's Investment Order which is applicable to all local government authorities.



3.2 Non-Current Assets

3.2.1 Infrastructure, Property, Plant and Equipment (I,P,P&E)

The largest asset or liability appearing on Council's statement of financial position is in relation to I,P,P&E.

Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for maintaining and improving assets with a written down value of approximately \$2.8 billion.

The following table illustrates the impact of annual depreciation across various asset classes during the year:

| 2015 | Cost to Replace \$'000 | WDV \$'000 | DEP'N EXP \$'000 | WDV as a % of Cost | DEP'N EXP as a % of Cost |
|-------------------------------|---------------------------|------------------|------------------------|-----------------------|--------------------------------|
| Plant & Equipment | 40,766 | 22,280 | 3,000 | 55% | 7% |
| Land | 661,066 | 661,066 | - | 100% | |
| Buildings | 149,699 | 132,855 | 1,531 | 89% | 1% |
| Other Assets | 51,337 | 37,212 | 1,600 | 72% | 3% |
| Artworks | 4,947 | 4,947 | - | 100% | |
| Tip & Quarry | 863 | 62 | 15 | 7% | 2% |
| Roads, Bridges & Footpaths | 881,737 | 691,353 | 18,360 | 78% | 2% |
| Bulk Earthworks | 148,753 | 148,753 | - | 100% | |
| Stormwater Drainage | 221,616 | 150,176 | 2,791 | 68% | 1% |
| Water Supply Network | 620,979 | 455,588 | 7,097 | 73% | 1% |
| Sewerage Network | 762,147 | 549,832 | 10,326 | 72% | 1% |
| Capital Work in Progress | 11,494 | 11,494 | - | 100% | |
| | 3,555,404 | 2,865,618 | 44,720 | | |

Council Constructed / Purchased Additions

Each year Council budgets to renew or capitalise new assets. An illustration of I,P,P&E capitalised over the past two years is provided below:

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| <i>Infrastructure Dedications</i> | | |
| Developer Infrastructure Dedications | 25,122 | 18,987 |
| <i>Council Constructed / Purchased Assets</i> | | |
| Work in Progress | 11,025 | 9,800 |
| Land and Buildings | 7,097 | 6,755 |
| Plant and Equipment | 4,053 | 4,533 |
| Roads and Drainage | 10,266 | 13,323 |
| Water and Sewer Network | 3,165 | 10,235 |
| Other Structures & Assets | 3,342 | 2,074 |
| | <u>38,948</u> | <u>46,720</u> |
| | <u>64,070</u> | <u>65,707</u> |

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|----------------|
| <i>Consisting of:</i> | | | |
| Asset Renewals - Buildings & Infrastructure | 16,511 | 29,835 | 12,185 |
| Dedicated Assets | 25,122 | 18,524 | 8,321 |
| New Assets | 22,437 | 17,348 | 36,340 |
| | <u>64,070</u> | <u>65,707</u> | <u>56,846</u> |

Asset Revaluations 2015

The NSW Office 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. During the year, Council comprehensively revalued transport, drainage and open space/recreation assets with the assistance of independent experts. In addition, other asset classes were indexed where considered material by Council. The resulting increase to the asset revaluation reserve for the year was \$86,714,000.

Council also recorded a \$19,020,000 prior period error during the year in relation to assets controlled by Council which had not previously been recognised in Council records. We note that Council has had prior period errors in relation to its assets information for at least the last two years and we recommend Council continue to invest in sufficient asset management practices to ensure all relevant asset information is captured within Council records.

3.2.2 Asset Management Performance Indicators

The Office of Local Government has introduced some ratios designed to measure the effectiveness of asset management activities. These ratios are not subject to audit.

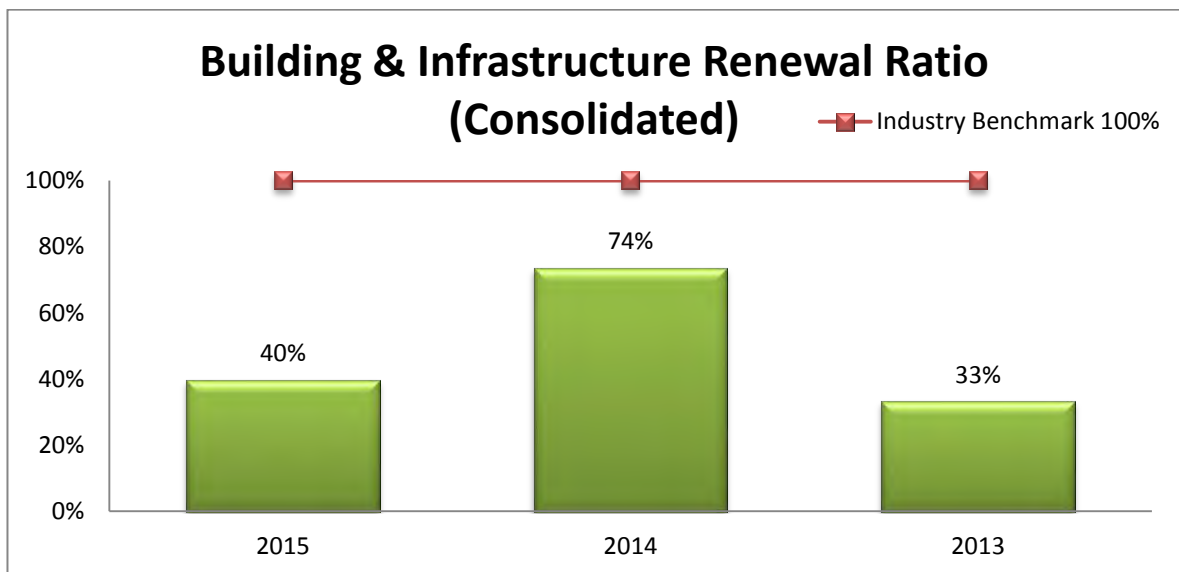
Buildings & Infrastructure Renewals Ratio

Assessing the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating (being consumed) is measured using the buildings and infrastructure renewals ratio.

The ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets or adding capacity to existing assets. Expenditure incurred to add capacity to existing assets is excluded from this ratio. Industry benchmarking recommends that asset renewals equate to the related depreciation expense or be in the range of 90-100%.

On a consolidated basis, Council is not renewing assets at the rate they are depreciating and therefore not satisfying the asset renewal industry benchmarks.

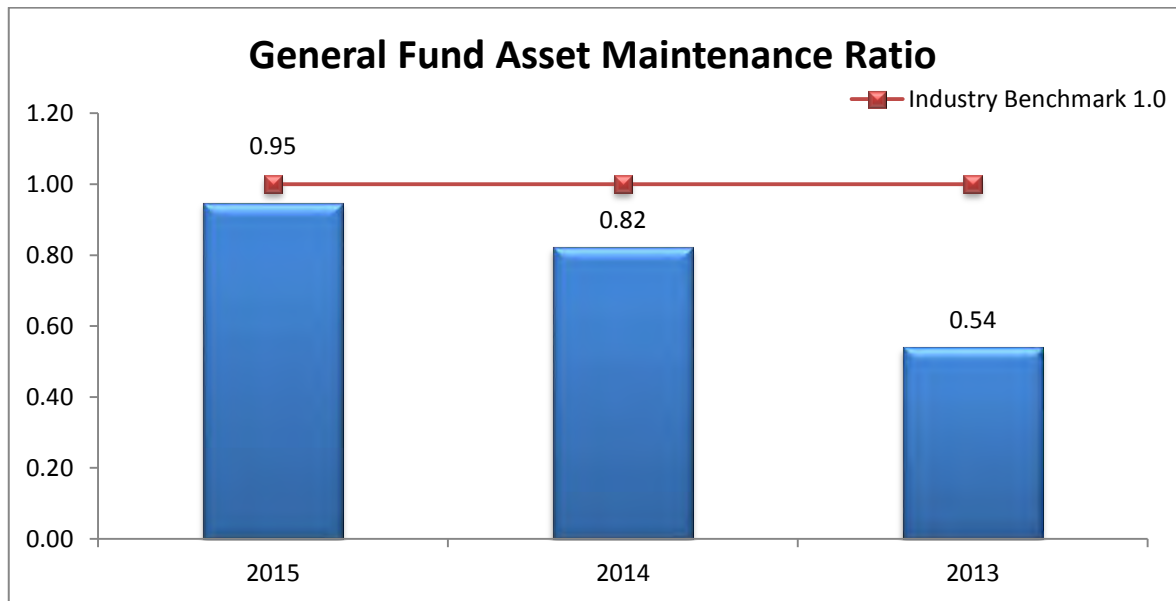
| | Renewals Expenditure \$'000 | Depreciation Expense \$'000 | Renewals Shortfall \$'000 | Asset Renewals Ratio ¹ % |
|--------------|-----------------------------|-----------------------------|---------------------------|-------------------------------------|
| General Fund | 15,405 | 24,206 | 8,801 | 64% |
| Sewer Fund | 629 | 10,365 | 9,736 | 6% |
| Water Fund | 477 | 7,134 | 6,657 | 7% |
| Total | 16,511 | 41,705 | 25,194 | 40% |



Asset Maintenance Ratio

This ratio compares actual versus required annual asset maintenance.

A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. This ratio is highly dependent on accurate and consistent required maintenance and quantified infrastructure backlog calculations.



Currently Council is not spending sufficient funds on asset maintenance to ensure their condition does not deteriorate below a satisfactory level, however we note the ratio is close to the benchmark level of the OLG.

Creating financial capacity to fund asset maintenance, renewals and new capital projects is one of the most difficult issues facing the Local Government industry in Australia. The ability to satisfy the industry parameters for asset renewals is a key goal for any local government authority which will only be achieved by:

- having asset management and financial systems that accurately identify and record renewals expenditure throughout each year,
- ensuring that the depreciation expense disclosed in the financial report reflects the actual consumption of each asset,
- ensuring policies and procedures are updated so that Council personnel have sound guidance on capital v maintenance and renewals v new capital works,
- accurately recording renewals expenditure where projects include replacing an existing asset with greater capacity, and
- constantly reviewing Council's operations so that the maximum available resources can be directed toward asset renewal.

3.2 Liabilities

Council's Statement of Financial Position contains material liabilities such as trade & other payables, employee benefits and loans. There have not been any material movements or other matters warranting discussion on trade & other payables or employee benefits.

Council's loan liability represents 82% of total liabilities at 30 June 2015. We provide discussion on this balance below.

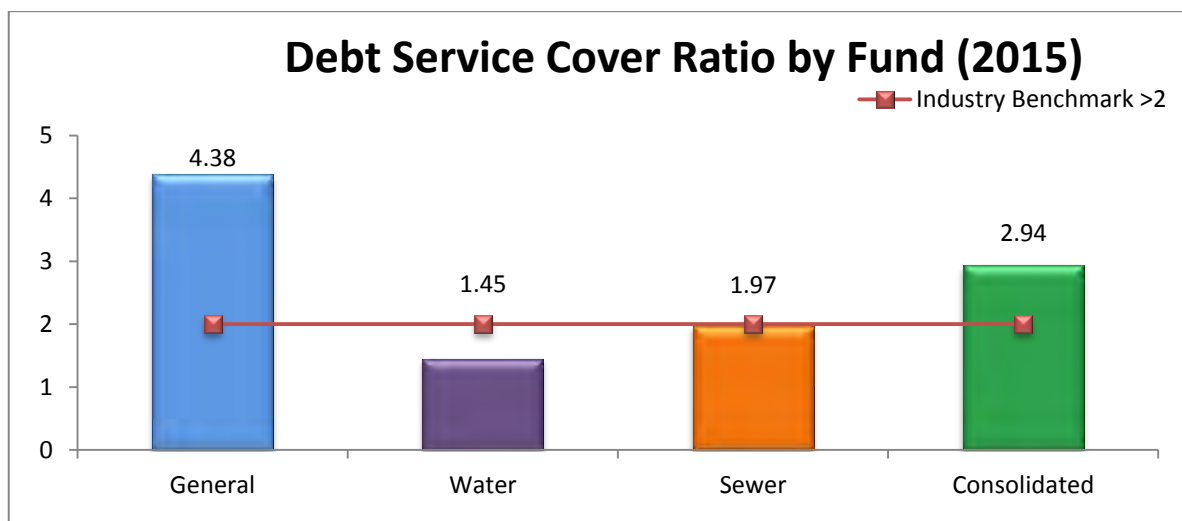
3.2.1 Loans Liability

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|-----------------------------|----------------|----------------|----------------|
| Current Loan Liability | 7,221 | 7,251 | 7,653 |
| Non-Current Loan Liability | 177,072 | 178,247 | 181,458 |
| Total Loan Liability | 184,293 | 185,498 | 189,111 |
| By Fund | | | |
| General Fund | 85,604 | 83,176 | 83,298 |
| Water Fund | 64,803 | 65,989 | 67,057 |
| Sewer Fund | 33,886 | 36,333 | 38,756 |
| Total Loan Liability | 184,293 | 185,498 | 189,111 |

Total borrowings have remained relatively static when compared to 2014. In 2015 Council borrowed an additional \$6,046,000 however repaid \$7,853,000. The Office of Local Government has developed the following benchmark relating to borrowings:

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt, including interest, principal and lease payments. The benchmark for this ratio is greater than 2.



The Council's consolidated Debt Service Cover ratio for 2015 is 2.94 (2014: 1.93) and the ratio for the general fund for 2015 is 4.38 (2014: 2.11).

A consolidated and general fund debt service cover ratio of these levels for a regional council such as Tweed Shire Council is acceptable under NSW Local Government performance measures.

4. OTHER MATTERS

4.1 Internal Control Environment

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 modified audit opinion. We will issue a separate report to Council which identifies internal control weaknesses and other audit observations in due course.

4.2 Audit of Asset Management Information

In 2016 Council's special schedule 7 will be subject to independent audit. Special schedule 7 contains asset management ratios, costs to bring assets to a satisfactory standard and information relating to actual and required maintenance expenditure levels. As this information has not been subject to independent review in prior years, it is important that Council:

- Review the information contained in special schedule 7 to ensure it is accurate;
- Have policies and procedures supporting the compilation of information that is included in special schedule 7 so that asset management ratios are calculated accurately;
- Aligns asset data collection to allow efficient compilation of the information contained in special schedule 7.

4.3 Council's Fit for the Future Assessment

The Independent Pricing and Regulatory Tribunal (IPART) released their report *Assessment of Councils Fit for the Future Proposals* on the 20th October 2015.

The report noted that Tweed Shire Council does not meet the relevant financial criteria used to assess Council's sustainability and has been assessed as not Fit for the Future. In its submission to IPART, Council had forecast that its performance in 2019-20 will be below the OLG recommended benchmarks for the operating performance ratio at -4.9% and the building and infrastructure asset renewal ratio at 52.2% and also forecasts a high and increasing infrastructure backlog of 8.9% and a below benchmark asset maintenance ratio of 71.3% in 2019-20.

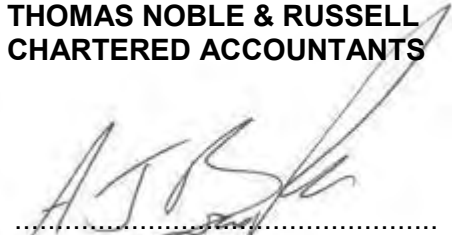
The New South Wales Government has announced that Councils have 30 days from the 20th October 2015 to respond to the IPART report findings.

At the date of this report it is unclear as to the outcome of the New South Wales Government's process. Accordingly, the financial statements have been prepared on a going concern basis.

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**

A handwritten signature in black ink, appearing to read 'A J Bradfield', is written over a horizontal dotted line. The signature is fluid and cursive.

A J BRADFIELD (Partner)
Registered Company Auditor



Tweed Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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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).

Tweed Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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 29 October 2015.



Katie Milne
MAYOR



Carolyn Byrne
COUNCILLOR



Troy Green
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 2015

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 4,781 | 4,485 |
| User charges | 17,249 | 19,487 |
| Fees | - | - |
| Interest | 1,074 | 1,262 |
| Grants and contributions provided for non capital purposes | 378 | 377 |
| Profit from the sale of assets | - | - |
| Other income | 398 | 85 |
| Total income from continuing operations | 23,880 | 25,696 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 4,321 | 4,090 |
| Borrowing costs | 4,650 | 4,768 |
| Materials and contracts | 8,443 | 8,329 |
| Depreciation and impairment | 7,145 | 6,934 |
| Water purchase charges | - | - |
| Loss on sale of assets | 322 | 806 |
| Calculated taxation equivalents | 681 | 681 |
| Debt guarantee fee (if applicable) | 324 | 330 |
| Other expenses | 1,372 | 1,796 |
| Total expenses from continuing operations | 27,258 | 27,734 |
| Surplus (deficit) from Continuing Operations before capital amounts | (3,378) | (2,038) |
| Grants and contributions provided for capital purposes | 5,835 | 8,804 |
| Surplus (deficit) from Continuing Operations after capital amounts | 2,457 | 6,766 |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | 2,457 | 6,766 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | 2,457 | 6,766 |
| plus Opening Retained Profits | 188,266 | 180,593 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | 681 | 681 |
| - Debt guarantee fees | 324 | 330 |
| - Corporate taxation equivalent | - | - |
| less: | | |
| - Tax Equivalent Dividend paid | (104) | (104) |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 191,624 | 188,266 |
| Return on Capital % | 0.3% | 0.6% |
| Subsidy from Council | - | - |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 2,457 | 6,766 |
| less: Capital grants and contributions (excluding developer contributions) | (1,616) | (3,742) |
| Surplus for dividend calculation purposes | 841 | 3,024 |
| Potential Dividend calculated from surplus | 421 | 1,512 |

Tweed Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 24,655 | 22,917 |
| User charges | - | - |
| Liquid Trade Waste charges | 2,521 | 2,207 |
| Fees | 519 | 599 |
| Interest | 2,202 | 1,995 |
| Grants and contributions provided for non capital purposes | 519 | 502 |
| Profit from the sale of assets | - | - |
| Other income | 22 | 75 |
| Total income from continuing operations | 30,438 | 28,295 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 7,079 | 6,189 |
| Borrowing costs | 2,978 | 3,160 |
| Materials and contracts | 7,508 | 7,194 |
| Depreciation and impairment | 10,436 | 10,102 |
| Loss on sale of assets | 1,861 | 613 |
| Calculated taxation equivalents | 861 | 861 |
| Debt guarantee fee (if applicable) | 169 | 182 |
| Other expenses | 2,319 | 2,632 |
| Total expenses from continuing operations | 33,211 | 30,933 |
| Surplus (deficit) from Continuing Operations before capital amounts | (2,773) | (2,638) |
| Grants and contributions provided for capital purposes | 5,216 | 9,657 |
| Surplus (deficit) from Continuing Operations after capital amounts | 2,443 | 7,019 |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | 2,443 | 7,019 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | 2,443 | 7,019 |
| plus Opening Retained Profits | 228,666 | 220,703 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | 861 | 861 |
| - Debt guarantee fees | 169 | 182 |
| - Corporate taxation equivalent | - | - |
| less: | | |
| - Tax Equivalent Dividend paid | (101) | (99) |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 232,038 | 228,666 |
| Return on Capital % | 0.0% | 0.1% |
| Subsidy from Council | - | - |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 2,443 | 7,019 |
| less: Capital grants and contributions (excluding developer contributions) | (3,011) | (7,092) |
| Surplus for dividend calculation purposes | - | - |
| Potential Dividend calculated from surplus | - | - |

Tweed Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

| \$ '000 | Holiday Parks | | Commercial Waste | |
|--|----------------|----------------|------------------|----------------|
| | Category 1 | | Category 1 | |
| | Actual 2015 | Actual 2014 | Actual 2015 | Actual 2014 |
| Income from continuing operations | | | | |
| Access charges | - | - | 2,520 | 2,374 |
| User charges | - | - | 2,598 | 2,706 |
| Fees | 8,546 | 7,653 | - | - |
| Interest | 580 | 594 | - | - |
| Grants and contributions provided for non capital purposes | - | - | - | - |
| Profit from the sale of assets | - | - | - | - |
| Other income | 497 | 263 | 8 | 6 |
| Total income from continuing operations | 9,623 | 8,510 | 5,126 | 5,086 |
| Expenses from continuing operations | | | | |
| Employee benefits and on-costs | 803 | 698 | 470 | 466 |
| Borrowing costs | 65 | 21 | 1 | (12) |
| Materials and contracts | 1,951 | 1,738 | 2,973 | 2,846 |
| Depreciation and impairment | 394 | 856 | 55 | 77 |
| Loss on sale of assets | 42 | - | 288 | - |
| Calculated taxation equivalents | 1,575 | 1,576 | 42 | 50 |
| Debt guarantee fee (if applicable) | 6 | 6 | - | - |
| Other expenses | 3,075 | 2,966 | 256 | 724 |
| Total expenses from continuing operations | 7,911 | 7,861 | 4,085 | 4,151 |
| Surplus (deficit) from Continuing Operations before capital amounts | 1,712 | 649 | 1,041 | 935 |
| Grants and contributions provided for capital purposes | - | - | 945 | - |
| Surplus (deficit) from Continuing Operations after capital amounts | 1,712 | 649 | 1,986 | 935 |
| Surplus (deficit) from discontinued operations | - | - | - | - |
| Surplus (deficit) from ALL Operations before tax | 1,712 | 649 | 1,986 | 935 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | (514) | (195) | (312) | (281) |
| SURPLUS (DEFICIT) AFTER TAX | 1,198 | 454 | 1,674 | 655 |
| plus Opening Retained Profits | 26,634 | 25,477 | 11,316 | 10,331 |
| plus/less: Prior Period Adjustments | - | - | - | - |
| plus Adjustments for amounts unpaid: | | | | |
| - Taxation equivalent payments | 1,575 | 1,576 | 42 | 50 |
| - Debt guarantee fees | 6 | 6 | - | - |
| - Corporate taxation equivalent | 514 | 195 | 312 | 281 |
| add: | | | | |
| - Subsidy Paid/Contribution To Operations | - | - | - | - |
| less: | | | | |
| - TER dividend paid | - | - | - | - |
| - Dividend paid | (867) | (1,074) | - | - |
| Closing Retained Profits | 29,060 | 26,634 | 13,344 | 11,316 |
| Return on Capital % | 1.9% | 0.7% | 28.1% | 23.0% |
| Subsidy from Council | 1,064 | 2,597 | - | - |

Tweed Shire Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2015

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 595 | 410 |
| Investments | 23,000 | 15,000 |
| Receivables | 3,063 | 10,942 |
| Inventories | - | - |
| Other | 27 | 30 |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 26,685 | 26,382 |
| Non-Current Assets | | |
| Investments | 12,000 | 6,000 |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 495,034 | 491,921 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Intangible Assets | - | - |
| Other | - | - |
| Total non-Current Assets | 507,034 | 497,921 |
| TOTAL ASSETS | 533,719 | 524,303 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | 498 | 288 |
| Interest bearing liabilities | 1,258 | 1,186 |
| Provisions | - | - |
| Total Current Liabilities | 1,756 | 1,474 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | 63,545 | 64,803 |
| Provisions | - | - |
| Total Non-Current Liabilities | 63,545 | 64,803 |
| TOTAL LIABILITIES | 65,301 | 66,277 |
| NET ASSETS | 468,418 | 458,026 |
| EQUITY | | |
| Retained earnings | 191,624 | 188,266 |
| Revaluation reserves | 276,794 | 269,760 |
| Council equity interest | 468,418 | 458,026 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 468,418 | 458,026 |

Tweed Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 499 | 974 |
| Investments | 31,000 | 30,000 |
| Receivables | 2,437 | 2,808 |
| Inventories | - | - |
| Other | 26 | 26 |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 33,962 | 33,808 |
| Non-Current Assets | | |
| Investments | 30,000 | 25,000 |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 604,290 | 600,000 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Intangible Assets | - | - |
| Other | - | 2 |
| Total non-Current Assets | 634,290 | 625,002 |
| TOTAL ASSETS | 668,252 | 658,810 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | 581 | 641 |
| Interest bearing liabilities | 2,086 | 2,447 |
| Provisions | - | - |
| Total Current Liabilities | 2,667 | 3,088 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | 31,800 | 33,886 |
| Provisions | - | - |
| Total Non-Current Liabilities | 31,800 | 33,886 |
| TOTAL LIABILITIES | 34,467 | 36,974 |
| NET ASSETS | 633,785 | 621,836 |
| EQUITY | | |
| Retained earnings | 232,038 | 228,666 |
| Revaluation reserves | 401,747 | 393,170 |
| Council equity interest | 633,785 | 621,836 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 633,785 | 621,836 |

Tweed Shire Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

| \$ '000 | Holiday Parks | | Commercial Waste | |
|--|----------------|----------------|------------------|----------------|
| | Category 1 | | Category 1 | |
| | Actual 2015 | Actual 2014 | Actual 2015 | Actual 2014 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 300 | 192 | 1,627 | 940 |
| Investments | 17,984 | 18,146 | 9,763 | 8,079 |
| Receivables | 200 | 194 | - | - |
| Inventories | - | - | - | - |
| Other | 154 | 126 | - | - |
| Non-current assets classified as held for sale | - | - | - | - |
| Total Current Assets | 18,638 | 18,658 | 11,390 | 9,019 |
| Non-Current Assets | | | | |
| Investments | - | - | - | - |
| Receivables | - | - | - | - |
| Inventories | - | - | - | - |
| Infrastructure, property, plant and equipment | 94,073 | 91,756 | 3,708 | 4,019 |
| Investment property | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other | - | - | - | - |
| Total Non-Current Assets | 94,073 | 91,756 | 3,708 | 4,019 |
| TOTAL ASSETS | 112,711 | 110,414 | 15,098 | 13,038 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Bank Overdraft | - | - | - | - |
| Payables | 2,313 | 2,148 | 98 | 182 |
| Interest bearing liabilities | 129 | 129 | - | - |
| Provisions | 294 | 263 | - | 10 |
| Total Current Liabilities | 2,736 | 2,540 | 98 | 192 |
| Non-Current Liabilities | | | | |
| Payables | - | - | - | - |
| Interest bearing liabilities | 1,032 | 1,161 | - | - |
| Provisions | 93 | 89 | 319 | 307 |
| Other Liabilities | - | - | - | - |
| Total Non-Current Liabilities | 1,125 | 1,250 | 319 | 307 |
| TOTAL LIABILITIES | 3,861 | 3,790 | 417 | 499 |
| NET ASSETS | 108,850 | 106,624 | 14,681 | 12,539 |
| EQUITY | | | | |
| Retained earnings | 29,060 | 26,634 | 13,344 | 11,316 |
| Revaluation reserves | 79,790 | 79,990 | 1,337 | 1,223 |
| Council equity interest | 108,850 | 106,624 | 14,681 | 12,539 |
| Non-controlling equity interest | - | - | - | - |
| TOTAL EQUITY | 108,850 | 106,624 | 14,681 | 12,539 |

Tweed Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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 2015

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office 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 and
- Significant Accounting Policies as outlined in Note 1 of the General Purpose Financial Statements

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 Office 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).

Tweed Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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.

(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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

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.

Tweed Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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.

(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

Written Down Value of I,PP and E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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 2015 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 2015

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

| | | |
|-------|--|-----------|
| (i) | Calculated Tax Equivalents | 1,005,000 |
| (ii) | No of assessments multiplied by \$3/assessment | 106,275 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | 106,275 |
| (iv) | Amounts actually paid for Tax Equivalents | 104,976 |

2. Dividend from Surplus

| | | |
|-------|--|-----------|
| (i) | 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines] | 420,500 |
| (ii) | No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | 956,475 |
| (iii) | Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013 | (409,000) |

| | | | | | |
|--------------|---------|---------------|-----------|---------------|-------------|
| 2015 Surplus | 841,000 | 2014 Surplus | 3,024,000 | 2013 Surplus | (4,274,000) |
| | | 2014 Dividend | - | 2013 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] | NO |
| (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 2015Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

| | | | |
|---------|---|--------|---------|
| NWI F1 | Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a) | \$'000 | 28,750 |
| NWI F4 | 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)] | % | 73.34% |
| NWI F9 | Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47) | \$'000 | 494,987 |
| NWI F11 | Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2) | \$'000 | 13,521 |
| NWI F14 | Capital Expenditure (Water) Acquisition of fixed assets (w16) | \$'000 | 1,955 |
| NWI F17 | 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)] | % | 1.63% |
| NWI F26 | Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a) | \$'000 | 4 |

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4
 - 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 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

| | | |
|-------|--|-----------|
| (i) | Calculated Tax Equivalents | 1,030,000 |
| (ii) | No of assessments multiplied by \$3/assessment | 101,415 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | 101,415 |
| (iv) | Amounts actually paid for Tax Equivalents | 100,122 |

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) | 912,735 | | | | | | | | | | | | |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013 | (2,352,000) | | | | | | | | | | | | |
| <table border="1"> <tr> <td>2015 Surplus</td> <td>(568,000)</td> <td>2014 Surplus</td> <td>(73,000)</td> <td>2013 Surplus</td> <td>(1,711,000)</td> </tr> <tr> <td></td> <td></td> <td>2014 Dividend</td> <td>-</td> <td>2013 Dividend</td> <td>-</td> </tr> </table> | | | 2015 Surplus | (568,000) | 2014 Surplus | (73,000) | 2013 Surplus | (1,711,000) | | | 2014 Dividend | - | 2013 Dividend | - |
| 2015 Surplus | (568,000) | 2014 Surplus | (73,000) | 2013 Surplus | (1,711,000) | | | | | | | | | |
| | | 2014 Dividend | - | 2013 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) | NO |
| (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 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

| | | | |
|----------------|---|--------|---------|
| NWI F2 | Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a) | \$'000 | 33,466 |
| NWI F10 | Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48) | \$'000 | 603,979 |
| NWI F12 | Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2) | \$'000 | 16,112 |
| NWI F15 | Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17) | \$'000 | 5,042 |
| NWI F18 | 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 (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)] | % | 1.14% |
| NWI F27 | Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a) | \$'000 | - |

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

| | | | |
|----------------|---|--------|--------|
| NWI F3 | 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 | 60,033 |
| NWI F8 | Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3) | % | 1.24% |
| NWI F16 | Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17) | \$'000 | 6,997 |
| NWI F19 | 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)] | % | 1.36% |
| NWI F20 | Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3) | \$'000 | - |
| NWI F21 | 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 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

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)] | % | 0.14% |
| NWI F23 | Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 15,002 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: 4,513 Interest Expense (w4a + s4a) - Interest Income (w9 + s10) | | 3 |
| 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 | 6,521 |
| NWI F25 | Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b) | \$'000 | 745 |

- Notes:
- References to w (eg. 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 STATEMENTS
INDEPENDENT AUDIT REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements, being special purpose financial statements, of Tweed Shire Council (the Council), which comprises the statement of financial position as at 30 June 2015, 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 Statements

The Council is responsible for the preparation and fair presentation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the NSW Office of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

Our audit responsibility does not extend to the best practice management disclosures in Note 2 and Note 3, 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.

Opinion

In our opinion, the special purpose financial statements of Tweed Shire Council:

- a) Have 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;
 - i) Are consistent with the Council's accounting records;
 - ii) Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2015 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) 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 describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the NSW Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Tweed Shire Council for the financial year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

.....
A J BRADFIELD (Partner)
Registered Company Auditor

Dated at Lismore this 29th day of October 2015.



Tweed Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

Special Schedules

for the financial year ended 30 June 2015

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Special Schedules¹

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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

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 (NOW), and
 - the Office of Local Government (OLG).
- (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 2015

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|--|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non Capital | Capital | |
| Governance | 2,815 | 1 | - | (2,814) |
| Administration | 17,504 | 2,099 | 9,490 | (5,915) |
| Public Order and Safety | | | | |
| Fire Service Levy, Fire Protection, Emergency Services | 1,340 | 339 | 8 | (993) |
| Beach Control | 692 | 24 | - | (668) |
| Enforcement of Local Govt. Regulations | 1,166 | 415 | - | (751) |
| Animal Control | 313 | 254 | - | (59) |
| Other | 58 | - | - | (58) |
| Total Public Order & Safety | 3,569 | 1,032 | 8 | (2,529) |
| Health | 1,596 | 385 | - | (1,211) |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | 492 | - | - | (492) |
| Other Environmental Protection | 4,363 | 1,363 | - | (3,000) |
| Solid Waste Management | 14,428 | 19,199 | 1,890 | 6,661 |
| Street Cleaning | - | - | - | - |
| Drainage | 5,536 | 142 | 3,566 | (1,828) |
| Stormwater Management | - | - | - | - |
| Total Environment | 24,819 | 20,704 | 5,456 | 1,341 |
| Community Services and Education | | | | |
| Administration & Education | 1,770 | - | - | (1,770) |
| Social Protection (Welfare) | 378 | 1,374 | - | 996 |
| Aged Persons and Disabled | 430 | 55 | - | (375) |
| Children's Services | 11 | 4 | 250 | 243 |
| Total Community Services & Education | 2,589 | 1,433 | 250 | (906) |
| Housing and Community Amenities | | | | |
| Public Cemeteries | 1,041 | 632 | 35 | (374) |
| Public Conveniences | 839 | - | 90 | (749) |
| Street Lighting | 868 | 152 | - | (716) |
| Town Planning | 4,206 | 1,430 | - | (2,776) |
| Other Community Amenities | - | - | - | - |
| Total Housing and Community Amenities | 6,954 | 2,214 | 125 | (4,615) |
| Water Supplies | 22,310 | 23,152 | 5,835 | 6,677 |
| Sewerage Services | 28,141 | 30,281 | 5,216 | 7,356 |

Tweed Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|---|-------------------------------------|-----------------------------------|---------------|----------------------|
| | | Non Capital | Capital | |
| Recreation and Culture | | | | |
| Public Libraries | 2,555 | 245 | 24 | (2,286) |
| Museums | 866 | 74 | - | (792) |
| Art Galleries | 1,904 | 640 | 1,121 | (143) |
| Community Centres and Halls | 622 | 376 | 683 | 437 |
| Performing Arts Venues | - | - | - | - |
| Other Performing Arts | - | - | - | - |
| Other Cultural Services | 121 | 2 | - | (119) |
| Sporting Grounds and Venues | 1,899 | 505 | 3,534 | 2,140 |
| Swimming Pools | 4,166 | 1,535 | 40 | (2,591) |
| Parks & Gardens (Lakes) | 7,063 | 16 | 1,841 | (5,206) |
| Other Sport and Recreation | 1,487 | 42 | 10 | (1,435) |
| Total Recreation and Culture | 20,683 | 3,435 | 7,253 | (9,995) |
| Fuel & Energy | - | - | - | - |
| Agriculture | - | - | - | - |
| Mining, Manufacturing and Construction | | | | |
| Building Control | 1,716 | 1,893 | - | 177 |
| Other Mining, Manufacturing & Construction | 167 | 3 | - | (164) |
| Total Mining, Manufacturing and Const. | 1,883 | 1,896 | - | 13 |
| Transport and Communication | | | | |
| Urban Roads (UR) - Local | 17,657 | 951 | 8,744 | (7,962) |
| Urban Roads - Regional | 23 | - | - | (23) |
| Sealed Rural Roads (SRR) - Local | 815 | 2,180 | 152 | 1,517 |
| Sealed Rural Roads (SRR) - Regional | 1,845 | 1,819 | 320 | 294 |
| Unsealed Rural Roads (URR) - Local | 2,578 | (13) | 3 | (2,588) |
| Unsealed Rural Roads (URR) - Regional | - | - | - | - |
| Bridges on UR - Local | 754 | - | - | (754) |
| Bridges on SRR - Local | 2,633 | (3) | 863 | (1,773) |
| Bridges on URR - Local | 14 | - | - | (14) |
| Bridges on Regional Roads | 71 | - | - | (71) |
| Parking Areas | 307 | 84 | - | (223) |
| Footpaths | 1,657 | - | 943 | (714) |
| Aerodromes | 26 | 25 | - | (1) |
| Other Transport & Communication | 2,875 | 542 | 824 | (1,509) |
| Total Transport and Communication | 31,255 | 5,585 | 11,849 | (13,821) |
| Economic Affairs | | | | |
| Camping Areas & Caravan Parks | 6,671 | 8,656 | - | 1,985 |
| Other Economic Affairs | 1,381 | 984 | - | (397) |
| Total Economic Affairs | 8,052 | 9,640 | - | 1,588 |
| Totals – Functions | 172,170 | 101,857 | 45,482 | (24,831) |
| General Purpose Revenues ⁽²⁾ | | 67,517 | | 67,517 |
| Share of interests - joint ventures & associates using the equity method | - | - | | - |
| NET OPERATING RESULT ⁽¹⁾ | 172,170 | 169,374 | 45,482 | 42,686 |

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Tweed Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'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 |
| Loans (by Source) | | | | | | | | | | | |
| Commonwealth Government | - | - | - | - | - | - | - | - | - | - | - |
| Treasury Corporation | - | - | - | - | - | - | - | - | - | - | - |
| Other State Government | 1,812 | 9,572 | 11,384 | - | 1,811 | - | - | 64 | 1,812 | 7,761 | 9,573 |
| Public Subscription | - | - | - | - | - | - | - | - | - | - | - |
| Financial Institutions | 6,042 | 170,327 | 176,369 | 6,046 | 6,042 | - | - | 12,981 | 5,929 | 170,444 | 176,373 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Total Loans | 7,854 | 179,899 | 187,753 | 6,046 | 7,853 | - | - | 13,045 | 7,741 | 178,205 | 185,946 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | - | - | - | - | - | - | - | - | - | - | - |
| Government Advances | - | - | - | - | - | - | - | - | - | - | - |
| Finance Leases | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Payments | - | - | - | - | - | - | - | - | - | - | - |
| Total Long Term Debt | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 7,854 | 179,899 | 187,753 | 6,046 | 7,853 | - | - | 13,045 | 7,741 | 178,205 | 185,946 |

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 2015

\$'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 | 14,706 | 430,000 |
| Water | | | |
| Sewer | | | |
| Domestic Waste Management | | | |
| Gas | | | |
| Other | | | |
| Totals | 430,000 | 14,706 | 430,000 |

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 | 28/03/2012 | 30/06/2013 | | | 3.42% | 430,000 | 14,706 | 430,000 |
| Totals | | | | | | | 430,000 | 14,706 | 430,000 |

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 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|--|-----------------|-----------------|
| A Expenses and Income Expenses | | |
| 1. Management expenses | | |
| a. Administration | 4,289 | 4,010 |
| b. Engineering and Supervision | 1,681 | 1,612 |
| 2. Operation and Maintenance expenses | | |
| - Dams & Weirs | | |
| a. Operation expenses | 368 | 333 |
| b. Maintenance expenses | 91 | 110 |
| - Mains | | |
| c. Operation expenses | 134 | 120 |
| d. Maintenance expenses | 898 | 1,036 |
| - Reservoirs | | |
| e. Operation expenses | 172 | 135 |
| f. Maintenance expenses | 166 | 76 |
| - Pumping Stations | | |
| g. Operation expenses (excluding energy costs) | 181 | 132 |
| h. Energy costs | 777 | 1,181 |
| i. Maintenance expenses | 197 | 121 |
| - Treatment | | |
| j. Operation expenses (excluding chemical costs) | 1,290 | 1,319 |
| k. Chemical costs | 930 | 1,014 |
| l. Maintenance expenses | 370 | 276 |
| - Other | | |
| m. Operation expenses | 554 | 616 |
| n. Maintenance expenses | 1,377 | 1,474 |
| o. Purchase of water | 46 | 42 |
| 3. Depreciation expenses | | |
| a. System assets | 7,108 | 6,899 |
| b. Plant and equipment | 37 | 34 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 4,609 | 4,725 |
| b. Revaluation Decrements | - | - |
| c. Other expenses | 657 | 653 |
| d. Impairment - System assets | - | - |
| e. Impairment - Plant and equipment | - | - |
| f. Aboriginal Communities Water & Sewerage Program | - | - |
| g. Tax Equivalents Dividends (actually paid) | 105 | 104 |
| 5. Total expenses | 26,037 | 26,022 |

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 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges | | |
| a. Access (including rates) | 4,250 | 4,008 |
| b. Usage charges | 11,690 | 13,209 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 532 | 481 |
| b. Usage charges | 4,634 | 5,294 |
| 8. Extra charges | 111 | 83 |
| 9. Interest income | 963 | 1,179 |
| 10. Other income | 1,119 | 1,066 |
| 10a. Aboriginal Communities Water and Sewerage Program | - | - |
| 11. Grants | | |
| a. Grants for acquisition of assets | 4 | 917 |
| b. Grants for pensioner rebates | 379 | 376 |
| c. Other grants | - | - |
| 12. Contributions | | |
| a. Developer charges | 4,219 | 5,062 |
| b. Developer provided assets | 1,612 | 2,825 |
| c. Other contributions | 204 | - |
| 13. Total income | 29,717 | 34,500 |
| 14. Gain (or loss) on disposal of assets | (322) | (805) |
| 15. Operating Result | 3,358 | 7,673 |
| 15a. Operating Result (less grants for acquisition of assets) | 3,354 | 6,756 |

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 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 16. Acquisition of Fixed Assets | | |
| a. New Assets for Improved Standards | 715 | 4,997 |
| b. New Assets for Growth | 746 | 116 |
| c. Renewals | 469 | 3,515 |
| d. Plant and equipment | 25 | - |
| e. Buildings | - | 280 |
| 17. Repayment of debt | | |
| a. Loans | 1,185 | 1,068 |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 18. Transfer to sinking fund | - | - |
| 19. Totals | 3,140 | 9,976 |
| Non-operating funds employed | | |
| 20. Proceeds from disposal of assets | - | - |
| 21. Borrowing utilised | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 22. Transfer from sinking fund | - | - |
| 23. Totals | - | - |
| C Rates and charges | | |
| 24. Number of assessments | | |
| a. Residential (occupied) | 32,091 | 32,096 |
| b. Residential (unoccupied, ie. vacant lot) | 1,444 | 1,059 |
| c. Non-residential (occupied) | 1,698 | 1,645 |
| d. Non-residential (unoccupied, ie. vacant lot) | 192 | 192 |
| 25. Number of ETs for which developer charges were received | 331 ET | 401 ET |
| 26. Total amount of pensioner rebates (actual dollars) | \$ 774,680 | \$ 706,492 |

Tweed Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

| \$'000 | Yes | No | Amount |
|--|------------------------------|--------------------------|--------------------------------|
| D Best practice annual charges and developer charges* | | | |
| 27. Annual charges | | | |
| 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 land value from access charges (ie rates)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| NB. 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 from residential customers using less than allowance (page 25 of Guidelines) | | | <input type="text"/> |
| c. Cross-subsidy to non-residential customers (page 24 of Guidelines) | | | <input type="text"/> |
| d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines) | | | <input type="text"/> |
| 28. Developer charges | | | |
| 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 2014/15 (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. | | | |
| 29. Disclosure of cross-subsidies | | | |
| Total of cross-subsidies (27b +27c + 27d + 28b) | | | <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 2015

| \$'000 | Actuals Current | Actuals Non Current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 30. Cash and investments | | | |
| a. Developer charges | 2,651 | - | 2,651 |
| b. Special purpose grants | - | - | - |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | - | - | - |
| e. Sinking fund | - | - | - |
| f. Other | 20,944 | 12,000 | 32,944 |
| 31. Receivables | | | |
| a. Specific purpose grants | 2 | - | 2 |
| b. Rates and Availability Charges | 250 | - | 250 |
| c. User Charges | 2,381 | - | 2,381 |
| d. Other | 430 | - | 430 |
| 32. Inventories | - | - | - |
| 33. Property, plant and equipment | | | |
| a. System assets | - | 494,987 | 494,987 |
| b. Plant and equipment | - | 47 | 47 |
| 34. Other assets | 27 | - | 27 |
| 35. Total assets | 26,685 | 507,034 | 533,719 |
| LIABILITIES | | | |
| 36. Bank overdraft | - | - | - |
| 37. Creditors | 498 | - | 498 |
| 38. Borrowings | | | |
| a. Loans | 1,258 | 63,545 | 64,803 |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 39. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 40. Total liabilities | 1,756 | 63,545 | 65,301 |
| 41. NET ASSETS COMMITTED | 24,929 | 443,489 | 468,418 |
| EQUITY | | | |
| 42. Accumulated surplus | | | 191,624 |
| 43. Asset revaluation reserve | | | 276,794 |
| 44. TOTAL EQUITY | | | 468,418 |
| Note to system assets: | | | |
| 45. Current replacement cost of system assets | | | 661,023 |
| 46. Accumulated current cost depreciation of system assets | | | (166,036) |
| 47. Written down current cost of system assets | | | 494,987 |

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 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|---|-----------------|-----------------|
| A Expenses and Income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 3,744 | 3,614 |
| b. Engineering and Supervision | 1,550 | 1,527 |
| 2. Operation and Maintenance expenses | | |
| - Mains | | |
| a. Operation expenses | 203 | 186 |
| b. Maintenance expenses | 1,446 | 1,287 |
| - Pumping Stations | | |
| c. Operation expenses (excluding energy costs) | 664 | 616 |
| d. Energy costs | 748 | 781 |
| e. Maintenance expenses | 1,656 | 1,670 |
| - Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs) | 1,806 | 1,772 |
| g. Chemical costs | 649 | 538 |
| h. Energy costs | 1,225 | 1,418 |
| i. Effluent Management | 44 | 58 |
| j. Biosolids Management | 859 | 723 |
| k. Maintenance expenses | 1,159 | 700 |
| - Other | | |
| l. Operation expenses | 301 | 358 |
| m. Maintenance expenses | 58 | 96 |
| 3. Depreciation expenses | | |
| a. System assets | 10,326 | 9,982 |
| b. Plant and equipment | 110 | 120 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 2,978 | 3,160 |
| b. Revaluation Decrements | - | - |
| c. Other expenses | 718 | 671 |
| d. Impairment - System assets | - | - |
| e. Impairment - Plant and equipment | - | - |
| f. Aboriginal Communities Water & Sewerage Program | - | - |
| g. Tax Equivalent Dividends (actually paid) | 100 | 99 |
| 5. Total expenses | 30,344 | 29,376 |

Tweed Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges (including rates) | 22,666 | 21,054 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 1,995 | 1,893 |
| b. Usage charges | - | - |
| 8. Trade Waste Charges | | |
| a. Annual Fees | 68 | 66 |
| b. Usage charges | 2,456 | 2,138 |
| c. Excess mass charges | - | - |
| d. Re-inspection fees | - | - |
| 9. Extra charges | 91 | 98 |
| 10. Interest income | 2,111 | 1,897 |
| 11. Other income | 643 | 785 |
| 11a. Aboriginal Communities Water & Sewerage Program | - | - |
| 12. Grants | | |
| a. Grants for acquisition of assets | - | 320 |
| b. Grants for pensioner rebates | 366 | 363 |
| c. Other grants | - | - |
| 13. Contributions | | |
| a. Developer charges | 2,205 | 3,952 |
| b. Developer provided assets | 2,976 | 5,386 |
| c. Other contributions | - | - |
| 14. Total income | 35,577 | 37,952 |
| 15. Gain (or loss) on disposal of assets | (1,861) | (613) |
| 16. Operating Result | 3,372 | 7,963 |
| 16a. Operating Result (less grants for acquisition of assets) | 3,372 | 7,643 |

Tweed Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

| \$'000 | Actuals 2015 | Actuals 2014 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 17. Acquisition of Fixed Assets | | |
| a. New Assets for Improved Standards | 238 | 496 |
| b. New Assets for Growth | 1,575 | 1,061 |
| c. Renewals | 3,225 | 2,895 |
| d. Plant and equipment | 4 | - |
| e. Buildings | - | 22 |
| 18. Repayment of debt | | |
| a. Loans | 3,049 | 3,102 |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 19. Transfer to sinking fund | - | - |
| 20. Totals | 8,091 | 7,576 |
| Non-operating funds employed | | |
| 21. Proceeds from disposal of assets | - | - |
| 22. Borrowing utilised | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 23. Transfer from sinking fund | - | - |
| 24. Totals | - | - |
| C Rates and charges | | |
| 25. Number of assessments | | |
| a. Residential (occupied) | 30,661 | 30,601 |
| b. Residential (unoccupied, ie. vacant lot) | 1,389 | 1,018 |
| c. Non-residential (occupied) | 1,593 | 1,602 |
| d. Non-residential (unoccupied, ie. vacant lot) | 162 | 153 |
| 26. Number of ETs for which developer charges were received | 353 ET | 434 ET |
| 27. Total amount of pensioner rebates (actual dollars) | \$ 664,006 | \$ 659,686 |

Tweed Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

| \$'000 | Yes | No | Amount |
|--|------------------------------|--------------------------|--------------------------------|
| D Best practice annual charges and developer charges* | | | |
| 28. Annual charges | | | |
| a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*? | <input type="checkbox"/> Yes | <input type="checkbox"/> | |
| If Yes, go to 29a. | | | |
| If No, please report if council has removed land value from access charges (ie rates)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| NB. 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. Cross-subsidy to non-residential customers (page 45 of Guidelines) | | | <input type="text"/> |
| c. Cross-subsidy to trade waste discharges (page 46 of Guidelines) | | | <input type="text"/> |
| 29. Developer charges | | | |
| a. Has council completed a sewerage Development Servicing** Plan? | <input type="checkbox"/> Yes | <input type="checkbox"/> | |
| b. Total cross-subsidy in sewerage developer charges for 2014/15 (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. | | | |
| 30. Disclosure of cross-subsidies | | | |
| Total of cross-subsidies (28b + 28c + 29b) | | | <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 2015

| \$'000 | Actuals Current | Actuals Non Current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 31. Cash and investments | | | |
| a. Developer charges | - | - | - |
| b. Special purpose grants | - | - | - |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | 6,258 | - | 6,258 |
| e. Sinking fund | - | - | - |
| f. Other | 25,241 | 30,000 | 55,241 |
| 32. Receivables | | | |
| a. Specific purpose grants | 1 | - | 1 |
| b. Rates and Availability Charges | 1,204 | - | 1,204 |
| c. User Charges | 315 | - | 315 |
| d. Other | 917 | - | 917 |
| 33. Inventories | - | - | - |
| 34. Property, plant and equipment | | | |
| a. System assets | - | 603,979 | 603,979 |
| b. Plant and equipment | - | 311 | 311 |
| 35. Other assets | 26 | - | 26 |
| 36. Total Assets | 33,962 | 634,290 | 668,252 |
| LIABILITIES | | | |
| 37. Bank overdraft | - | - | - |
| 38. Creditors | 581 | - | 581 |
| 39. Borrowings | | | |
| a. Loans | 2,086 | 31,800 | 33,886 |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 40. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 41. Total Liabilities | 2,667 | 31,800 | 34,467 |
| 42. NET ASSETS COMMITTED | 31,295 | 602,490 | 633,785 |
| EQUITY | | | |
| 42. Accumulated surplus | | | 232,038 |
| 44. Asset revaluation reserve | | | 401,747 |
| 45. TOTAL EQUITY | | | 633,785 |
| Note to system assets: | | | |
| 46. Current replacement cost of system assets | | | 816,738 |
| 47. Accumulated current cost depreciation of system assets | | | (212,759) |
| 48. Written down current cost of system assets | | | 603,979 |

Tweed Shire Council

Notes to Special Schedule No.s 3 & 5 for the financial year ended 30 June 2015

Administration ⁽¹⁾

(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 ⁽¹⁾

(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 used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) is 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 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 (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) includes all income from residential charges. Item 6 of Schedule 3 is separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges (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:

⁽¹⁾ Administration and engineering costs for the development of capital works projects is 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).

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|-------------------------------|--|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|--------------|--------------|--------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Buildings refer (6) | Council Offices / Administration Centres | 2,672 | 221 | 201 | 27,692 | 4% | 16% | 77% | 2% | 1% |
| | Council Works Depot | 728 | 137 | 132 | 16,039 | 30% | 38% | 21% | 10% | 2% |
| | Council Public Halls | 396 | 141 | 139 | 22,387 | 46% | 29% | 25% | 0% | 0% |
| | Libraries | 107 | 14 | 14 | 3,026 | 8% | 43% | 45% | 3% | 0% |
| | Cultural Facilities | 691 | 177 | 168 | 13,601 | 38% | 27% | 24% | 9% | 3% |
| | Other Buildings | 902 | 300 | 291 | 30,286 | 25% | 35% | 33% | 7% | 0% |
| | Childcare, Aged & Disabled | 532 | 18 | 14 | 1,962 | 37% | 24% | 35% | 3% | 1% |
| | Specialised Buildings | 142 | 183 | 179 | 6,315 | 0% | 26% | 64% | 9% | 1% |
| | sub total | 6,170 | 1,191 | 1,138 | 121,308 | 24.7% | 28.4% | 41.0% | 5.2% | 0.8% |
| Other Structures | Other Structures | 144 | 1 | 1 | 349 | 75% | 4% | 4% | 16% | 1% |
| | sub total | 144 | 1 | 1 | 349 | 75.0% | 4.0% | 4.0% | 16.0% | 1.0% |
| Roads | Sealed Roads Surface | 26,116 | 2,249 | 1,739 | 89,022 | 51% | 14% | 29% | 6% | 0% |
| | Sealed Roads Structure | 14,422 | 1,210 | 1,176 | 494,694 | 45% | 49% | 5% | 1% | 0% |
| | Unsealed Roads | 978 | 494 | 973 | 7,184 | 60% | 12% | 26% | 2% | 0% |
| | Bridges | 833 | 362 | 360 | 157,373 | 85% | 14% | 1% | | 0% |
| | Footpaths | 805 | 596 | 581 | 30,706 | 72% | 6% | 16% | 6% | 0% |
| | Kerb and Gutter | 2,763 | 88 | 82 | 43,652 | 82% | 11% | 5% | 2% | 0% |
| | Street Furniture | 97 | 83 | 82 | 9,544 | 94% | 5% | 1% | | 0% |
| | Car Parks | 415 | 4 | 4 | 7,931 | 86% | 6% | 6% | 2% | 0% |
| | sub total | 46,429 | 5,086 | 4,997 | 840,106 | 57.1% | 34.0% | 7.3% | 1.6% | 0.0% |

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|---------------------------------|-----------------------------|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|--------------|--------------|-------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Water Supply Network | Dams/Weirs | - | 148 | 86 | 70,120 | 98% | 2% | | | 0% |
| | Mains | 9,763 | 1,472 | 1,026 | 239,583 | 80% | 17% | 3% | | 0% |
| | Reservoirs | 554 | 89 | 166 | 39,087 | 29% | 47% | 24% | | 0% |
| | Pumping Station/s | 487 | 158 | 197 | 14,888 | 54% | 38% | 8% | | 0% |
| | Treatment | 20 | 456 | 370 | 82,210 | 92% | 8% | | | 0% |
| | Buildings | 12 | - | - | 9,700 | 89% | 10% | 1% | | 0% |
| | sub total | | 10,836 | 2,323 | 1,845 | 455,588 | 79.9% | 16.2% | 3.9% | 0.0% |
| Sewerage Network | Mains | 7,874 | 1,566 | 1,446 | 294,381 | 77% | 20% | 3% | | 0% |
| | Pumping Station/s | 1,651 | 1,729 | 1,656 | 67,784 | 53% | 31% | 16% | | 0% |
| | Treatment | 649 | 1,193 | 1,145 | 181,471 | 81% | 18% | 1% | | 0% |
| | Buildings | 22 | - | - | 6,196 | 90% | 9% | 1% | | 0% |
| | sub total | | 10,196 | 4,488 | 4,247 | 549,832 | 75.5% | 20.6% | 3.9% | 0.0% |
| Stormwater Drainage | All Infrastructure | 28,320 | 1,653 | 1,390 | 150,176 | 32% | 34% | 30% | 1% | 3% |
| | sub total | 28,320 | 1,653 | 1,390 | 150,176 | 32.0% | 34.0% | 30.0% | 1.0% | 3.0% |
| Open Space/ Recreational Assets | Swimming Pools refer (6) | 11 | 61 | 60 | 3,551 | 3% | 96% | 1% | | 0% |
| | Recreation Other Structures | 1,803 | 512 | 477 | 24,683 | 49% | 21% | 29% | 1% | 0% |
| | sub total | 1,814 | 573 | 537 | 28,234 | 43.2% | 30.4% | 25.5% | 0.9% | 0.0% |
| Other Infrastructure Assets | Other Structures | 1,545 | 147 | 133 | 8,629 | 35% | 62% | 3% | | 0% |
| | sub total | 1,545 | 147 | 133 | 8,629 | 35.0% | 62.0% | 3.0% | 0.0% | 0.0% |

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

| \$'000 | | | | | | | | | | |
|-------------|---------------------------|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|--------------|-------------|-------------|-------------|
| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| | TOTAL - ALL ASSETS | 105,454 | 15,462 | 14,288 | 2,154,222 | 62.8% | 26.5% | 9.4% | 1.0% | 0.3% |

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**
- | | | |
|----------|------------------|---------------------------------------|
| 1 | Excellent | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Average | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very Poor | Urgent renewal/upgrading required |
- (6). Tweed Coast Holiday Parks assets are managed outside of Council's Asset Management Strategy, Policy and Plans and therefore this data is not applicable.

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

| \$ '000 | Amounts 2015 | Indicator 2015 | Prior Periods | |
|--|------------------|-------------------|---------------|--------|
| | | | 2014 | 2013 |
| Infrastructure Asset Performance Indicators Consolidated | | | | |
| 1. Building, Infrastructure & Other Structures Renewals Ratio | | | | |
| Asset Renewals | | | | |
| <u>(Building, Infrastructure & Other Structures) ⁽¹⁾</u> | <u>16,511</u> | 39.59% | 73.48% | 33.16% |
| Depreciation, Amortisation & Impairment | <u>41,705</u> | | | |
| 2. Infrastructure Backlog Ratio | | | | |
| Estimated Cost to bring Assets to a Satisfactory Condition | <u>105,454</u> | 5.23% | 5.68% | 3.00% |
| Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets | <u>2,017,016</u> | | | |
| 3. Asset Maintenance Ratio | | | | |
| Actual Asset Maintenance | <u>14,288</u> | 0.92 | 0.82 | 0.67 |
| Required Asset Maintenance | <u>15,462</u> | | | |
| 4. Capital Expenditure Ratio | | | | |
| Annual Capital Expenditure | <u>31,121</u> | 0.69 | 0.91 | 1.00 |
| Annual Depreciation | <u>45,043</u> | | | |

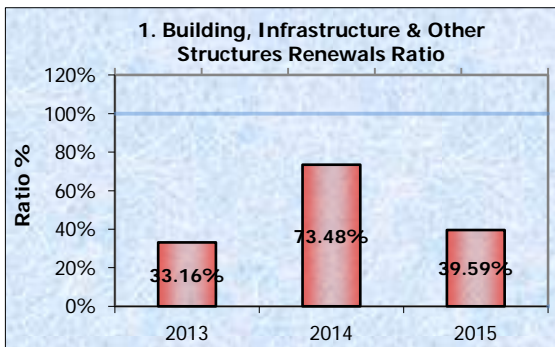
Notes

⁽¹⁾ 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, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015



Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

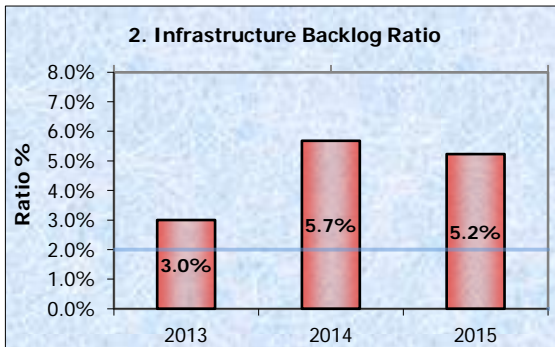
Commentary on 2014/15 Result

2014/15 Ratio 39.59%

Council is currently not spending sufficient funds on asset renewals to match the consumption (depreciation) of assets

Benchmark: Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

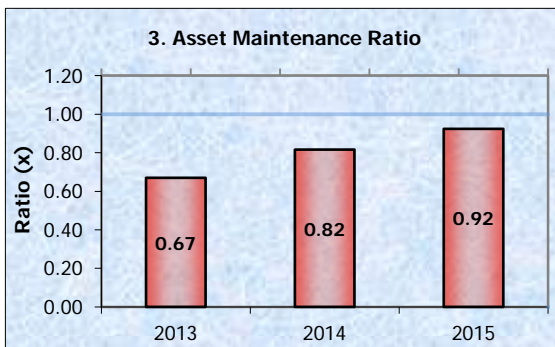
Commentary on 2014/15 Result

2014/15 Ratio 5.23%

Council is currently not spending sufficient funds to bring all its infrastructure assets to a satisfactory standard

Benchmark: Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

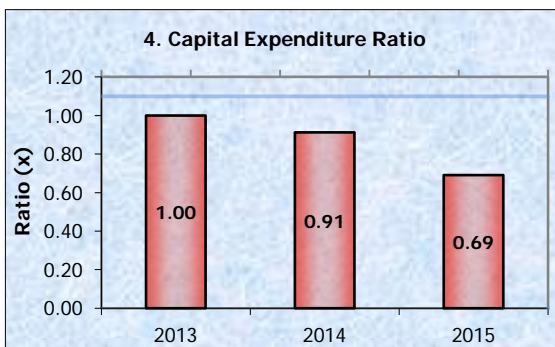
Commentary on 2014/15 Result

2014/15 Ratio 0.92 x

Council is currently not spending sufficient funds on asset maintenance to ensure their condition does not deteriorate below a satisfactory level

Benchmark: Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 0.69 x

Council does not plan to expand its General Fund asset base other than through developer contributed assets. The Water and Sewerage Funds will from time to time upgrade their system capacity. As a result this benchmark will be difficult to achieve

Benchmark: Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

| \$ '000 | Water 2015 | Sewer 2015 | General ⁽¹⁾ 2015 |
|---|---------------|---------------|--------------------------------|
| Infrastructure Asset Performance Indicators By Fund | | | |
| 1. Building, Infrastructure & Other Structures | | | |
| Renewals Ratio | | | |
| Asset Renewals (Building, Infrastructure & Other Structures) ⁽²⁾ | 6.69% | 6.07% | 63.64% |
| Depreciation, Amortisation & Impairment | | | |
| prior period: | 162.93% | 23.28% | 68.56% |
| 2. Infrastructure Backlog Ratio | | | |
| Estimated Cost to bring Assets to a Satisfactory Condition | | | |
| Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets | 2.38% | 1.85% | 8.35% |
| prior period: | 4.97% | 2.79% | 7.77% |
| 3. Asset Maintenance Ratio | | | |
| Actual Asset Maintenance | | | |
| Required Asset Maintenance | 0.79 | 0.95 | 0.95 |
| prior period: | 0.83 | 0.78 | 0.82 |
| 4. Capital Expenditure Ratio | | | |
| Annual Capital Expenditure | | | |
| Annual Depreciation | 0.23 | 0.30 | 1.89 |
| prior period: | 1.12 | 0.38 | 1.06 |

Notes

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

(2) 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, infrastructure & Other Structure assets only.

(3) Written Down Value

Tweed Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

| \$'000 | | Calculation 2014/15 | Calculation 2015/16 |
|---|-----------------|------------------------|------------------------|
| Notional General Income Calculation ⁽¹⁾ | | | |
| Last Year Notional General Income Yield | a | 53,521 | 55,220 |
| Plus or minus Adjustments ⁽²⁾ | b | 281 | 463 |
| Notional General Income | c = (a + b) | <u>53,802</u> | <u>55,683</u> |
| Permissible Income Calculation | | | |
| Special variation percentage ⁽³⁾ | d | 0.00% | 0.00% |
| or Rate peg percentage | e | 2.30% | 2.40% |
| or Crown land adjustment (incl. rate peg percentage) | f | 0.00% | 0.00% |
| less expiring Special variation amount | g | - | - |
| plus Special variation amount | h = d x (c-g) | - | - |
| or plus Rate peg amount | i = c x e | 1,237 | 1,336 |
| or plus Crown land adjustment and rate peg amount | j = c x f | - | - |
| sub-total | k = (c+g+h+i+j) | <u>55,039</u> | <u>57,019</u> |
| plus (or minus) last year's Carry Forward Total | l | - | 2 |
| less Valuation Objections claimed in the previous year | m | - | (183) |
| sub-total | n = (l + m) | <u>-</u> | <u>(181)</u> |
| Total Permissible income | o = k + n | <u>55,039</u> | <u>56,839</u> |
| less Notional General Income Yield | p | 55,220 | 56,838 |
| Catch-up or (excess) result | q = o - p | <u>(181)</u> | <u>1</u> |
| plus Income lost due to valuation objections claimed ⁽⁴⁾ | r | 183 | - |
| less Unused catch-up ⁽⁵⁾ | s | - | - |
| Carry forward to next year | t = q + r - s | <u>2</u> | <u>1</u> |

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.



TWEED SHIRE COUNCIL
SPECIAL SCHEDULE NO 9
INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Tweed Shire Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the *Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23*. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 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 Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Ref:

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Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Tweed Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the NSW Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the NSW Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Dated at Lismore this 27th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:

A handwritten signature in blue ink, appearing to read 'A J Bradfield', is written over a dotted horizontal line.

A J BRADFIELD

(Partner)