



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				
<i>Revenue:</i>				
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)

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- Operational Land (external valuation)
- Community Land (Valuer Generals valuation) includes Council administered Crown land.
- Land under roads (englobo valuation – refer Note 1 (l))
- 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.

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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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.

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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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).

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.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(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.

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		(1,124)	(1,036)
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		(725)	(479)
Infrastructure			
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,832)	(3,071)
Net Gain/(Loss) on Disposal		(3,832)	(3,071)
Investment Properties			
Proceeds from Disposal - Investment Properties		-	53
less: Carrying Amount of Investment Properties Sold / Written Off		-	(55)
Net Gain/(Loss) on Disposal		-	(2)
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>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	-
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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
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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)	-
TOTAL NET RECEIVABLES		17,501	77	25,720	285
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
TOTAL NET RECEIVABLES		17,501	77	25,720	285

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

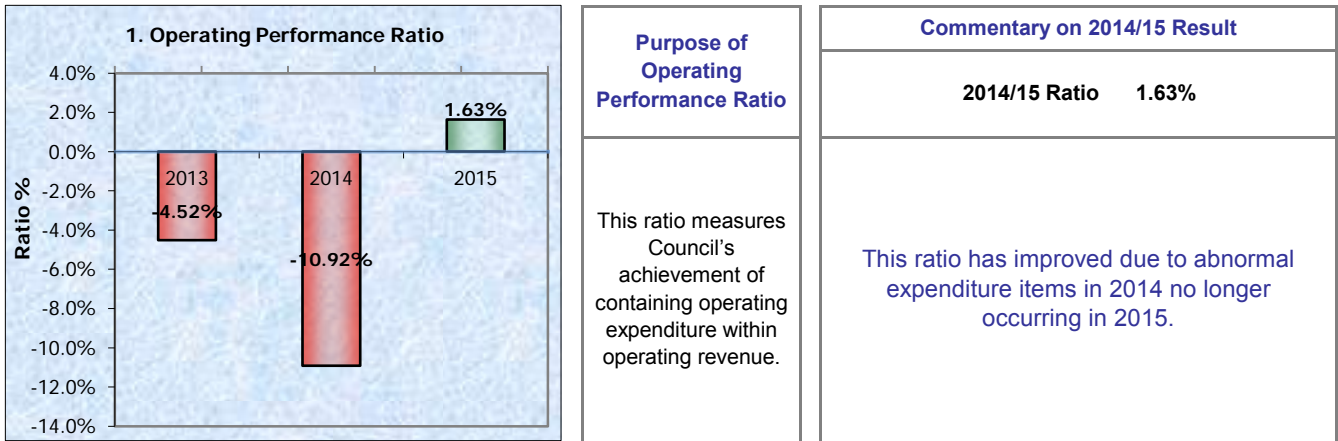
(3) Refer to Note 10(a).

(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

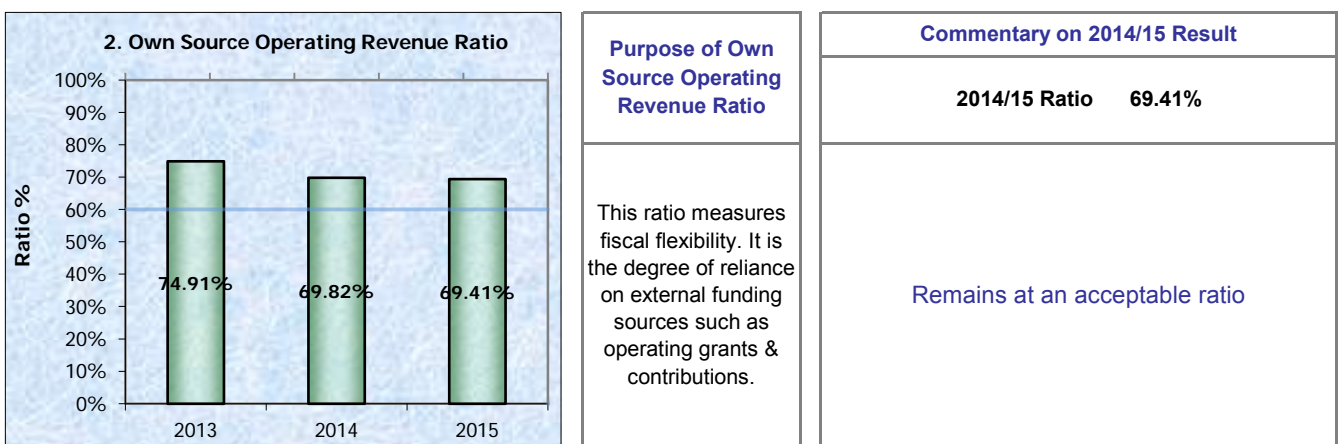
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Benchmark: — Minimum $\geq 0.00\%$

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

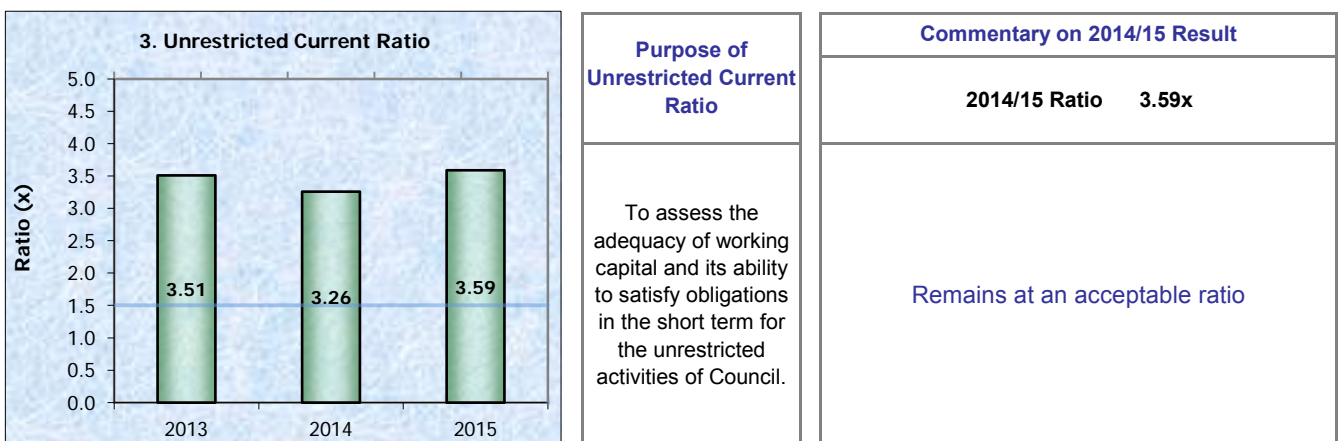
Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum $\geq 60.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum ≥ 1.50

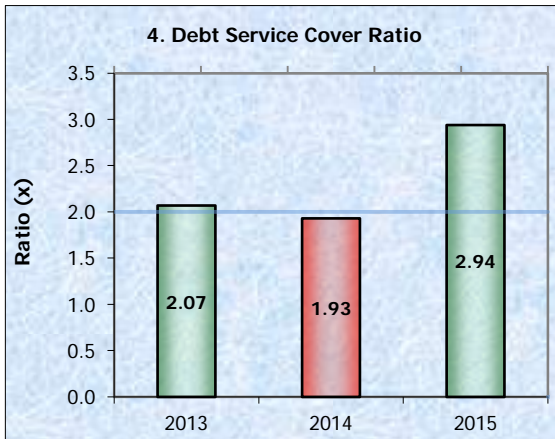
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

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

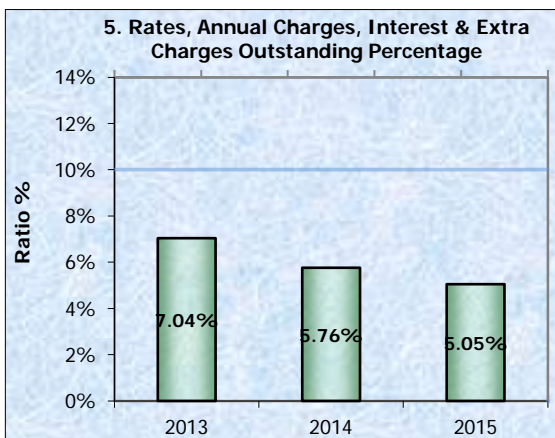
2014/15 Ratio 2.94x

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

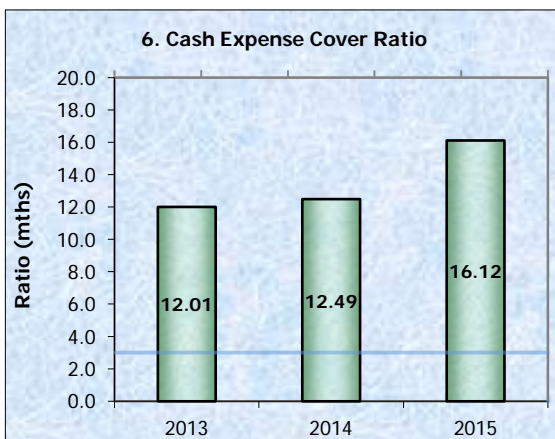
2014/15 Ratio 5.05%

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			
Investment Properties on Hand			
		-	-
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 it's 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%
	195,796		196,343	

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
	106	419

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		898	897

10(a)

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	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