

# Tweed Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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## Tweed Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

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#### Overview

Tweed Shire Council is constituted under the *Local Government Act 1993 (NSW) (LGA)* and has its principal place of business at:

Civic & Cultural Centre Tumbulgum Road  
Murwillumbah NSW 2484

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.tweed.nsw.gov.au](http://www.tweed.nsw.gov.au).

## Tweed Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

#### Understanding Council's financial statements

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##### Introduction

Each year, individual local governments across New South Wales 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 2018.

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 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 a summary of income and expenses.

This statement also displays a summary of 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 value 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 a summary of 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 annual financial statements are required to be audited by the NSW Audit Office. 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.

The public can make submissions 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 Office of Local Government.

## Tweed Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2018

### Statement by Councillors and Management

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

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these financial statements:**

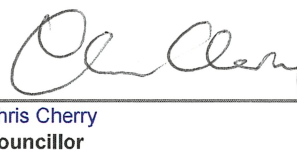
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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

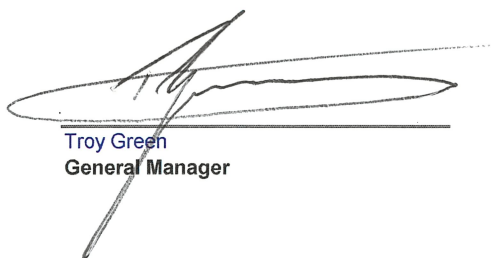
**Signed in accordance with a resolution of Council made on 25 October 2018.**



Katie Milne  
Mayor



Chris Cherry  
Councillor



Troy Green  
General Manager



Michael Chorlton  
Responsible Accounting Officer

## Tweed Shire Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
106,898	Rates and annual charges	3a	106,713	104,966
42,491	User charges and fees	3b	47,366	48,726
9,084	Interest and investment revenue	3c	9,421	9,524
2,652	Other revenues	3d	5,866	8,077
17,582	Grants and contributions provided for operating purposes	3e,f	33,233	26,370
17,149	Grants and contributions provided for capital purposes	3e,f	35,383	32,422
<b>Other income:</b>				
–	Net share of interests in joint ventures and associates using the equity method	15	96	–
<u>195,856</u>	<b>Total income from continuing operations</b>		<u>238,078</u>	<u>230,085</u>
<b>Expenses from continuing operations</b>				
54,269	Employee benefits and on-costs	4a	55,786	53,883
12,153	Borrowing costs	4b	12,591	12,960
47,969	Materials and contracts	4c	51,501	50,580
41,504	Depreciation and amortisation	4d	44,756	43,607
16,092	Other expenses	4e	15,185	13,989
–	Net losses from the disposal of assets	5	6,394	11,627
<u>171,987</u>	<b>Total expenses from continuing operations</b>		<u>186,213</u>	<u>186,646</u>
<u>23,869</u>	<b>Operating result from continuing operations</b>		<u>51,865</u>	<u>43,439</u>
<u>23,869</u>	<b>Net operating result for the year</b>		<u>51,865</u>	<u>43,439</u>
23,869	Net operating result attributable to Council		<u>51,865</u>	<u>43,439</u>
6,720	Net operating result for the year before grants and contributions provided for capital purposes		16,482	11,017

## Tweed Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>51,865</b>	<b>43,439</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	98,026	88,582
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>98,026</b>	<b>88,582</b>
<b>Total other comprehensive income for the year</b>		<b>98,026</b>	<b>88,582</b>
<b>Total comprehensive income for the year</b>		<b>149,891</b>	<b>132,021</b>
Total comprehensive income attributable to Council		149,891	132,021

## Tweed Shire Council

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	10,627	9,567
Investments	6b	111,621	155,398
Receivables	7	21,344	20,793
Inventories	8	993	912
Other	8	866	708
<b>Total current assets</b>		<b>145,451</b>	<b>187,378</b>
<b>Non-current assets</b>			
Investments	6b	205,081	140,867
Receivables	7	269	93
Infrastructure, property, plant and equipment	9	3,075,886	2,953,491
Intangible assets	10	1,079	722
Investments accounted for using the equity method	15	1,200	–
<b>Total non-current assets</b>		<b>3,283,515</b>	<b>3,095,173</b>
<b>TOTAL ASSETS</b>		<b>3,428,966</b>	<b>3,282,551</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	15,951	15,426
Income received in advance	11	5,576	4,666
Borrowings	11	8,506	8,130
Provisions	12	23,004	21,805
<b>Total current liabilities</b>		<b>53,037</b>	<b>50,027</b>
<b>Non-current liabilities</b>			
Payables	11	1,039	559
Borrowings	11	156,807	164,113
Provisions	12	5,208	4,868
<b>Total non-current liabilities</b>		<b>163,054</b>	<b>169,540</b>
<b>TOTAL LIABILITIES</b>		<b>216,091</b>	<b>219,567</b>
<b>Net assets</b>		<b>3,212,875</b>	<b>3,062,984</b>
<b>EQUITY</b>			
Accumulated surplus		1,446,304	1,394,439
Revaluation reserves	13	1,766,571	1,668,545
Council equity interest		3,212,875	3,062,984
<b>Total equity</b>		<b>3,212,875</b>	<b>3,062,984</b>

## Tweed Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		1,394,439	1,668,545	<b>3,062,984</b>	1,350,980	1,579,983	<b>2,930,963</b>
<b>Net operating result for the year</b>		<b>51,865</b>	<b>–</b>	<b>51,865</b>	<b>43,439</b>	<b>–</b>	<b>43,439</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9a	–	98,026	<b>98,026</b>	–	88,582	<b>88,582</b>
<b>Other comprehensive income</b>		<b>–</b>	<b>98,026</b>	<b>98,026</b>	<b>–</b>	<b>88,582</b>	<b>88,582</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>51,865</b>	<b>98,026</b>	<b>149,891</b>	<b>43,439</b>	<b>88,582</b>	<b>132,021</b>
Transfers between equity items		–	–	–	20	(20)	–
<b>Equity – balance at end of the reporting period</b>		<b>1,446,304</b>	<b>1,766,571</b>	<b>3,212,875</b>	<b>1,394,439</b>	<b>1,668,545</b>	<b>3,062,984</b>



## Tweed Shire Council

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
106,719	Rates and annual charges		107,014	105,154
42,481	User charges and fees		49,320	50,590
9,246	Investment and interest revenue received		9,361	8,458
35,743	Grants and contributions		55,373	48,966
–	Bonds, deposits and retention amounts received		2,209	252
2,896	Other		10,464	9,115
<b>Payments:</b>				
(52,864)	Employee benefits and on-costs		(54,815)	(54,319)
(50,733)	Materials and contracts		(55,792)	(53,107)
(12,166)	Borrowing costs		(12,115)	(12,539)
(16,092)	Other		(15,401)	(13,221)
<b>65,230</b>	<b>Net cash provided (or used in) operating activities</b>	14b	<b>95,618</b>	<b>89,349</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
9,950	Sale of investment securities		91,000	75,507
2,174	Sale of infrastructure, property, plant and equipment		1,462	1,136
–	Deferred debtors receipts		–	10
<b>Payments:</b>				
(13,767)	Purchase of investment securities		(111,464)	(111,122)
(57,110)	Purchase of infrastructure, property, plant and equipment		(68,290)	(48,286)
–	Deferred debtors and advances made		(2)	–
<b>(58,753)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(87,294)</b>	<b>(82,755)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
1,976	Proceeds from borrowings and advances		1,200	1,976
<b>Payments:</b>				
(8,453)	Repayment of borrowings and advances		(8,464)	(8,533)
<b>(6,477)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(7,264)</b>	<b>(6,557)</b>
<b>–</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,060</b>	<b>37</b>
6,000	Plus: cash and cash equivalents – beginning of year	14a	9,567	9,530
<b>6,000</b>	<b>Cash and cash equivalents – end of the year</b>	14a	<b>10,627</b>	<b>9,567</b>
Additional Information:				
	plus: Investments on hand – end of year	6b	316,702	296,265
	<b>Total cash, cash equivalents and investments</b>		<b>327,329</b>	<b>305,832</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 25/10/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 21 Related Party Disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked .

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

Council adopted the following Australian accounting standard amendments for these financial statements:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt.

Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 11 (c).

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard means that Not-for-profit entities (and therefore Council) no longer need to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

Instead, it is expected that for Not-for-profit entities holding non-cash-generating specialised assets, the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 13 Fair Value Measurement.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

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##### **(b) Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

##### **(c) Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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 include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 12,

##### ***Significant judgements in applying the 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) Useful lives of assets

Council has used significant judgment in determining the useful lives of assets and the associated consumption (depreciation expense).

#### **Monies and other assets received by Council**

##### **(a) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

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

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

##### (b) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

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

##### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

##### New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements, however Council has not undertaken a detailed analysis of the impact at this time.

##### Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments*

This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

##### Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*.

## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

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Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- **AASB 16 Leases**

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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 and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Natural resource management	6,411	5,326	5,065	5,095	1,346	231	6,241	–	205,836	–
Asset protection	2,895	1,765	5,966	6,313	(3,071)	(4,548)	217	–	201,671	–
Utility services	96,014	98,211	65,125	70,321	30,889	27,890	1,071	–	707,106	–
Managing community growth	31	38	1,120	1,116	(1,089)	(1,078)	12	–	–	–
Built environment	4,965	4,638	6,551	5,794	(1,586)	(1,156)	–	–	–	–
Engagement	71,291	73,590	10,971	10,182	60,320	63,408	8,665	–	808,059	–
People	5,641	4,921	13,278	12,217	(7,637)	(7,296)	2,026	–	55,995	–
Places	17,163	14,425	29,890	27,950	(12,727)	(13,525)	840	–	388,435	–
Moving around	29,697	19,897	40,867	34,536	(11,170)	(14,639)	21,900	–	954,212	–
Assurance	3,293	1,901	4,977	5,072	(1,684)	(3,171)	–	–	75,651	–
Support services	677	5,373	2,403	8,050	(1,726)	(2,677)	–	–	32,001	–
Other	–	–	–	–	–	–	–	32,614	–	3,282,551
<b>Total functions and activities</b>	<b>238,078</b>	<b>230,085</b>	<b>186,213</b>	<b>186,646</b>	<b>51,865</b>	<b>43,439</b>	<b>40,972</b>	<b>32,614</b>	<b>3,428,966</b>	<b>3,282,551</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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:**

##### **Natural resource management**

Biodiversity, bushland, coastal, and waterways management. Environmental sustainability and sustainable agriculture

##### **Asset protection**

Floodplain management and stormwater drainage

##### **Utility services**

Rubbish & recycling, Tweed Laboratory, sewerage services and water supply

##### **Managing community growth**

Strategic land use planning

##### **Built environment**

Building certification, development assessment and development engineering

##### **Engagement**

Animal management, communications, contact centre, councillor & civic business and financial services

##### **People**

Cemeteries, community & cultural development, community services, compliance services, economic development, environmental health, events, lifeguard services, local emergency management, pest management, public toilets and tourism

##### **Places**

Aquatic centres, art gallery, auditoriums, holiday parks, libraries, museums, parks & gardens, saleyards and sporting fields

##### **Moving around**

Airfield, construction services, design services, roads, traffic and footpaths & cycleways

##### **Assurance**

Governance, internal audit and legal services

##### **Support services**

Fleet management, Human resources & workplace health & safety, information technology and procurement services



## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	48,917	47,812
Farmland	3,001	2,994
Business	5,104	4,921
<b>Total ordinary rates</b>	<b>57,022</b>	<b>55,727</b>
<b>Special rates</b>		
Koala beach	81	80
Cobaki Lakes	563	555
<b>Total special rates</b>	<b>644</b>	<b>635</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	12,385	12,793
Water supply services	5,446	5,520
Sewerage services	28,478	27,541
Waste management services (non-domestic)	2,738	2,750
<b>Total annual charges</b>	<b>49,047</b>	<b>48,604</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>106,713</b>	<b>104,966</b>

Council has used 2017 year valuations provided by the NSW Valuer General in calculating its rates.

#### **Accounting policy for rates and annual charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these charges.

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 year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Domestic waste management services	581	2,069
Water supply services	22,393	21,726
Sewerage services	3,057	3,296
Waste management services (non-domestic)	2,981	3,131
<b>Total specific user charges</b>	<b>29,012</b>	<b>30,222</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works – section 67	139	67
Section 603 certificates	220	225
Town planning	1,008	989
Animal control	172	119
Health approvals	811	768
Building	1,750	1,653
<b>Total fees and charges – statutory/regulatory</b>	<b>4,100</b>	<b>3,821</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	35	35
Caravan park	8,171	8,508
Cemeteries	877	895
Leaseback fees – Council vehicles	496	469
Library and art gallery	475	436
Parking fees	14	9
Water connection fees	349	355
Beach vehicles	22	20
Parks and gardens	138	106
Pools	1,644	1,617
Sewer/drainage	406	334
Sportsgrounds	76	76
Tweed laboratory	496	479
Other	1,055	1,344
<b>Total fees and charges – other</b>	<b>14,254</b>	<b>14,683</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>47,366</b>	<b>48,726</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	406	437
– Cash and investments	9,018	8,622
– Deferred debtors	24	24
<b>Fair value adjustments</b>		
– Fair valuation movements in investments (at fair value or held for trading)	(27)	441
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>9,421</b>	<b>9,524</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	228	242
General Council cash and investments	2,226	3,049
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	1,142	1,051
– Section 64	–	32
Water fund operations	1,629	1,981
Sewerage fund operations	2,379	2,197
Domestic waste management operations	470	394
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	1,347	578
<b>Total interest and investment revenue recognised</b>	<b>9,421</b>	<b>9,524</b>

**Accounting policy for interest and investment revenue**

Interest 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 is accounted for using the effective interest rate at the date that interest is earned.

**(d) Other revenues**

Rental income – other council properties	927	902
Fines – parking	278	276
Fines – other	45	193
Legal fees recovery – rates and charges (extra charges)	153	392
Legal fees recovery – other	8	13
Insurance claim recoveries	2,735	5,432
Tweed coast holiday parks other income	121	285
Initial recognition of an associate (RTRL)	1,104	–
Other	495	584
<b>TOTAL OTHER REVENUE</b>	<b>5,866</b>	<b>8,077</b>

**Accounting policy for other revenue**

Parking fees and fines are recognised as revenue as payment is received.

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

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	7,728	11,034	–	–
Financial assistance – local roads component	2,903	4,020	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	937	965	–	–
<b>Total general purpose</b>	<b>11,568</b>	<b>16,019</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	371	379	–	–
– Sewerage	358	366	–	–
– Domestic waste management	219	218	–	–
Bushfire and emergency services	163	171	10	17
Library	273	257	–	–
LIRS subsidy	123	127	–	–
Street lighting	155	152	–	–
Transport (other roads and bridges funding)	14,574	2,970	3,410	4,329
Other waste and sustainability improvement	123	807	–	–
Art gallery	113	100	109	4
Community service	1,013	1,341	–	–
Cycleways/walkways	–	–	544	74
Environment (incl. coastal/estuary management)	544	481	5,421	4,395
Pedestrian facilities	–	–	25	20
Positions funded by other govt. dept	165	82	–	–
Other	663	43	1,028	262
<b>Total specific purpose</b>	<b>18,857</b>	<b>7,494</b>	<b>10,547</b>	<b>9,101</b>
<b>Total grants</b>	<b>30,425</b>	<b>23,513</b>	<b>10,547</b>	<b>9,101</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	11,298	15,054	2,792	4,249
– State funding	19,127	8,459	7,755	4,852
	<b>30,425</b>	<b>23,513</b>	<b>10,547</b>	<b>9,101</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	5,667	8,610
S 64 – water supply contributions		–	–	4,220	5,447
S 64 – sewerage service contributions		–	–	2,248	2,881
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>12,135</b>	<b>16,938</b>
<b>Non-cash contributions</b>					
Water S 64 – in kind		–	–	980	445
Sewerage S 64 – in kind		–	–	2,539	1,446
<b>Total developer contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>3,519</b>	<b>1,891</b>
<b>Total developer contributions</b>	22	<b>–</b>	<b>–</b>	<b>15,654</b>	<b>18,829</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Community services		157	40	–	–
Recreation and culture		–	–	633	–
RMS contributions (regional roads, block grant)		2,222	2,192	221	205
Sewerage (excl. section 64 contributions)		197	220	–	–
Environment		184	227	–	–
Roads		–	–	788	874
Other		48	178	36	66
<b>Total other contributions – cash</b>		<b>2,808</b>	<b>2,857</b>	<b>1,678</b>	<b>1,145</b>
<b>Non-cash contributions</b>					
Community services		–	–	592	–
Dedications (other than by s7.11) – land		–	–	781	–
Art gallery		–	–	572	409
Dedications (other than by s7.11) – drainage		–	–	2,548	1,437
Dedications (other than by s7.11) – land under roads		–	–	174	13
Dedications (other than by s7.11) – open space		–	–	867	450
Dedications (other than by s7.11) – roads		–	–	1,970	1,038
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>7,504</b>	<b>3,347</b>
<b>Total other contributions</b>		<b>2,808</b>	<b>2,857</b>	<b>9,182</b>	<b>4,492</b>
<b>Total contributions</b>		<b>2,808</b>	<b>2,857</b>	<b>24,836</b>	<b>23,321</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>33,233</b>	<b>26,370</b>	<b>35,383</b>	<b>32,422</b>

**Accounting policy for grants and contributions**

Grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. 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.

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 un-discharged at reporting date, the unused grant or contribution is disclosed.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	3,117	4,845
<b>Add:</b> operating grants recognised in the current period but not yet spent	1,739	1,098
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(1,863)	(2,826)
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>2,993</u>	<u>3,117</u>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	2,371	2,453
<b>Add:</b> capital grants recognised in the current period but not yet spent	771	80
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(116)	(162)
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>3,026</u>	<u>2,371</u>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	36,111	32,748
<b>Add:</b> contributions recognised in the current period but not yet spent	3,988	5,064
<b>Less:</b> contributions recognised in a previous reporting period now spent	(176)	(1,701)
<b>Unexpended and held as restricted assets (contributions)</b>	<u>39,923</u>	<u>36,111</u>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations

\$ '000	2018	2017
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	47,559	45,923
Travel expenses	104	86
Employee leave entitlements (ELE)	7,871	6,598
Superannuation	5,062	4,956
Workers' compensation insurance	315	273
Fringe benefit tax (FBT)	94	217
Payroll tax	1,028	1,025
Training costs (other than salaries and wages)	263	291
Other	200	203
<b>Total employee costs</b>	<b>62,496</b>	<b>59,572</b>
Less: capitalised costs	(6,710)	(5,689)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>55,786</b>	<b>53,883</b>

#### Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

#### 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 Superannuation

Council participates in a defined benefits superannuation scheme called the Local Government Superannuation Scheme - Pool B (Scheme). The Pooled Employers form a sub-group of the Scheme with over 170 employers supporting over 8,700 employees and ex-employees.

The Scheme is considered to be a defined benefit multi-employer plan for the following reasons:

- 1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- 2) The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
- 3) Benefits for employees of all sponsoring employers are determined according to the same formula and without regard to the sponsoring employer; and
- 4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund total benefits over the working life of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2017 for 4 years to 30 June 2021. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

##### Defined Benefit Superannuation (continued)

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Scheme's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding of additional contributions. There is no provision for the allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Scheme's trust deed dealing with deficits or surplus wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The expected contribution to the Scheme for the next annual reporting period is \$1,452,878.36.

The estimated employer reserves financial position for the Pooled Employers as at 30 June 2018 is:

Employer Reserves Only	\$millions	Asset Coverage
Assets	1,817.8	
Past Service Liability	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

\* Excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

- Investment return 6.0% per annum
- Salary inflation\* 3.5% per annum
- Increase in CPI\* 2.5% per annum

\*Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

The implications are that additional contributions are estimated to remain in place until 30 June 2021 (i.e. \$1.878m)

It is estimated that Council's level of participation in the Scheme compared with other participating Pooled Employers is 1.57%.

#### (b) Borrowing costs

##### (i) Interest bearing liability costs

	Notes	2018	2017
Interest on overdraft		–	1
Interest on loans		12,092	12,497
Other debts		–	20
<b>Total interest bearing liability costs expensed</b>		<b>12,092</b>	<b>12,518</b>

##### (ii) Other borrowing costs

Discount adjustments relating to movements in provisions (other than Employee Leave Entitlements)			
– Remediation liabilities	12	165	12
Interest applicable on interest free (and favourable) loans to Council		334	430
<b>Total other borrowing costs</b>		<b>499</b>	<b>442</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>12,591</b>	<b>12,960</b>

##### Accounting policy for borrowing costs

Borrowing costs are expensed over the life of the loan.



## Tweed Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(c) Materials and contracts</b>		
Raw materials and consumables	49,552	48,761
Auditors remuneration <sup>(2)</sup>	116	118
Legal expenses:		
– Legal expenses: planning and development	1,396	809
– Legal expenses: other	107	143
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	330	749
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>51,501</u></b>	<b><u>50,580</u></b>

**Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee 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.

**1. Operating lease payments are attributable to:**

Computers	330	749
	<b><u>330</u></b>	<b><u>749</u></b>

**2. Auditor remuneration**

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council – NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements	93	84
<b>Remuneration for audit and other assurance services</b>	<b><u>93</u></b>	<b><u>84</u></b>
<b>Total Auditor-General remuneration</b>	<b><u>93</u></b>	<b><u>84</u></b>

**Non NSW Auditor-General audit firms:****(i) Audit and other assurance services**

Audit and review of financial statements - TCHP	23	28
<b>Remuneration for audit and other assurance services</b>	<b><u>23</u></b>	<b><u>28</u></b>

**(ii) Non-assurance services**

Other services - grant acquittals	–	6
<b>Remuneration for non-assurance services</b>	<b><u>–</u></b>	<b><u>6</u></b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b><u>23</u></b>	<b><u>34</u></b>

<b>Total Auditor remuneration</b>	<b><u>116</u></b>	<b><u>118</u></b>
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## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		2,853	2,934
Office equipment		144	173
Furniture and fittings		111	119
<b>Infrastructure:</b>			
– Buildings		1,922	1,809
– Other structures		15	15
– Roads		12,463	12,111
– Bridges		2,254	2,199
– Footpaths		703	666
– Stormwater drainage		2,540	2,455
– Water supply network		7,346	7,273
– Sewerage network		11,392	11,175
– Swimming pools		304	303
– Other open space/recreational assets		1,576	1,497
– Other infrastructure		538	494
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9 & 12	400	268
Intangible assets	10	195	116
<b>Total depreciation and amortisation costs</b>		<b>44,756</b>	<b>43,607</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</b>			
		<b>44,756</b>	<b>43,607</b>

#### Accounting policy for depreciation, amortisation and impairment expenses

##### Depreciation and amortisation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method, except for building assets, where Council uses consumption based depreciation, and transport and water/sewerage above ground assets, in which case Council uses condition based depreciation in order to allocate an asset cost over its estimated useful life.

Amortisation of intangible assets is calculated on a straight line basis over periods generally ranging from three to five years.

##### Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Bad and doubtful debts	(81)	9
Caretakers remuneration – holiday parks	1,920	1,832
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	789	787
– Waste levy	536	1,102
– Department of Lands levy – holiday parks	384	407
Councillor expenses – mayoral fee	43	39
Councillor expenses – councillors' fees	138	126
Councillors' expenses (incl. mayor)	36	33
Donations, contributions and assistance to other organisations (Section 356)	2,694	2,569
Electricity and heating	5,005	3,893
Insurance	1,917	1,715
Street lighting	1,300	996
Telephone and communications	495	468
Other	9	13
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>15,185</u></b>	<b><u>13,989</u></b>

#### Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		18	6
Less: carrying amount of property assets sold/written off		(354)	(628)
<b>Net gain/(loss) on disposal</b>		<b>(336)</b>	<b>(622)</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		1,444	1,130
Less: carrying amount of plant and equipment assets sold/written off		(1,959)	(6,099)
<b>Net gain/(loss) on disposal</b>		<b>(515)</b>	<b>(4,969)</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure assets sold/written off		(5,543)	(6,036)
<b>Net gain/(loss) on disposal</b>		<b>(5,543)</b>	<b>(6,036)</b>
<b>Financial assets</b>	6		
Proceeds from disposal/redemptions/maturities – financial assets		91,000	75,507
Less: carrying amount of financial assets sold/redeemed/matured		(91,000)	(75,507)
<b>Net gain/(loss) on disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(6,394)</b>	<b>(11,627)</b>

**Accounting policy for disposal of assets**

Any gain or loss on derecognition of an asset is included in the Income Statement in the period the asset is derecognised.

## Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	3,193	428
Cash-equivalent assets		
– Deposits at call	7,434	9,139
<b>Total cash and cash equivalents</b>	<b>10,627</b>	<b>9,567</b>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow 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 Statement of Financial Position.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
<b>Investments</b>				
<b>a. 'At fair value through the profit and loss'</b>				
– 'Held for trading'	8,000	56,081	14,978	46,867
<b>b. 'Held to maturity'</b>	103,621	149,000	140,420	94,000
<b>Total investments</b>	<b>111,621</b>	<b>205,081</b>	<b>155,398</b>	<b>140,867</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>				
	<b>122,248</b>	<b>205,081</b>	<b>164,965</b>	<b>140,867</b>
<b>Financial assets at fair value through the profit and loss</b>				
Floating rate notes and fixed rate bonds	8,000	56,081	14,978	46,867
<b>Total</b>	<b>8,000</b>	<b>56,081</b>	<b>14,978</b>	<b>46,867</b>
<b>Held to maturity investments</b>				
Long term deposits	103,621	149,000	140,420	94,000
<b>Total</b>	<b>103,621</b>	<b>149,000</b>	<b>140,420</b>	<b>94,000</b>

## Accounting policy for investments

## Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Council determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are expected to be realised within 12 months of the reporting date.

## (b) Held to maturity investments

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

## Recognition and de-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.

## Tweed Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	122,248	205,081	164,965	140,867
<b>attributable to:</b>				
External restrictions (refer below)	90,726	141,512	82,612	127,964
Internal restrictions (refer below)	23,711	63,569	72,113	12,903
Unrestricted	7,811	–	10,240	–
	<b>122,248</b>	<b>205,081</b>	<b>164,965</b>	<b>140,867</b>

\$ '000	2018	2017
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## Details of restrictions

**External restrictions – included in liabilities**

Specific purpose unexpended loans – sewer	6,190	6,190
Other – security deposits	4,457	2,260
<b>External restrictions – included in liabilities</b>	<b>10,647</b>	<b>8,450</b>

**External restrictions – other**

Developer contributions – general	39,923	36,111
Specific purpose unexpended grants	6,019	5,626
Water supplies	4,283	3,249
Water supplies – asset replacement	55,720	49,621
Sewerage services	4,153	3,188
Sewerage services – Banora Point laboratory	895	757
Sewerage services – asset replacement	79,762	70,650
Domestic waste management	17,673	15,354
Caravan park cash assets	12,939	17,330
Special rate – Koala Beach	224	240
<b>External restrictions – other</b>	<b>221,591</b>	<b>202,126</b>
<b>Total external restrictions</b>	<b>232,238</b>	<b>210,576</b>

## Tweed Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 6(c). Restricted cash, cash equivalents and investments – details (continued)

\$ '000	2018	2017
<b>Internal restrictions</b>		
Employees leave entitlement	13,569	12,903
Carry over works	8,628	8,274
Unexpended loans	3,091	3,779
Unexpended grants	1,501	3,760
Asset management reserve – infrastructure	17,964	19,575
Community facilities	10,497	11,463
Software and equipment – asset management	3,592	3,361
Access funding	204	179
Art gallery construction	201	156
Beach vehicle licence income	229	257
Catchment water quality	269	557
Insurance	80	–
Land development	529	575
Museum donations	47	38
Non-DWM management	15,843	11,634
Plant operations	5,168	4,097
Revolving energy fund	271	280
Road land sale	40	40
7 year plan	2,445	2,528
Voluntary Planning Agreements	3,112	1,560
<b>Total internal restrictions</b>	<b>87,280</b>	<b>85,016</b>
<b>TOTAL RESTRICTIONS</b>	<b>319,518</b>	<b>295,592</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	3,862	–	4,163	–
Interest and extra charges	607	–	654	–
User charges and fees	3,940	–	4,192	–
Accrued revenues				
– Interest on investments	3,130	–	2,996	–
– Other income accruals	820	–	2,830	–
Deferred debtors	3	92	–	93
Government grants and subsidies	7,859	–	5,119	–
Loans to sporting clubs	20	177	–	–
Net GST receivable	1,202	–	1,017	–
Other debtors	–	–	2	–
<b>Total</b>	<b>21,443</b>	<b>269</b>	<b>20,973</b>	<b>93</b>
<b>Less: provision for impairment</b>				
Doubtful debts	(99)	–	(180)	–
<b>Total provision for impairment – receivables</b>	<b>(99)</b>	<b>–</b>	<b>(180)</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>21,344</u></b>	<b><u>269</u></b>	<b><u>20,793</u></b>	<b><u>93</u></b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Specific purpose grants	6	–	3	–
– Rates and availability charges	225	–	235	–
– Other	3,052	–	3,474	–
<b>Sewerage services</b>				
– Specific purpose grants	6	–	2	–
– Rates and availability charges	1,080	–	1,135	–
– Other	1,261	–	1,249	–
<b>Domestic waste management</b>	<b>489</b>	<b>–</b>	<b>485</b>	<b>–</b>
<b>Other</b>				
Tweed Coast Holiday Parks	150	–	116	–
<b>Total external restrictions</b>	<b>6,269</b>	<b>–</b>	<b>6,699</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>15,075</b>	<b>269</b>	<b>14,094</b>	<b>93</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>21,344</u></b>	<b><u>269</u></b>	<b><u>20,793</u></b>	<b><u>93</u></b>
<b>Movement in provision for impairment of receivables</b>			<b>2018</b>	<b>2017</b>
Balance at the beginning of the year			180	171
+ new provisions recognised during the year			3	15
– amounts already provided for and written off this year			(81)	(6)
– amounts provided for but recovered during the year			(3)	–
<b>Balance at the end of the year</b>			<b>99</b>	<b>180</b>



## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

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##### **Accounting policy**

Receivables are initially recognised at fair value.

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

The collectability 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 i.e. 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.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Stores and materials	811	–	912	–
Other	182	–	–	–
<b>Total inventories at cost</b>	<b>993</b>	<b>–</b>	<b>912</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>993</b>	<b>–</b>	<b>912</b>	<b>–</b>
<b>(b) Other assets</b>				
Prepayments	866	–	708	–
<b>TOTAL OTHER ASSETS</b>	<b>866</b>	<b>–</b>	<b>708</b>	<b>–</b>
<b>Externally restricted assets</b>				
<b>Water</b>				
Prepayments	34	–	32	–
<b>Total water</b>	<b>34</b>	<b>–</b>	<b>32</b>	<b>–</b>
<b>Sewerage</b>				
Prepayments	47	–	31	–
<b>Total sewerage</b>	<b>47</b>	<b>–</b>	<b>31</b>	<b>–</b>
<b>Tweed Coast Holiday Parks</b>				
Prepayments	179	–	146	–
Trading stock	182	–	–	–
<b>Total other</b>	<b>361</b>	<b>–</b>	<b>292</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>442</b>	<b>–</b>	<b>355</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>1,417</b>	<b>–</b>	<b>1,265</b>	<b>–</b>
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>1,859</b>	<b>–</b>	<b>1,620</b>	<b>–</b>

**Accounting policy****Raw Materials and Stores, Work in Progress and Finished Goods**

Raw materials and stores, work in progress and finished goods are 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.

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

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

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.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9(a). Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	16,829	–	16,829	10,000	6,036	–	–	(19,000)	(309)	–	–	13,556	–	13,556
Plant and equipment	34,735	12,471	22,264	8,197	308	(1,902)	(2,853)	2,853	–	–	–	41,938	13,071	28,867
Office equipment	1,825	1,426	399	–	66	–	(144)	–	–	–	–	1,298	977	321
Furniture and fittings	2,727	2,056	671	–	199	–	(111)	20	–	–	–	2,946	2,167	779
<b>Land:</b>														
– Operational land	516,805	–	516,805	–	1,369	–	–	60	(175,033)	–	75,385	418,586	–	418,586
– Community land	105,207	–	105,207	–	536	–	–	–	125	(120)	–	105,748	–	105,748
– Land under roads (pre 1/7/08)	44,222	–	44,222	–	–	–	–	–	–	–	–	44,222	–	44,222
– Land under roads (post 30/6/08)	728	–	728	–	174	–	–	–	–	–	–	902	–	902
<b>Infrastructure:</b>														
– Buildings	172,376	20,739	151,637	3,439	2,698	(354)	(1,922)	4,616	–	–	–	182,880	22,766	160,114
– Other structures	355	–	355	–	–	–	(15)	–	–	–	–	340	–	340
– Roads	697,066	178,156	518,910	14,571	3,046	(3,191)	(12,463)	2,301	–	–	48	706,853	183,631	523,222
– Bridges	192,447	29,548	162,899	–	939	–	(2,254)	433	–	–	–	193,819	31,802	162,017
– Footpaths	40,921	7,726	33,195	611	537	(100)	(703)	–	–	–	40	42,020	8,440	33,580
– Bulk earthworks (non-depreciable)	147,757	–	147,757	1,321	225	–	–	–	–	–	25	149,328	–	149,328
– Stormwater drainage	234,271	77,648	156,623	381	4,390	(59)	(2,540)	102	–	–	99	239,116	80,120	158,996
– Water supply network	597,577	96,807	500,770	1,296	1,439	(1,754)	(7,346)	393	–	–	10,247	609,947	104,902	505,045
– Sewerage network	677,441	144,336	533,105	1,166	4,804	(438)	(11,392)	1,602	–	–	12,302	699,677	158,528	541,149
– Swimming pools	5,240	2,240	3,000	20	–	–	(304)	–	–	–	–	5,260	2,544	2,716
– Other open space/recreational assets	35,126	10,205	24,921	474	4,565	(58)	(1,576)	1,270	138	–	–	41,359	11,625	29,734
– Other infrastructure	11,595	6,014	5,581	79	3,076	–	(538)	5,350	174,908	–	–	194,919	6,463	188,456
<b>Other assets:</b>														
– Artworks	6,291	–	6,291	–	636	–	–	–	–	–	–	6,927	–	6,927
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>														
– Tip assets	2,406	1,084	1,322	–	359	–	(400)	–	–	–	–	2,764	1,483	1,281
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>3,543,947</b>	<b>590,456</b>	<b>2,953,491</b>	<b>41,555</b>	<b>35,402</b>	<b>(7,856)</b>	<b>(44,561)</b>	<b>–</b>	<b>(171)</b>	<b>(120)</b>	<b>98,146</b>	<b>3,704,405</b>	<b>628,519</b>	<b>3,075,886</b>

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9(a). Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Buildings</b>	<b>Years</b>
Office equipment	3 to 10	Buildings: floor	60 to 130
Office furniture	4 to 20	Buildings: envelope	45 to 125
Computer equipment	4	Buildings: roof	40 to 90
Vehicles	2.5		
Heavy plant/road making equipment	5 to 10		
Other plant and equipment	5 to 10		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100	Drains	100
Reticulation pipes: PVC and other	70	Culverts	75
Pumps and telemetry	20	Flood control structures	80
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads surface	20 to 30	Bulk earthworks	Infinite
Concrete/paved road			
Road pavement - gravel			
Road pavement - sealed	60 to 100		
Road pavement sub-base	180 to 300		
Bridge concrete	80 to 100		
Bridge other	30 to 100		
Footpaths	30 to 60		
Kerb and guttering			
Traffic facilities	20 to 80		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

##### 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 acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

##### Crown reserves

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

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

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9(a). Infrastructure, property, plant and equipment (continued)

**Rural Fire Service assets**

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "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".

Notwithstanding the above, Council has determined that it does not control RFS plant and vehicles, in accordance with SAC 4, AASB 10, and The Framework for the Preparation and Presentation of Financial Statements, and therefore will not recognise Rural Fire Service plant and vehicle assets.

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	4,104	–	4,104	926	–	926
Plant and equipment	245	143	102	203	109	94
Office equipment	9	4	5	9	2	7
Furniture and fittings	20	20	–	20	20	–
Land						
– Operational land	48,018	–	48,018	41,204	–	41,204
– Community land	82	–	82	82	–	82
Buildings	6,258	984	5,274	4,465	935	3,530
Infrastructure	609,221	104,902	504,319	596,851	96,807	500,044
Other assets	728	–	728	785	25	760
<b>Total water supply</b>	<b>668,685</b>	<b>106,053</b>	<b>562,632</b>	<b>644,545</b>	<b>97,898</b>	<b>546,647</b>
<b>Sewerage services</b>						
WIP	1,758	–	1,758	2,219	–	2,219
Plant and equipment	1,165	856	309	1,128	778	350
Office equipment	25	15	10	47	32	15
Furniture and fittings	92	88	4	92	88	4
Land						
– Operational land	56,157	–	56,157	50,882	–	50,882
– Community land	220	–	220	220	–	220
Buildings	6,978	609	6,369	6,953	566	6,387
Infrastructure	699,677	158,528	541,149	677,441	144,337	533,104
<b>Total sewerage services</b>	<b>766,072</b>	<b>160,096</b>	<b>605,976</b>	<b>738,982</b>	<b>145,801</b>	<b>593,181</b>
<b>Domestic waste management</b>						
Plant and equipment	62	40	22	54	40	14
Office equipment	16	16	–	27	27	–
Furniture and fittings	198	182	16	198	142	56
Land						
– Operational land	3,980	–	3,980	3,059	–	3,059
Buildings	975	250	725	1,034	300	734
Other structures	66	66	–	66	66	–
<b>Total DWM</b>	<b>5,297</b>	<b>554</b>	<b>4,743</b>	<b>4,438</b>	<b>575</b>	<b>3,863</b>
<b>Tweed Coast Holiday Parks</b>						
– Capital WIP	392	–	392	849	–	849
– Plant & Equipment	7,601	746	6,855	4,865	628	4,237
– Office Equipment	85	61	24	62	55	7
– Operational Land	101,460	–	101,460	94,927	–	94,927
– Buildings	16,668	2,029	14,639	14,180	1,468	12,712
– Swimming Pools	269	220	49	269	205	64
<b>Total other restrictions</b>	<b>126,475</b>	<b>3,056</b>	<b>123,419</b>	<b>115,152</b>	<b>2,356</b>	<b>112,796</b>
<b>TOTAL RESTRICTED IPP&amp;E</b>	<b>1,566,529</b>	<b>269,759</b>	<b>1,296,770</b>	<b>1,503,117</b>	<b>246,630</b>	<b>1,256,487</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value (1/7)	3,979	3,598
Accumulated amortisation (1/7)	<u>(3,257)</u>	<u>(3,183)</u>
<b>Net book value – opening balance</b>	<b><u>722</u></b>	<b><u>415</u></b>
<b>Movements for the year</b>		
– Purchases	552	383
– Development costs	–	40
– Amortisation charges	(195)	(116)
– Gross book value written off	(138)	(42)
– Accumulated amortisation charges written off	138	42
<b>Closing values:</b>		
Gross book value (30/6)	4,393	3,979
Accumulated amortisation (30/6)	<u>(3,314)</u>	<u>(3,257)</u>
<b>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</b> <sup>1</sup>	<b><u>1,079</u></b>	<b><u>722</u></b>
<b><sup>1:</sup> The net book value of intangible assets represent:</b>		
– Software	<u>1,079</u>	<u>722</u>
	<b><u>1,079</u></b>	<b><u>722</u></b>

#### Accounting policy for intangible assets

##### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services. No direct payroll, and payroll related costs of employees' time spent on the project are capitalised.

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.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	8,366	–	8,066	–
Goods and services – capital expenditure	3,141	–	5,116	–
Accrued expenses:				
– Borrowings	401	–	424	–
– Other expenditure accruals	613	–	119	–
Security bonds, deposits and retentions	3,430	1,039	1,701	559
<b>Total payables</b>	<b>15,951</b>	<b>1,039</b>	<b>15,426</b>	<b>559</b>
<b>Income received in advance</b>				
Payments received in advance	5,576	–	4,666	–
<b>Total income received in advance</b>	<b>5,576</b>	<b>–</b>	<b>4,666</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	8,506	156,807	8,130	164,113
<b>Total borrowings</b>	<b>8,506</b>	<b>156,807</b>	<b>8,130</b>	<b>164,113</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>30,033</b>	<b>157,846</b>	<b>28,222</b>	<b>164,672</b>

## (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	2,910	59,197	1,926	60,749
Sewer	3,138	24,572	2,811	27,105
Other - bonds and deposits	4,457	–	2,260	–
Other – holiday parks	2,737	–	2,163	–
Payables and borrowings relating to externally restricted assets	13,242	83,769	9,160	87,854
<b>Total payables and borrowings relating to restricted assets</b>	<b>13,242</b>	<b>83,769</b>	<b>9,160</b>	<b>87,854</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>16,791</b>	<b>74,077</b>	<b>19,062</b>	<b>76,818</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>30,033</b>	<b>157,846</b>	<b>28,222</b>	<b>164,672</b>

<sup>1</sup> Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

## Tweed Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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**(b) Current payables and borrowings not anticipated to be settled within the next twelve months**

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

Payables – security bonds, deposits and retentions	–	300
	<b>–</b>	<b>300</b>

**(c) Changes in liabilities arising from financing activities**

Class of borrowings	2017		Non-cash changes			2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	172,243	(7,264)	–	334	–	165,313
<b>TOTAL</b>	<b>172,243</b>	<b>(7,264)</b>	<b>–</b>	<b>334</b>	<b>–</b>	<b>165,313</b>

\$ '000	2018	2017
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**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities <sup>(1)</sup>	1,000	1,000
Credit cards/purchase cards	300	300
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

**Drawn facilities as at balance date:**

– Credit cards/purchase cards	19	25
<b>Total drawn financing arrangements</b>	<b>19</b>	<b>25</b>

**Undrawn facilities as at balance date:**

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	281	275
<b>Total undrawn financing arrangements</b>	<b>1,281</b>	<b>1,275</b>

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



## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Payables and borrowings (continued)

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##### **Accounting policy for payables and borrowings**

###### **Payables**

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

###### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	4,982	–	4,726	–
Sick leave	4,584	1,505	3,655	2,119
Long service leave	13,438	762	13,424	332
<b>Sub-total – aggregate employee benefits</b>	<b>23,004</b>	<b>2,267</b>	<b>21,805</b>	<b>2,451</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	2,941	–	2,417
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>2,941</b>	<b>–</b>	<b>2,417</b>
<b>TOTAL PROVISIONS</b>	<b>23,004</b>	<b>5,208</b>	<b>21,805</b>	<b>4,868</b>
<b>(a) Provisions relating to restricted assets</b>				
	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Domestic waste management	–	1,169	–	1,087
Provisions relating to externally restricted assets	–	1,169	–	1,087
<b>Internally restricted assets</b>				
Non-Domestic waste management	–	1,169	–	1,087
Provisions relating to internally restricted assets	–	1,169	–	1,087
<b>Total provisions relating to restricted assets</b>	<b>–</b>	<b>2,338</b>	<b>–</b>	<b>2,174</b>
<b>Total provisions relating to unrestricted assets</b>	<b>23,004</b>	<b>2,870</b>	<b>21,805</b>	<b>2,694</b>
<b>TOTAL PROVISIONS</b>	<b>23,004</b>	<b>5,208</b>	<b>21,805</b>	<b>4,868</b>

\$ '000	2018	2017
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**(b) Current provisions not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	13,566	12,783
	<b>13,566</b>	<b>12,783</b>

## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 12. Provisions (continued)

\$ '000

##### (c) Description of and movements in provisions

2018	Other provisions	
	Asset remediation	Total
At beginning of year	2,417	2,417
<b>Changes to provision:</b>		
Additional provisions	359	359
Unwinding of discount	165	165
<b>Total other provisions at end of year</b>	<b>2,941</b>	<b>2,941</b>
2017		
At beginning of year	863	863
<b>Changes to provision:</b>		
Additional provisions	1,542	1,542
Unwinding of discount	12	12
<b>Total other provisions at end of year</b>	<b>2,417</b>	<b>2,417</b>

##### Nature and purpose of non-employee benefit provisions

###### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate tips and quarries.

###### Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Provisions (continued)

##### **Employee benefits**

###### **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. 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. Liabilities for wages and salaries, and annual leave are classified as current.

###### **Other long-term employee benefit 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.

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

##### **Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries**

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Provisions (continued)

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##### **Rehabilitation**

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 reporting 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 reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

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

Close down and restoration 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.

#### Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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##### Nature and purpose of reserves

##### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	10,627	9,567
<b>Balance as per the Statement of Cash Flows</b>		<b>10,627</b>	<b>9,567</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>51,865</b>	<b>43,439</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		44,756	43,607
Net losses/(gains) on disposal of assets		6,394	11,627
Non-cash capital grants and contributions		(11,023)	(5,832)
<b>Losses/(gains) recognised on fair value re-measurements through the P&amp;L:</b>			
– Investments classified as 'at fair value' or 'held for trading'		27	(441)
Initial recognition of an associate (RTRL)		(1,104)	–
<b>Amortisation of premiums, discounts and prior period fair valuations</b>			
– Interest exp. on interest-free loans received by Council (previously fair valued)		334	430
Unwinding of discount rates on reinstatement provisions		165	12
Share of net (profits) or losses of associates/joint ventures		(96)	–
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(644)	(7,201)
Increase/(decrease) in provision for doubtful debts		(81)	9
Decrease/(increase) in inventories		(81)	19
Decrease/(increase) in other assets		(158)	3
Increase/(decrease) in payables		300	1,965
Increase/(decrease) in accrued interest payable		(23)	(21)
Increase/(decrease) in other accrued expenses payable		494	87
Increase/(decrease) in other liabilities		3,119	450
Increase/(decrease) in employee leave entitlements		1,015	(346)
Increase/(decrease) in other provisions		359	1,542
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>95,618</b>	<b>89,349</b>
<b>(c) Non-cash investing and financing activities</b>			
Art gallery		572	409
Development contributions – general		6,932	2,938
Development contributions – water		980	445
Development contributions – sewerage		2,539	1,446
Other non-cash items		–	594
<b>Total non-cash investing and financing activities</b>		<b>11,023</b>	<b>5,832</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 15. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	2018	2017	2018	2017
Associates	96	–	1,200	–
<b>Total</b>	<b>96</b>	<b>–</b>	<b>1,200</b>	<b>–</b>

## (a) Controlled entities – being entities and operations controlled by Council

Council's consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with AASB 10 and the accounting policy described below.

Name of operation/entity	Principal activity	Ownership		Voting rights	
		2018	2017	2018	2017
<b>Tweed Coast Holiday Parks</b>	Holiday parks Boyd's Bay Tweed Heads South				
<b>Interests in Controlled Entity</b>					
<b>Summarised financial information for the controlled entity</b>					
<b>Summarised statement of comprehensive income</b>					
Revenue		8,677		9,249	
Expenses		(7,137)		(7,428)	
<b>Profit for the period</b>		<b>1,540</b>		<b>1,821</b>	
<b>Other comprehensive income:</b>					
Fair value adjustment – IPP&E		–		9,425	
<b>Total comprehensive income</b>		<b>1,540</b>		<b>11,246</b>	
<b>Summarised statement of financial position</b>					
Current assets		13,452		17,592	
Non-current assets		123,419		112,796	
<b>Total assets</b>		<b>136,871</b>		<b>130,388</b>	
Current liabilities		3,419		2,545	
Non-current liabilities		8		7	
<b>Total liabilities</b>		<b>3,427</b>		<b>2,552</b>	
<b>Net assets</b>		<b>133,444</b>		<b>127,836</b>	
<b>Summarised statement of cash flows</b>					
Cash flows from operating activities		2,794		2,882	
Cash flows from investing activities		(1,920)		(1,302)	
Cash flows from financing activities		(2,466)		(1,670)	
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,592)</b>		<b>(90)</b>	

**Restrictions relating to subsidiaries**

Tweed Shire Council is the manager of the Tweed Coast Holiday Parks Reserve Trust.

TCHP surplus funds are reinvested back into the business.

**Accounting policy for subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. All controlled entities have a June financial year end.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Interests in other entities (continued)

\$ '000

##### (b) Associates

Council has incorporated the following associates into its consolidated financial statements.

On 1 July 2017 Council entered into a new agreement with other local councils to operate regional library services. Richmond Tweed Regional Library (RTRL) was previously controlled by Lismore City Council. The execution of the new agreement has resulted in RTRL becoming an associate of Council. Council cannot access the assets of RTRL, but is entitled to, on termination of the agreement, equal share of the total equity as at 1 July 2017 and a share of the changes in equity from this date in the same proportion as Council's financial contributions over the duration of the agreement.

##### Summarised financial information for individually immaterial associates

In addition to the associates disclosed individually above, Council has interests in a number of individually immaterial associates that have still been accounted for using the equity method.

##### Individually immaterial associates

	2018	2017
<b>Aggregate carrying amount of individually immaterial associates</b>	<b>1,200</b>	<b>-</b>
<b>Aggregate amounts of Council's share of individually immaterial:</b>		
Profit/(loss) from continuing operations	96	-
<b>Total comprehensive income – individually immaterial associates</b>	<b>96</b>	<b>-</b>

##### Accounting policy for associates

Interests in associates are accounted for using the equity method in accordance with AASB128 Investments in *Associates and Joint Ventures*. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses.

The Council's share in the associate's gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associate's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

##### (c) Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2018 Net profit	2018 Net assets
<b>North East Weight of Loads Group (NEWLOG)</b>	Enforcement of load weights carried by heavy vehicles.	(256)	128

##### Reasons for non-recognition

Council's share of NEWLOG net assets is 11.72%. Council considers this immaterial to the consolidated financial statements.



## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	1,900	1,789
Plant and equipment	48	128
Infrastructure	4,101	–
Land	3,494	–
Other	–	12,879
<b>Total commitments</b>	<b>9,543</b>	<b>14,796</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	9,543	14,766
Later than one year and not later than 5 years	–	30
<b>Total payable</b>	<b>9,543</b>	<b>14,796</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	2,314	1,268
Future grants and contributions	3,791	8,045
Section 7.11 and 64 funds/reserves	1,735	1,669
Unexpended grants	45	335
Internally restricted reserves	–	2,730
Unrestricted water funds	1,511	84
Unrestricted sewerage funds	147	665
<b>Total sources of funding</b>	<b>9,543</b>	<b>14,796</b>
<b>(b) Operating lease commitments (non-cancellable)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year	345	342
Later than one year and not later than 5 years	534	431
Later than 5 years	1	–
<b>Total non-cancellable operating lease commitments</b>	<b>880</b>	<b>773</b>
<b>b. Non-cancellable operating leases include the following assets:</b>		
Contingent rentals may be payable depending on the condition of items or usage during the lease term.		
<b>Conditions relating to operating leases:</b>		
– 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 year ended 30 June 2018

#### Note 17. Contingencies and other liabilities/assets not recognised

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

##### **LIABILITIES NOT RECOGNISED:**

###### **(i) Legal issues**

Council can defend actions in Land & Environment Court. It is not practical to estimate the amount, if any, for which Council could be liable thereof. For matters relating to public liability and professional indemnity, Council holds appropriate insurance cover.

##### **ASSETS NOT RECOGNISED:**

###### **(i) Infringement notices/fines**

Fines and 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.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. 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 financial 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.

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

	Carrying value		Fair value	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	10,627	9,567	10,627	9,567
Investments				
– 'Held for trading'	64,081	61,845	64,081	61,845
– 'Held to maturity'	252,621	234,420	252,621	234,420
Receivables	20,411	19,869	20,411	19,869
<b>Total financial assets</b>	<b>347,740</b>	<b>325,701</b>	<b>347,740</b>	<b>325,701</b>
<b>Financial liabilities</b>				
Payables	16,990	15,985	16,990	15,985
Loans/advances	165,313	172,243	202,555	213,837
<b>Total financial liabilities</b>	<b>182,303</b>	<b>188,228</b>	<b>219,545</b>	<b>229,822</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity** investments – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Financial risk management (continued)

\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

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 those changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

#### (a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2018</b>				
Possible impact of a 10% movement in market values	6,408	6,408	(6,408)	(6,408)
Possible impact of a 1% movement in interest rates	3,273	3,273	(3,273)	(3,273)
<b>2017</b>				
Possible impact of a 10% movement in market values	6,184	6,184	(6,184)	(6,184)
Possible impact of a 1% movement in interest rates	3,058	3,058	(3,058)	(3,058)

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Financial risk management (continued)

\$ '000

##### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

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

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

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

The level of outstanding 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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	99%	0%	95%
Overdue	100%	1%	100%	5%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>			<b>2018</b>	<b>2017</b>
<b>Rates and annual charges</b>				
Current			573	–
< 1 year overdue			757	2,744
1 – 2 years overdue			913	672
2 – 5 years overdue			1,481	620
> 5 years overdue			138	127
			<b>3,862</b>	<b>4,163</b>
<b>Other receivables</b>				
Current			17,689	16,837
31 – 60 days overdue			192	58
61 – 90 days overdue			60	29
> 91 days overdue			(91)	(21)
			<b>17,850</b>	<b>16,903</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. Council regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables	0.00%	4,469	12,521	–	–	16,990	<b>16,990</b>
Loans and advances	7.12%	–	20,494	75,321	177,077	272,892	<b>165,313</b>
<b>Total financial liabilities</b>		<b>4,469</b>	<b>33,015</b>	<b>75,321</b>	<b>177,077</b>	<b>289,882</b>	<b>182,303</b>
<b>2017</b>							
Trade/other payables	0.00%	2,260	13,725	–	–	15,985	<b>15,985</b>
Loans and advances	7.08%	–	20,579	77,184	197,061	294,824	<b>172,243</b>
<b>Total financial liabilities</b>		<b>2,260</b>	<b>34,304</b>	<b>77,184</b>	<b>197,061</b>	<b>310,809</b>	<b>188,228</b>

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 15 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>REVENUES</b>					
Rates and annual charges	106,898	106,713	(185)	(0%)	<b>U</b>
User charges and fees	42,491	47,366	4,875	11%	<b>F</b>
Major contributors were sewer usage charges and waste dumping fees					
Interest and investment revenue	9,084	9,421	337	4%	<b>F</b>
Other revenues	2,652	5,866	3,214	121%	<b>F</b>
Insurance claim recoveries resulting from the March 2017 flood amounted to \$2.5 million					
Operating grants and contributions	17,582	33,233	15,651	89%	<b>F</b>
Restoration and recovery grants resulting from the March 2017 flood amounted to \$10.6 million					
Capital grants and contributions	17,149	35,383	18,234	106%	<b>F</b>
Non-cash contributions, representing dedicated assets, are not included in the budget. Grants for the Kingscliff foreshore project were not included in the budget. Developer contributions exceeded the budget.					
Joint ventures and associates - net profits	-	96	96	0%	<b>F</b>
Joint ventures and associates are not included in the budget					

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	54,269	55,786	(1,517)	(3%) U
Borrowing costs	12,153	12,591	(438)	(4%) U
Materials and contracts	47,969	51,501	(3,532)	(7%) U
Depreciation and amortisation	41,504	44,756	(3,252)	(8%) U
Other expenses	16,092	15,185	907	6% F
Net losses from disposal of assets	-	6,394	(6,394)	100% 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	65,230	95,618	30,388	46.6%	F
Grants and contributions receipts exceeded budget expectations.					
Cash flows from investing activities	(58,753)	(87,294)	(28,541)	48.6%	U
Purchases of investment securities and plant items exceeded budget expectations. Major capital works such as the Kingscliff Foreshore project and the roads and drainage works program exceeded budget expectations.					
Cash flows from financing activities	(6,477)	(7,264)	(787)	12.2%	U
Budgeted borrowing for bridge reconstruction did not proceed as the proposed project will be grant funded.					



## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. 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 and recognised at fair values:

2018	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investments				
– 'Held for trading'	–	64,081	–	64,081
<b>Total financial assets</b>	<b>–</b>	<b>64,081</b>	<b>–</b>	<b>64,081</b>
<b>Infrastructure, property, plant and equipment</b>				
Operational land	–	418,586	–	418,586
Community land	–	–	105,748	105,748
Land under roads	–	–	45,124	45,124
Buildings – non-specialised	–	–	160,114	160,114
Roads (including bulk earthworks)	–	–	672,551	672,551
Bridges	–	–	162,017	162,017
Footpaths	–	–	33,580	33,580
Stormwater drainage	–	–	158,996	158,996
Water supply network	–	–	505,045	505,045
Sewerage network	–	–	541,149	541,149
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>418,586</b>	<b>2,384,324</b>	<b>2,802,910</b>
<b>2017</b>				
<b>Financial assets</b>				
Investments				
– 'Held for trading'	–	61,845	–	61,845
<b>Total financial assets</b>	<b>–</b>	<b>61,845</b>	<b>–</b>	<b>61,845</b>
<b>Infrastructure, property, plant and equipment</b>				
Operational land	–	–	516,805	516,805
Community land	–	–	105,207	105,207
Land under roads	–	–	44,950	44,950
Buildings – non-specialised	–	–	151,637	151,637
Roads (including bulk earthworks)	–	–	666,667	666,667
Bridges	–	–	162,899	162,899
Footpaths	–	–	33,195	33,195
Stormwater drainage	–	–	156,623	156,623
Water supply network	–	–	500,770	500,770
Sewerage network	–	–	533,105	533,105
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>–</b>	<b>2,871,858</b>	<b>2,871,858</b>

## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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##### (2) Transfers between level 1 and level 2 fair value hierarchies

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

##### (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 (i.e. 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.

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##### Infrastructure, property, plant and 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 indices are applied on an annual basis only where the percentage indexation results in a material change. A comprehensive revaluation is ordinarily completed every five years, the most recent one being performed for 30 June 2013 by APV Valuers and Asset Management. A desktop revaluation was undertaken as at 30 June 2018.

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, Fair Value is then determined by the cost to acquire it (Current 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 2.

Valuation techniques remained the same for this reporting period.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. 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 applied 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.

A revaluation was performed for 30 June 2016, when the Valuer General issued Unimproved Capital Values (UCV) for properties with a base date of 1 July 2015. Only in a couple of instances where the Valuer has not yet provided a land value, 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**

Buildings are owned or controlled. 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 indices are applied on an annual basis only where the percentage indexation results in a material change. Indexation of 5.39% was last applied in 2017 (source – Producer Price Index Non-residential Building Construction New South Wales published by the Australian Bureau of Statistics). A comprehensive revaluation is ordinarily completed every five years, the most recent one being performed for 30 June 2013 by a registered valuation company. A desktop revaluation was undertaken as at 30 June 2018, which resulted in no material changes to valuations.

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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 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 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 in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics.

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 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).

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

A valuation of Bridge assets is undertaken on a five year cycle with values indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics.

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 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 in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics.

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 in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics.

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

## Tweed Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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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 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, was valued by APV Valuers & Asset Management for 1 July 2016. 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.

These assets are indexed annually using the rate as determined by NSW DPI Water, being 2.10% for the 2017/18 reporting period. This asset class is classified as being valued using Level 3 inputs.

##### **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, was valued by APV Valuers & Asset Management for 1 July 2016. 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.

These assets are indexed annually using the rate as determined by NSW DPI Water, being 2.10% for the 2017/18 reporting period.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

	Operational land	Community land	Land under roads	Buildings	Roads	Bridges	Footpaths	Total
<b>Opening balance – 1/7/16</b>	485,137	106,830	44,910	141,804	655,751	159,458	30,946	1,624,836
Transfers from/(to) another asset class	–	–	21	–	–	–	–	21
Purchases (GBV)	–	–	40	5,051	13,663	3,655	1,472	23,881
Disposals (WDV)	–	–	–	(796)	(2,745)	(659)	(396)	(4,596)
Depreciation and impairment	–	–	–	(1,809)	(12,111)	(2,199)	(666)	(16,785)
FV gains – other comprehensive income	–	–	–	7,387	12,109	2,644	1,839	23,979
Other movement	(485,137)	(1,623)	(21)	–	–	–	–	(486,781)
<b>Closing balance – 30/6/17</b>	<b>–</b>	<b>105,207</b>	<b>44,950</b>	<b>151,637</b>	<b>666,667</b>	<b>162,899</b>	<b>33,195</b>	<b>1,164,555</b>
Purchases (GBV)	1,369	536	174	10,753	21,464	1,372	1,148	36,816
Disposals (WDV)	–	–	–	(354)	(3,191)	–	(100)	(3,645)
Depreciation and impairment	–	–	–	(1,922)	(12,463)	(2,254)	(703)	(17,342)
FV gains – other comprehensive income	75,385	–	–	–	73	–	40	75,498
Other movement	(174,973)	5	–	–	–	–	–	(174,968)
<b>Closing balance – 30/6/18</b>	<b>(98,219)</b>	<b>105,748</b>	<b>45,124</b>	<b>160,114</b>	<b>672,550</b>	<b>162,017</b>	<b>33,580</b>	<b>1,080,914</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. 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
<b>Opening balance – 1/7/16</b>	152,307	459,056	553,681	1,165,044
Purchases (GBV)	4,432	2,801	4,659	11,892
Disposals (WDV)	(203)	(1,221)	(809)	(2,233)
Depreciation and impairment	(2,455)	(7,273)	(11,175)	(20,903)
FV gains – other comprehensive income	2,542	47,407	–	49,949
Other movement	–	–	(13,251)	(13,251)
<b>Closing balance – 30/6/17</b>	<b>156,623</b>	<b>500,770</b>	<b>533,105</b>	<b>1,190,498</b>
Purchases (GBV)	4,873	3,128	7,572	15,573
Disposals (WDV)	(59)	(1,754)	(438)	(2,251)
Depreciation and impairment	(2,540)	(7,346)	(11,392)	(21,278)
FV gains – other comprehensive income	99	10,247	12,302	22,648
<b>Closing balance – 30/6/18</b>	<b>158,996</b>	<b>505,045</b>	<b>541,149</b>	<b>1,205,190</b>

## (5). Highest and best use

All of Council's non-financial assets are considered to be utilised for their highest and best use.



## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions

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**a. Key management personnel**

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	1,816	1,626
Post-employment benefits	177	167
Other long-term benefits	32	53
Termination benefits	166	–
<b>Total</b>	<b>2,191</b>	<b>1,846</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions (continued)

**b. Other transactions with KMP and their related parties**

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
<b>2018</b>						
Employee expenses relating to close family members of KMP	1	120,934	42,511	Local Government (State) Award	-	-
<b>2017</b>						
Employee expenses relating to close family members of KMP	1	128,000	70,000	Local Government (State) Award	-	-

- 1 Close family members of Council's KMP are employed by Council under the relevant pay award on an arm's length basis. There is 1 close family member of KMP currently employed by Council.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	847	4	–	22	(243)	–	630	–
Roads	16,273	2,246	–	513	(170)	–	18,862	–
Traffic facilities	128	18	–	4	–	–	150	–
Parking	1,493	220	–	50	(63)	–	1,700	–
Open space	10,049	1,903	–	329	(1,282)	–	10,999	–
Community facilities	4,254	535	–	122	(689)	–	4,222	–
Path/cycleways	373	118	–	13	(9)	–	495	–
Street trees	209	24	–	7	(2)	–	238	–
Other	1,650	599	–	57	(539)	–	1,767	–
<b>S7.11 contributions – under a plan</b>	<b>35,276</b>	<b>5,667</b>	<b>–</b>	<b>1,117</b>	<b>(2,997)</b>	<b>–</b>	<b>39,063</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>35,276</b>	<b>5,667</b>	<b>–</b>	<b>1,117</b>	<b>(2,997)</b>	<b>–</b>	<b>39,063</b>	<b>–</b>
S7.11 not under plans	835	–	–	25	–	–	860	–
S64 contributions	–	6,468	3,519	–	(6,468)	–	–	–
<b>Total contributions</b>	<b>36,111</b>	<b>12,135</b>	<b>3,519</b>	<b>1,142</b>	<b>(9,465)</b>	<b>–</b>	<b>39,923</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	4,615	337	–	143	(17)	–	5,078	–
<b>Total</b>	<b>4,615</b>	<b>337</b>	<b>–</b>	<b>143</b>	<b>(17)</b>	<b>–</b>	<b>5,078</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 2

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	653	–	–	16	(243)	–	426	–
<b>Total</b>	<b>653</b>	<b>–</b>	<b>–</b>	<b>16</b>	<b>(243)</b>	<b>–</b>	<b>426</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 3

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	2	–	–	–	–	–	2	–
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 4

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	16,175	2,246	–	510	(170)	–	18,761	–
<b>Total</b>	<b>16,175</b>	<b>2,246</b>	<b>–</b>	<b>510</b>	<b>(170)</b>	<b>–</b>	<b>18,761</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	571	53	–	18	(2)	–	640	–
<b>Total</b>	<b>571</b>	<b>53</b>	<b>–</b>	<b>18</b>	<b>(2)</b>	<b>–</b>	<b>640</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 6

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Street trees	209	24	–	7	(2)	–	238	–
<b>Total</b>	<b>209</b>	<b>24</b>	<b>–</b>	<b>7</b>	<b>(2)</b>	<b>–</b>	<b>238</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 7

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	194	4	–	6	–	–	204	–
Open space	728	2	–	22	–	–	752	–
<b>Total</b>	<b>922</b>	<b>6</b>	<b>–</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>956</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 11

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities (libraries)	1,223	248	–	30	(675)	–	826	–
<b>Total</b>	<b>1,223</b>	<b>248</b>	<b>–</b>	<b>30</b>	<b>(675)</b>	<b>–</b>	<b>826</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities – bus shelters (other)	128	18	–	4	–	–	150	–
<b>Total</b>	<b>128</b>	<b>18</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>150</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 13

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other (cemeteries)	135	36	–	4	(87)	–	88	–
<b>Total</b>	<b>135</b>	<b>36</b>	<b>–</b>	<b>4</b>	<b>(87)</b>	<b>–</b>	<b>88</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 14

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads (mebbin springs)	98	–	–	3	–	–	101	–
<b>Total</b>	<b>98</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>101</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 15

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	1,759	286	–	56	(14)	–	2,087	–
<b>Total</b>	<b>1,759</b>	<b>286</b>	<b>–</b>	<b>56</b>	<b>(14)</b>	<b>–</b>	<b>2,087</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other (surf lifesaving)	103	10	–	3	(12)	–	104	–
<b>Total</b>	<b>103</b>	<b>10</b>	<b>–</b>	<b>3</b>	<b>(12)</b>	<b>–</b>	<b>104</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 18

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other (council admin fees)	1,412	553	–	50	(440)	–	1,575	–
<b>Total</b>	<b>1,412</b>	<b>553</b>	<b>–</b>	<b>50</b>	<b>(440)</b>	<b>–</b>	<b>1,575</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 19

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	(408)	–	–	(12)	–	–	(420)	–
Community facilities	1,236	–	–	36	–	–	1,272	–
Path/cycleways	111	–	–	3	–	–	114	–
<b>Total</b>	<b>939</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>	<b>–</b>	<b>966</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 20

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	1	–	–	–	–	–	1	–
<b>Total</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	1	–	–	1	–	–	2	–
Community facilities	34	1	–	–	–	–	35	–
<b>Total</b>	<b>35</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>37</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 22

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Path/cycleways (shire wide cycleways)	262	118	–	10	(9)	–	381	–
<b>Total</b>	<b>262</b>	<b>118</b>	<b>–</b>	<b>10</b>	<b>(9)</b>	<b>–</b>	<b>381</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 23

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking (shire wide car parking)	1,493	220	–	50	(63)	–	1,700	–
<b>Total</b>	<b>1,493</b>	<b>220</b>	<b>–</b>	<b>50</b>	<b>(63)</b>	<b>–</b>	<b>1,700</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 25

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space (salt open space)	1,155	–	–	34	–	–	1,189	–
<b>Total</b>	<b>1,155</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>–</b>	<b>–</b>	<b>1,189</b>	<b>–</b>



## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space (shirewide)	2,412	1,246	–	88	(1,236)	–	2,510	–
<b>Total</b>	<b>2,412</b>	<b>1,246</b>	<b>–</b>	<b>88</b>	<b>(1,236)</b>	<b>–</b>	<b>2,510</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 27

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	366	8	–	11	(1)	–	384	–
<b>Total</b>	<b>366</b>	<b>8</b>	<b>–</b>	<b>11</b>	<b>(1)</b>	<b>–</b>	<b>384</b>	<b>–</b>

## CONTRIBUTION PLAN NUMBER 28

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	610	257	–	24	(26)	–	865	–
<b>Total</b>	<b>610</b>	<b>257</b>	<b>–</b>	<b>24</b>	<b>(26)</b>	<b>–</b>	<b>865</b>	<b>–</b>

## 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	(1)	–	–	–	–	–	(1)	–
<b>Total</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	302	–	–	9	–	–	311	–
Traffic facilities	112	–	–	3	–	–	115	–
Open space	444	–	–	13	–	–	457	–
Community facilities	(25)	–	–	–	–	–	(25)	–
Footpath	2	–	–	–	–	–	2	–
<b>Total</b>	<b>835</b>	<b>–</b>	<b>–</b>	<b>25</b>	<b>–</b>	<b>–</b>	<b>860</b>	<b>–</b>

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	5,820	28,717	72,336
User charges and fees	23,582	3,630	20,244
Interest and investment revenue	1,629	2,379	5,413
Other revenues	370	93	5,403
Grants and contributions provided for operating purposes	371	555	32,307
Grants and contributions provided for capital purposes	5,200	4,787	25,396
<b>Other income</b>			
Share of interests in joint ventures and associates using the equity method	–	–	96
<b>Total income from continuing operations</b>	<b>36,972</b>	<b>40,161</b>	<b>161,195</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	5,058	7,125	43,603
Borrowing costs	4,355	2,457	5,779
Materials and contracts	9,509	8,483	33,509
Depreciation and amortisation	7,432	11,516	25,808
Other expenses	1,461	2,423	11,551
Net losses from the disposal of assets	1,754	438	4,202
<b>Total expenses from continuing operations</b>	<b>29,569</b>	<b>32,442</b>	<b>124,452</b>
<b>Operating result from continuing operations</b>	<b>7,403</b>	<b>7,719</b>	<b>36,743</b>
<b>Net operating result attributable to each council fund</b>	<b>7,403</b>	<b>7,719</b>	<b>36,743</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>2,203</b>	<b>2,932</b>	<b>11,347</b>

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

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

## Tweed Shire Council

## Notes to the Financial Statements

as at 30 June 2018

## Note 23. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	(664)	(278)	11,569
Investments	19,000	31,000	61,621
Receivables	3,283	2,348	15,713
Inventories	–	–	993
Other	34	46	786
<b>Total current assets</b>	<b>21,653</b>	<b>33,116</b>	<b>90,682</b>
<b>Non-current assets</b>			
Investments	41,000	60,000	104,081
Receivables	–	–	269
Infrastructure, property, plant and equipment	562,632	605,976	1,907,278
Investments accounted for using the equity method	–	–	1,200
Intangible assets	23	–	1,056
<b>Total non-current assets</b>	<b>603,655</b>	<b>665,976</b>	<b>2,013,884</b>
<b>TOTAL ASSETS</b>	<b>625,308</b>	<b>699,092</b>	<b>2,104,566</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	691	327	14,933
Income received in advance	–	–	5,576
Borrowings	1,552	2,533	4,421
Provisions	–	–	23,004
<b>Total current liabilities</b>	<b>2,243</b>	<b>2,860</b>	<b>47,934</b>
<b>Non-current liabilities</b>			
Payables	–	–	1,039
Borrowings	59,197	24,572	73,038
Provisions	–	–	5,208
<b>Total non-current liabilities</b>	<b>59,197</b>	<b>24,572</b>	<b>79,285</b>
<b>TOTAL LIABILITIES</b>	<b>61,440</b>	<b>27,432</b>	<b>127,219</b>
<b>Net assets</b>	<b>563,868</b>	<b>671,660</b>	<b>1,977,347</b>
<b>EQUITY</b>			
Accumulated surplus	212,695	250,176	983,433
Revaluation reserves	351,173	421,484	993,914
<b>Total equity</b>	<b>563,868</b>	<b>671,660</b>	<b>1,977,347</b>

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

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
<b>Local government industry indicators – consolidated</b>				
<b>1. Operating performance ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>22,807</u>	11.26%	11.26%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>202,626</u>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>169,393</u>	71.17%	74.40%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>238,009</u>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions <sup>(2)</sup>	<u>48,014</u>	1.77x	3.52x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>27,174</u>			
<b>4. Debt service cover ratio</b>				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>80,154</u>	3.81x	3.66x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>21,055</u>			
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>				
Rates, annual and extra charges outstanding	<u>4,469</u>	3.99%	4.35%	< 10% regional & rural
Rates, annual and extra charges collectible	<u>112,089</u>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<u>263,248</u>	21.55 mths	20.7 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>12,216</u>			

## Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Notes 11 and 12.

<sup>(4)</sup> Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24(b). Statement of performance measures – by fund

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>12.93%</b>	12.69%	<b>9.51%</b>	11.69%	<b>6.41%</b>	5.41%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>64.01%</b>	68.86%	<b>84.93%</b>	83.21%	<b>87.19%</b>	87.88%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>	<b>1.77x</b>	3.52x	<b>7.67x</b>	16.41x	<b>8.67x</b>	16.01x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>							

## Notes

(1) - (4) Refer to Notes at Note 24a above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Tweed Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>5.16x</b>	4.82x	<b>2.20x</b>	2.40x	<b>3.00x</b>	2.79x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>3.98%</b>	4.34%	<b>4.05%</b>	4.45%	<b>3.99%</b>	4.37%	< 10% regional & rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>13.29</b>	13.57	<b>32.81</b>	31.72	<b>46.84</b>	40.56	> 3 months
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	

## Notes

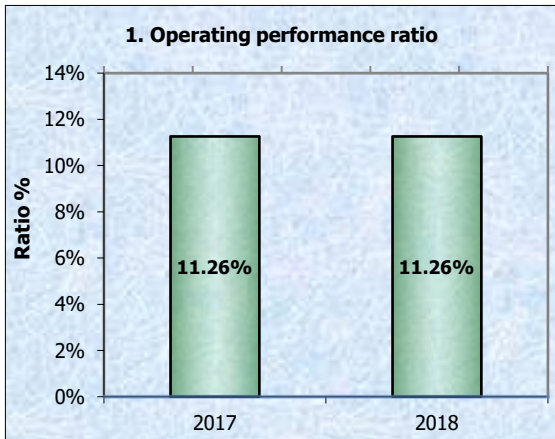
(1) Refer to Notes at Note 24a above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

# Tweed Shire Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 24(c). Statement of performance measures – consolidated results (graphs)



**Purpose of operating performance ratio**

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

**Commentary on 2017/18 result**

**2017/18 ratio 11.26%**

Remains at an acceptable ratio

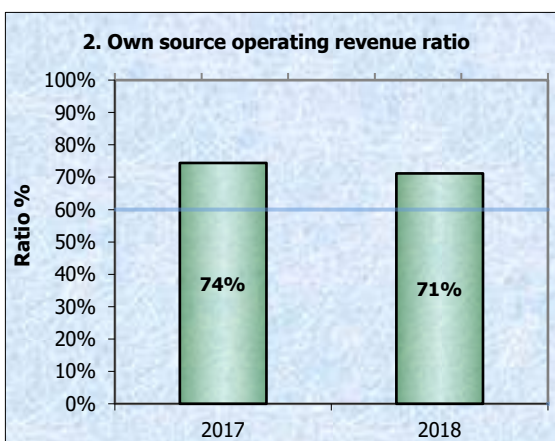
Benchmark: Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26



Ratio achieves benchmark

Ratio is outside benchmark



**Purpose of own source operating revenue ratio**

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

**Commentary on 2017/18 result**

**2017/18 ratio 71.17%**

Remains at an acceptable ratio

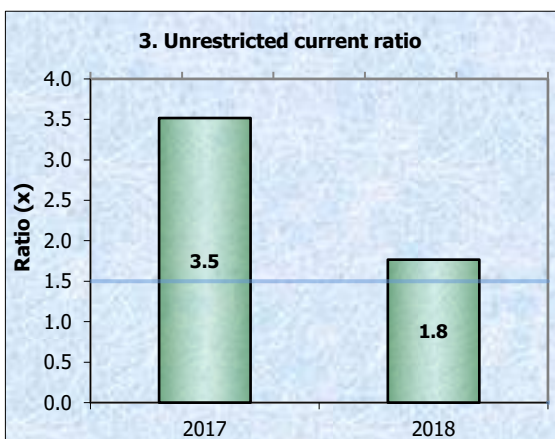
Benchmark: Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26



Ratio achieves benchmark

Ratio is outside benchmark



**Purpose of unrestricted current ratio**

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

**Commentary on 2017/18 result**

**2017/18 ratio 1.77x**

Higher proportion of longer term investments resulted in a lower numerator for this ratio

Benchmark: Minimum  $\geq 1.50$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26



Ratio achieves benchmark

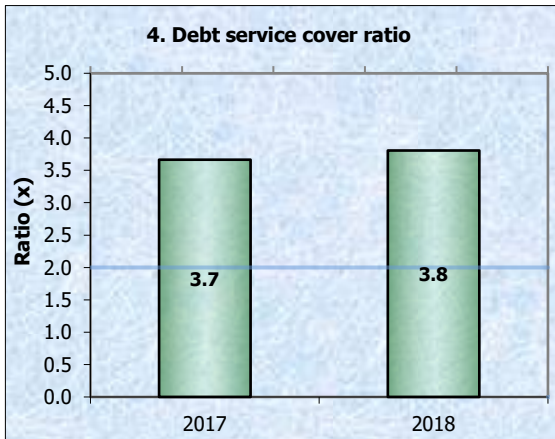
Ratio is outside benchmark



# Tweed Shire Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 24(c). Statement of performance measures – consolidated results (graphs)



**Purpose of debt service cover ratio**

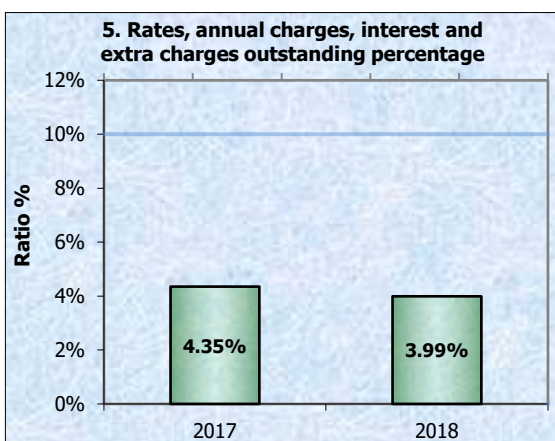
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2017/18 result	
<b>2017/18 ratio</b>	<b>3.81x</b>
Remains at an acceptable ratio	

Benchmark: ——— Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



**Purpose of rates and annual charges outstanding ratio**

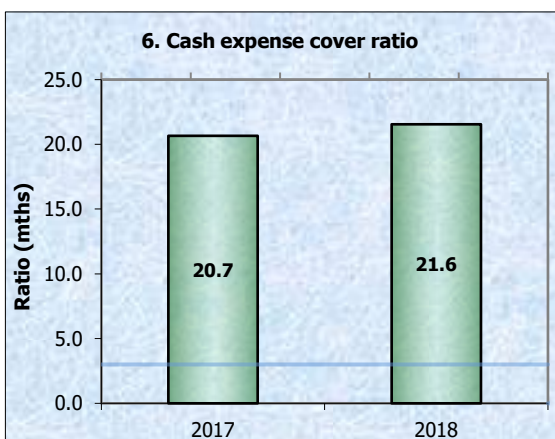
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2017/18 result	
<b>2017/18 ratio</b>	<b>3.99%</b>
Remains at an acceptable ratio	

Benchmark: ——— Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

■ 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 2017/18 result	
<b>2017/18 ratio</b>	<b>21.55 mths</b>
Remains at an acceptable ratio	

Benchmark: ——— Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark  
■ Ratio is outside benchmark

## Tweed Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 25. Council information and contact details

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**Principal place of business:**

Civic & Cultural Centre Tumbulgum Road  
Murwillumbah NSW 2484

**Contact details****Mailing address:**

PO Box 816  
Murwillumbah NSW 2484

**Opening hours:**

8.30 am - 4.15 pm Monday to Friday  
Closed Public Holidays

**Telephone:** 1300 292 872

**Facsimile:** 02 6670 2149

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

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

**Officers****GENERAL MANAGER**

Troy Green

**RESPONSIBLE ACCOUNTING OFFICER**

Michael Chorlton

**AUDITORS**

Audit Office of New South Wales  
Level 15, 1 Margaret Street  
Sydney NSW 2000

GPO Box 12 Sydney NSW 2001

**Elected members****MAYOR**

Katie Milne

**COUNCILLORS**

Pryce Allsop  
Reece Byrnes  
Chris Cherry  
Ron Cooper  
James Owen  
Warren Polglase

**Other information**

**ABN:** 90 178 732 496



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial report**  
**Tweed Shire Council**

To the Councillors of the Tweed Shire Council

### **Opinion**

I have audited the accompanying financial report of the Tweed Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management. The financial report includes the consolidated financial report of the Council and the entities it controlled at the year's end or from time to time during the year.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Council's accounting records
  - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang  
Director, Financial Audit Services

29 October 2018  
SYDNEY

Cr Katie Milne  
Mayor  
Tweed Shire Council  
PO Box 816  
MURWILLUMBAH NSW 2484

Contact: Reiky Jiang  
Phone no: 02 9275 7281  
Our ref: D1826538/1795

29 October 2018

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2018  
Tweed Shire Council**

I have audited the general purpose financial statements of Tweed Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I did not identify any significant audit issues and observations during my audit of the Council's financial statements.

## INCOME STATEMENT

### Operating result

	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	106.7	105.0	↑ 1.6
Grants and contributions revenue	68.6	58.8	↑ 16.7
Operating result for the year	51.9	43.4	↑ 19.6
Net operating result before capital amounts	16.5	11.0	↑ 50.0

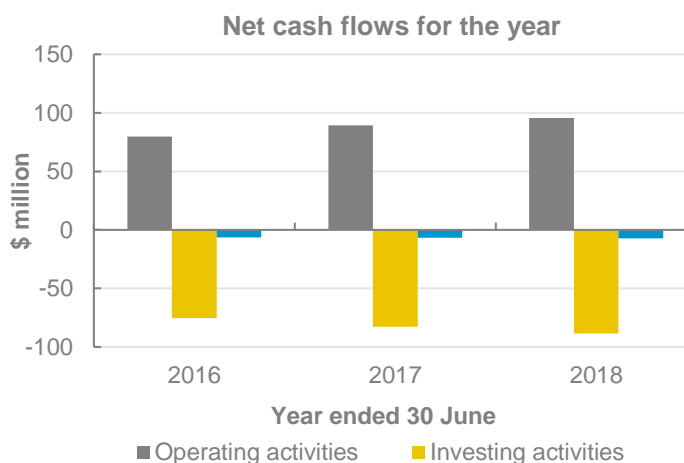
Council's operating result (\$51.9 million including the effect of depreciation and amortisation expense of \$44.8 million) was \$8.5 million higher than the 2016–17 result. The key drivers of the higher operating result include:

- Increased rates and annual charges revenue of \$1.7 million
- Initial recognition of Council's investment in an associate, Richmond Tweed Regional Library, of \$1.1 million
- Decrease in insurance claim recoveries of \$2.7 million
- Increase in grants and contributions revenue of \$9.8 million, including:
  - \$11.6 million in disaster relief funding
  - A further \$5.4 million towards the redevelopment of the Kingscliff Beach foreshore (\$4.4 million was received in 2017)
  - A decrease in the financial assistance grant of \$4.4 million.

All other areas remained relatively consistent with prior year results given no major changes occurring in the operation or strategic direction of the Council.

## STATEMENT OF CASH FLOWS

- Net cash provided in operating activities increased mainly due to an increase grants and contributions received as noted above.
- The increase in net cash used in investing activities is largely due to replacement and restoration of property, plant and equipment lost and/or damaged in the March 2017 flood event.
- Financing activities have remained consistent over the 3-year period, as there have been no major changes to Council's borrowing activities.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	232.2	210.6	Externally restricted balances include developer contributions, asset replacement for water and sewer infrastructure, domestic waste management charges and caravan park cash assets.
Internal restrictions	87.3	85.0	
Unrestricted	7.8	10.2	
<b>Cash and investments</b>	<b>327.3</b>	<b>305.8</b>	Internally restricted assets are due to Council's reserves policy and are largely restricted for employee leave entitlements, community facilities, infrastructure asset management and non-DWM management.  Unrestricted balances assist in providing liquidity for day-to-day operations.

### Debt

Council has total borrowings of \$165.3 million at 30 June 2018 (\$172.2 million at 30 June 2017). Council borrowed \$1.2 million in 2018, however made loan repayments of \$8.5 million which remained consistent with the prior year. Refer to the commentary below on Council's debt service cover ratio.

Council has access to a bank overdraft facility of \$1.0 million (\$1.0 million at 30 June 2017). This facility was undrawn as at 30 June 2018 and 30 June 2017.

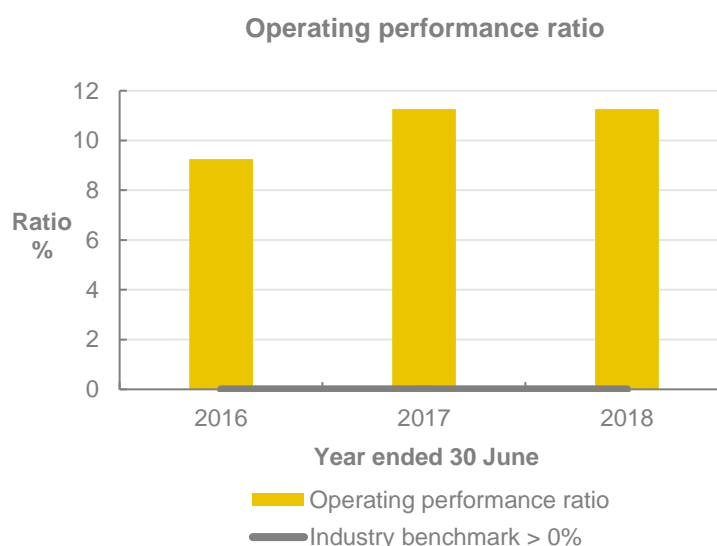
## PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

### Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.

Council's operating performance ratio continues to exceed the industry benchmark and is consistent with the prior year.

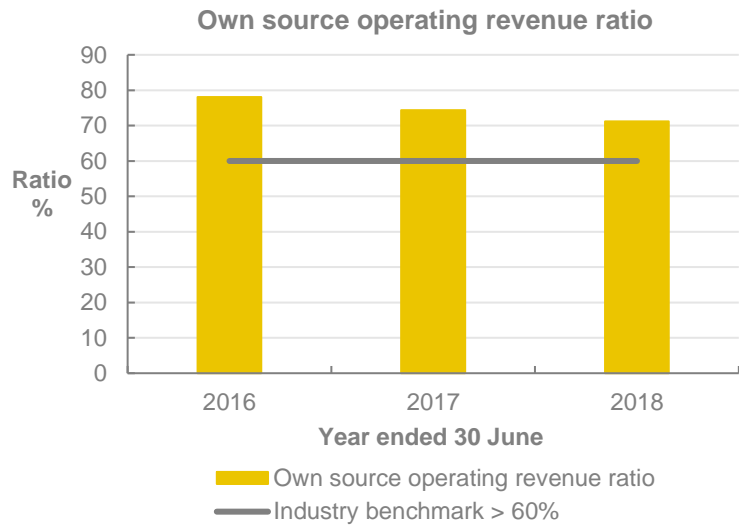




## Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

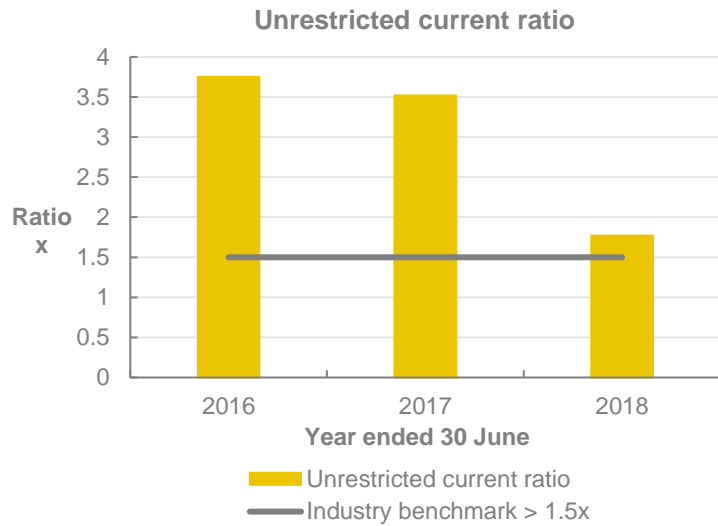
Council continues to exceed the industry benchmark which illustrates that revenue streams, such as the Tweed Coast Holiday Parks, reduce the reliance on government funding.



## Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

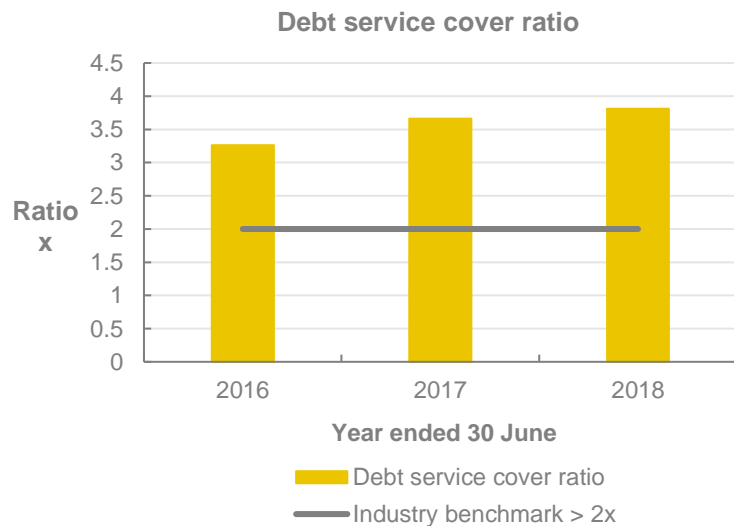
Council's unrestricted current ratio dropped from 3.52 in 2017 to 1.77 in 2018 and is a result of Council investing in longer term investments to achieve higher investment yields.



## Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

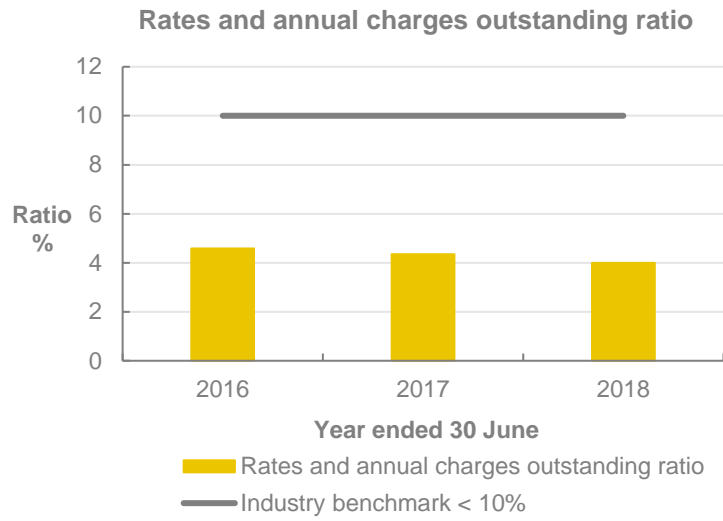
Council's debt service cover ratio continues to increase as Council repays more principal than it takes out in new borrowings.



## Rates and annual charges outstanding ratio

The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

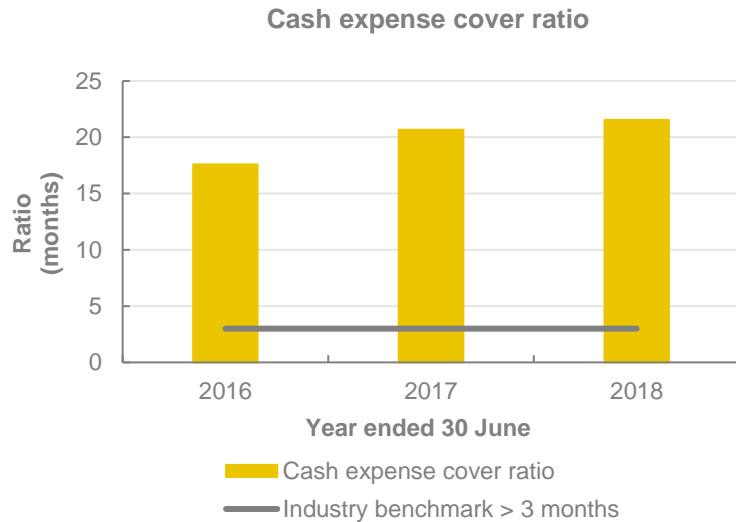
Council's rates and annual charges outstanding ratio continues to be below the threshold due to continued efforts to improve collection.



## Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

Council's ratio has increased over the past three years as Council's cash and investments levels have increased faster than its expenditure levels.

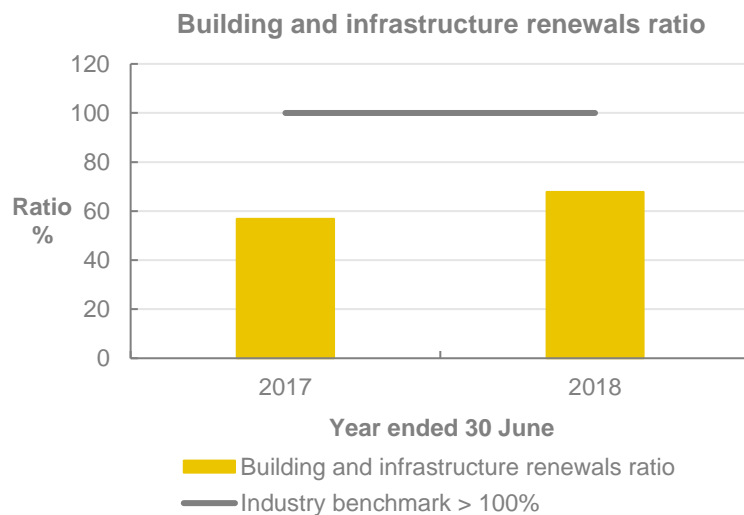


## Building and infrastructure renewals ratio (unaudited)

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.

The graph indicates that Council is not renewing existing infrastructure assets at the rate they are depreciating.



## OTHER MATTERS

### New accounting standards implemented

#### AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

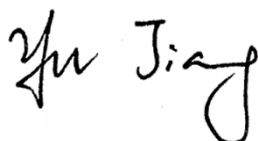
This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11.

### Legislative compliance

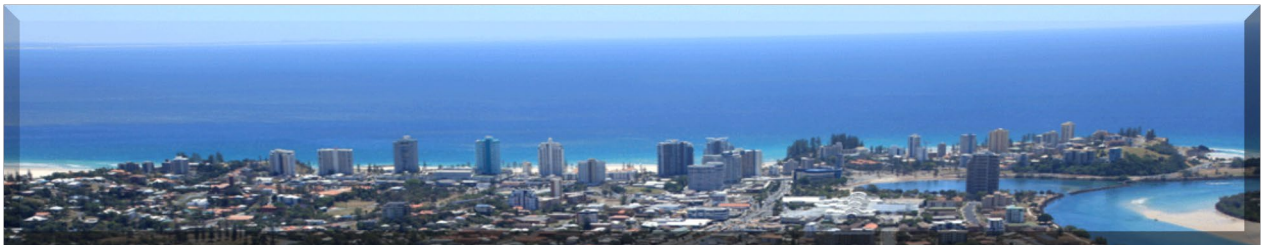
My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Reiky Jiang  
Director, Financial Services

cc: Mr Troy Green, General Manager  
Mr Colin Wight, Chair of Audit, Risk and Improvement Committee  
Mr Tim Hurst, A/Chief Executive of the Office of Local Government



# Tweed Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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## Tweed Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

## Tweed Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

**To the best of our knowledge and belief, these financial statements:**

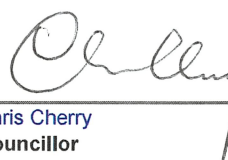
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

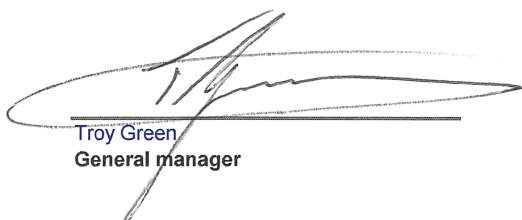
**Signed in accordance with a resolution of Council made on 25 October 2018.**



Katie Milne  
Mayor



Chris Cherry  
Councillor



Troy Green  
General manager



Michael Chorlton  
Responsible accounting officer

## Tweed Shire Council

## Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	5,820	5,547
User charges	23,582	23,173
Interest	1,629	2,007
Grants and contributions provided for non-capital purposes	371	379
Other income	370	349
<b>Total income from continuing operations</b>	<b>31,772</b>	<b>31,455</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,058	4,764
Borrowing costs	4,355	4,446
Materials and contracts	9,509	9,409
Depreciation, amortisation and impairment	7,432	7,338
Loss on sale of assets	1,754	1,221
Calculated taxation equivalents	937	804
Debt guarantee fee (if applicable)	304	311
Other expenses	1,461	1,017
<b>Total expenses from continuing operations</b>	<b>30,810</b>	<b>29,310</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>962</b>	<b>2,145</b>
Grants and contributions provided for capital purposes	5,200	5,892
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,162</b>	<b>8,037</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>6,162</b>	<b>8,037</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(289)	(644)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>5,873</b>	<b>7,394</b>
Plus opening retained profits	205,400	196,355
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	937	804
– Debt guarantee fees	304	311
– Corporate taxation equivalent	289	644
<b>Less:</b>		
– Tax equivalent dividend paid	(108)	(107)
<b>Closing retained profits</b>	<b>212,695</b>	<b>205,400</b>
<b>Return on capital %</b>	<b>0.9%</b>	<b>1.2%</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,873	7,394
Less: capital grants and contributions (excluding developer contributions)	(980)	(445)
<b>Surplus for dividend calculation purposes</b>	<b>4,893</b>	<b>6,949</b>
<b>Potential dividend calculated from surplus</b>	<b>2,447</b>	<b>3,474</b>

## Tweed Shire Council

## Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	28,717	27,759
Liquid trade waste charges	3,057	3,296
Fees	573	521
Interest	2,379	2,203
Grants and contributions provided for non-capital purposes	555	586
Other income	93	22
<b>Total income from continuing operations</b>	<b>35,374</b>	<b>34,387</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,125	7,326
Borrowing costs	2,457	2,640
Materials and contracts	8,483	8,335
Depreciation, amortisation and impairment	11,516	11,299
Loss on sale of assets	438	812
Calculated taxation equivalents	1,102	999
Debt guarantee fee (if applicable)	137	151
Other expenses	2,423	1,929
<b>Total expenses from continuing operations</b>	<b>33,681</b>	<b>33,491</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,693</b>	<b>896</b>
Grants and contributions provided for capital purposes	4,787	4,327
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,480</b>	<b>5,223</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>6,480</b>	<b>5,223</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(508)	(269)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>5,972</b>	<b>4,954</b>
<b>Plus opening retained profits</b>	242,560	236,290
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	1,102	999
– Debt guarantee fees	137	151
– Corporate taxation equivalent	508	269
<b>Less:</b>		
– Tax equivalent dividend paid	(103)	(103)
<b>Closing retained profits</b>	<b>250,176</b>	<b>242,560</b>
<b>Return on capital %</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,972	4,954
Less: capital grants and contributions (excluding developer contributions)	(2,539)	(1,446)
<b>Surplus for dividend calculation purposes</b>	<b>3,433</b>	<b>3,508</b>
<b>Potential dividend calculated from surplus</b>	<b>1,717</b>	<b>1,754</b>



## Tweed Shire Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
\$ '000	2018	2017	2018	2017
<b>Income from continuing operations</b>				
Access charges	–	–	2,772	2,785
User charges	–	–	3,933	3,748
Fees	8,171	8,508	–	–
Interest	385	456	–	–
Other income	121	285	8	9
<b>Total income from continuing operations</b>	<b>8,677</b>	<b>9,249</b>	<b>6,713</b>	<b>6,542</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	481	550	248	237
Borrowing costs	–	7	82	6
Materials and contracts	2,413	2,863	2,679	3,471
Depreciation, amortisation and impairment	703	671	145	165
Loss on sale of assets	117	28	–	54
Calculated taxation equivalents	2,004	1,876	61	52
Other expenses	3,424	3,289	296	558
<b>Total expenses from continuing operations</b>	<b>9,142</b>	<b>9,284</b>	<b>3,511</b>	<b>4,543</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(465)</b>	<b>(35)</b>	<b>3,202</b>	<b>1,999</b>
Grants and contributions provided for capital purposes	–	–	–	20
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(465)</b>	<b>(35)</b>	<b>3,202</b>	<b>2,019</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(465)</b>	<b>(35)</b>	<b>3,202</b>	<b>2,019</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	(961)	(600)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(465)</b>	<b>(35)</b>	<b>2,241</b>	<b>1,419</b>
<b>Plus opening retained profits</b>	31,878	31,231	16,221	14,150
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	2,004	1,876	61	52
– Corporate taxation equivalent	–	–	961	600
<b>Less:</b>				
– Dividend paid	(2,466)	(1,194)	–	–
<b>Closing retained profits</b>	<b>30,951</b>	<b>31,878</b>	<b>19,484</b>	<b>16,221</b>
<b>Return on capital %</b>	<b>-0.4%</b>	<b>0.0%</b>	<b>58.5%</b>	<b>39.2%</b>
<b>Subsidy from Council</b>	<b>3,711</b>	<b>2,713</b>	<b>–</b>	<b>–</b>

## Tweed Shire Council

Statement of Financial Position – Council's Water Supply Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	870
Investments	19,000	27,000
Receivables	3,283	3,712
Other	34	32
<b>Total current assets</b>	<b>22,320</b>	<b>31,614</b>
<b>Non-current assets</b>		
Investments	41,000	25,000
Infrastructure, property, plant and equipment	562,632	546,615
Intangible assets	23	32
<b>Total non-current assets</b>	<b>603,655</b>	<b>571,647</b>
<b>TOTAL ASSETS</b>	<b>625,975</b>	<b>603,261</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	667	–
Payables	691	479
Borrowings	1,552	1,447
<b>Total current liabilities</b>	<b>2,910</b>	<b>1,926</b>
<b>Non-current liabilities</b>		
Borrowings	59,197	60,749
<b>Total non-current liabilities</b>	<b>59,197</b>	<b>60,749</b>
<b>TOTAL LIABILITIES</b>	<b>62,107</b>	<b>62,675</b>
<b>NET ASSETS</b>	<b>563,868</b>	<b>540,586</b>
<b>EQUITY</b>		
Accumulated surplus	212,695	205,400
Revaluation reserves	351,173	335,186
Council equity interest	563,868	540,586
<b>TOTAL EQUITY</b>	<b>563,868</b>	<b>540,586</b>

## Tweed Shire Council

## Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	–	785
Investments	31,000	48,000
Receivables	2,348	2,387
Other	46	30
<b>Total current Assets</b>	<b>33,394</b>	<b>51,202</b>
<b>Non-current assets</b>		
Investments	60,000	32,000
Infrastructure, property, plant and equipment	605,976	593,181
<b>Total non-current assets</b>	<b>665,976</b>	<b>625,181</b>
<b>TOTAL ASSETS</b>	<b>699,370</b>	<b>676,383</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	278	–
Payables	327	372
Borrowings	2,533	2,439
<b>Total current liabilities</b>	<b>3,138</b>	<b>2,811</b>
<b>Non-current liabilities</b>		
Borrowings	24,572	27,105
<b>Total non-current liabilities</b>	<b>24,572</b>	<b>27,105</b>
<b>TOTAL LIABILITIES</b>	<b>27,710</b>	<b>29,916</b>
<b>NET ASSETS</b>	<b>671,660</b>	<b>646,467</b>
<b>EQUITY</b>		
Accumulated surplus	250,176	242,560
Revaluation reserves	421,484	403,907
Council equity interest	671,660	646,467
<b>TOTAL EQUITY</b>	<b>671,660</b>	<b>646,467</b>

## Tweed Shire Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

\$ '000	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,319	3,911	1,718	2,730
Investments	10,621	13,420	15,843	11,635
Receivables	150	116	–	–
Inventories	182	–	–	–
Other	179	146	–	–
<b>Total Current Assets</b>	<b>13,451</b>	<b>17,593</b>	<b>17,561</b>	<b>14,365</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	123,419	112,796	5,615	5,111
<b>Total non-current assets</b>	<b>123,419</b>	<b>112,796</b>	<b>5,615</b>	<b>5,111</b>
<b>TOTAL ASSETS</b>	<b>136,870</b>	<b>130,389</b>	<b>23,176</b>	<b>19,476</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	3,051	2,163	133	419
Provisions	368	382	–	–
<b>Total current liabilities</b>	<b>3,419</b>	<b>2,545</b>	<b>133</b>	<b>419</b>
<b>Non-current liabilities</b>				
Provisions	8	7	1,169	1,087
<b>Total non-current liabilities</b>	<b>8</b>	<b>7</b>	<b>1,169</b>	<b>1,087</b>
<b>TOTAL LIABILITIES</b>	<b>3,427</b>	<b>2,552</b>	<b>1,302</b>	<b>1,506</b>
<b>NET ASSETS</b>	<b>133,443</b>	<b>127,837</b>	<b>21,874</b>	<b>17,970</b>
<b>EQUITY</b>				
Accumulated surplus	30,951	31,878	19,484	16,221
Revaluation reserves	102,492	95,959	2,390	1,749
Council equity interest	<b>133,443</b>	<b>127,837</b>	<b>21,874</b>	<b>17,970</b>
<b>TOTAL EQUITY</b>	<b>133,443</b>	<b>127,837</b>	<b>21,874</b>	<b>17,970</b>

## Tweed Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

#### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

#### Note 1. Significant accounting policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

- a. **Tweed Water**  
Supply of water
- b. **Tweed Sewerage**  
Sewerage Services

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

##### **c. Tweed Coast Holiday Parks**

*Holiday/Caravan parks*

##### **d. Commercial Waste**

*Non-domestic solid waste collection and disposal*

#### **Category 2**

*(where gross operating turnover is less than \$2 million)*

**Nil**

#### **Monetary amounts**

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

##### *(i) Taxation-equivalent charges*

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements – Income Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### **Notional rate applied (%)**

Corporate income tax rate – **30%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

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

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

## Tweed Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

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##### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

##### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### *(ii) Subsidies*

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### *(iii) Return on investments (rate of return)*

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.



## Tweed Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

#### *(iv) Dividends*

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 2. Water supply business  
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

**1. Calculation and payment of tax-equivalents**

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	1,241,000
(ii)	Number of assessments multiplied by \$3/assessment	108,951
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	108,951
(iv)	Amounts actually paid for tax equivalents	108,069

**2. Dividend from surplus**

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	2,446,700
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	980,559
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	15,203,900

2018 Surplus	4,893,400	2017 Surplus	6,948,500	2016 Surplus	3,362,000
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	980,559
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? <sup>a</sup>	YES

**3. Required outcomes for 6 criteria**

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	NO
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 2. Water supply business  
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

## National Water Initiative (NWI) financial performance indicators

<b>NWI F1</b>	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	35,460
<b>NWI F4</b>	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	76.09%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	562,524
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	15,152
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	3,644
<b>NWI F17</b>	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	2.29%
<b>NWI F26</b>	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
  - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
    - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

**1. Calculation and payment of tax-equivalents**

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	1,239,000
(ii)	Number of assessments multiplied by \$3/assessment	104,076
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	104,076
(iv)	Amounts actually paid for tax equivalents	103,206

**2. Dividend from surplus**

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	1,716,550
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	936,684
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	7,036,300

2018 Surplus	3,433,100	2017 Surplus	3,508,200	2016 Surplus	95,000
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	936,684
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	<input type="checkbox"/>

**3. Required outcomes for 4 criteria**

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	NO
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


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**National Water Initiative (NWI) financial performance indicators**

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	37,810
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	605,652
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	16,903
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	4,663
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	1.55%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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**National Water Initiative (NWI) financial performance indicators  
Water and sewer (combined)**

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	71,078
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.03%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	8,307
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	1.90%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

## Tweed Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


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**National Water Initiative (NWI) financial performance indicators**  
**Water and sewer (combined)**

<b>NWI F22</b>	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-5.03%
<b>NWI F23</b>	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): <span style="border: 1px solid black; padding: 2px;">22,258</span> Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)  Net interest: <span style="border: 1px solid black; padding: 2px;">2,974</span> Interest expense (w4a + s4a) – interest income (w9 + s10)		7
<b>NWI F24</b>	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	14,700
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	729

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
  2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
    - a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial report

#### Tweed Shire Council

To the Councillors of the Tweed Shire Council

### Opinion

I have audited the accompanying special purpose financial report (the financial report) of the Tweed Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Tweed Coast Holiday Parks
- Commercial Waste.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.


Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read "Yu Jiang". The signature is written in a cursive, flowing style.

Reiky Jiang  
Director, Financial Audit Services

29 October 2018  
SYDNEY



# Tweed Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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# Tweed Shire Council

## Special Schedules

for the year ended 30 June 2018

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Tweed Shire Council

## Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>3,408</b>	<b>1</b>	<b>–</b>	<b>(3,407)</b>
<b>Administration</b>	<b>17,616</b>	<b>4,256</b>	<b>726</b>	<b>(12,634)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	1,626	201	46	(1,379)
Beach control	688	27	–	(661)
Enforcement of local government regulations	1,154	278	–	(876)
Animal control	457	239	–	(218)
Other	6	–	–	(6)
<b>Total public order and safety</b>	<b>3,931</b>	<b>745</b>	<b>46</b>	<b>(3,140)</b>
<b>Health</b>	<b>1,924</b>	<b>517</b>	<b>–</b>	<b>(1,407)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	608	2	–	(606)
Other environmental protection	4,454	1,813	396	(2,245)
Solid waste management	11,902	19,994	20	8,112
Street cleaning	–	–	–	–
Drainage	5,214	93	2,797	(2,324)
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>22,178</b>	<b>21,902</b>	<b>3,213</b>	<b>2,937</b>
<b>Community services and education</b>				
Administration and education	1,624	85	–	(1,539)
Social protection (welfare)	809	1,192	–	383
Aged persons and disabled	287	32	–	(255)
Children's services	69	7	–	(62)
<b>Total community services and education</b>	<b>2,789</b>	<b>1,316</b>	<b>–</b>	<b>(1,473)</b>
<b>Housing and community amenities</b>				
Public cemeteries	1,143	882	36	(225)
Public conveniences	984	–	389	(595)
Street lighting	1,310	155	–	(1,155)
Town planning	5,751	1,079	–	(4,672)
Other community amenities	6	–	–	(6)
<b>Total housing and community amenities</b>	<b>9,194</b>	<b>2,116</b>	<b>425</b>	<b>(6,653)</b>
<b>Water supplies</b>	<b>25,078</b>	<b>30,822</b>	<b>5,200</b>	<b>10,944</b>
<b>Sewerage services</b>	<b>28,140</b>	<b>35,194</b>	<b>4,787</b>	<b>11,841</b>

## Tweed Shire Council

## Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	2,682	1,395	–	(1,287)
Museums	735	42	–	(693)
Art galleries	2,049	687	747	(615)
Community centres and halls	811	295	534	18
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	140	23	–	(117)
Sporting grounds and venues	2,231	672	1,840	281
Swimming pools	4,167	1,629	65	(2,473)
Parks and gardens (lakes)	7,954	133	7,797	(24)
Other sport and recreation	1,550	26	–	(1,524)
<b>Total recreation and culture</b>	<b>22,319</b>	<b>4,902</b>	<b>10,983</b>	<b>(6,434)</b>
<b>Fuel and energy</b>	–	–	–	–
<b>Agriculture</b>	–	–	–	–
<b>Mining, manufacturing and construction</b>				
Building control	2,113	2,295	–	182
Other mining, manufacturing and construction	162	2	–	(160)
<b>Total mining, manufacturing and const.</b>	<b>2,275</b>	<b>2,297</b>	<b>–</b>	<b>22</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	16,037	758	4,536	(10,743)
Urban roads – regional	21	6	25	10
Sealed rural roads (SRR) – local	8,735	11,005	406	2,676
Sealed rural roads (SRR) – regional	1,837	5,051	848	4,062
Unsealed rural roads (URR) – local	2,286	(11)	–	(2,297)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	838	–	–	(838)
Bridges on SRR – local	2,458	(3)	46	(2,415)
Bridges on URR – local	14	–	–	(14)
Bridges on regional roads	79	(1)	–	(80)
Parking areas	239	85	–	(154)
Footpaths	1,436	(4)	1,292	(148)
Aerodromes	31	35	10	14
Other transport and communication	2,868	436	2,637	205
<b>Total transport and communication</b>	<b>36,879</b>	<b>17,357</b>	<b>9,800</b>	<b>(9,722)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	8,667	8,169	–	(498)
Other economic affairs	1,815	614	203	(998)
<b>Total economic affairs</b>	<b>10,482</b>	<b>8,783</b>	<b>203</b>	<b>(1,496)</b>
<b>Totals – functions</b>	<b>186,213</b>	<b>130,208</b>	<b>35,383</b>	<b>(20,622)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>72,391</b>		<b>72,391</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>96</b>		<b>96</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>186,213</b>	<b>202,695</b>	<b>35,383</b>	<b>51,865</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

## Tweed Shire Council

## Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	60,187	58,789
Plus or minus adjustments <sup>(2)</sup>	b	294	506
<b>Notional general income</b>	<b>c = (a + b)</b>	<b>60,481</b>	<b>59,295</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	1,391	889
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>61,872</b>	<b>60,184</b>
Plus (or minus) last year's carry forward total	l	–	3
Less valuation objections claimed in the previous year	m	–	–
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>–</b>	<b>3</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>61,872</b>	<b>60,187</b>
Less notional general income yield	p	61,872	60,187
<b>Catch-up or (excess) result</b>	<b>q = o – p</b>	<b>0</b>	<b>–</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	–	–
Less unused catch-up <sup>(5)</sup>	s	–	–
<b>Carry forward to next year</b>	<b>t = q + r – s</b>	<b>0</b>	<b>–</b>

### Notes

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



**INDEPENDENT AUDITOR'S REPORT**  
**Special Schedule 2 - Permissible Income for general rates**  
**Tweed Shire Council**

To the Councillors of Tweed Shire Council

### **Opinion**

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Tweed Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

### **Emphasis of Matter – Basis of Accounting**

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.



My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang  
Director, Financial Audit Services

29 October 2018  
SYDNEY

## Tweed Shire Council

## Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	4,679	4,951
b. Engineering and supervision	2,002	1,959
<b>2. Operation and maintenance expenses</b>		
<b>– dams and weirs</b>		
a. Operation expenses	375	330
b. Maintenance expenses	645	99
<b>– Mains</b>		
c. Operation expenses	156	159
d. Maintenance expenses	1,230	1,236
<b>– Reservoirs</b>		
e. Operation expenses	200	183
f. Maintenance expenses	162	89
<b>– Pumping stations</b>		
g. Operation expenses (excluding energy costs)	264	191
h. Energy costs	983	662
i. Maintenance expenses	185	212
<b>– Treatment</b>		
j. Operation expenses (excluding chemical costs)	1,469	1,333
k. Chemical costs	579	854
l. Maintenance expenses	385	381
<b>– Other</b>		
m. Operation expenses	723	705
n. Maintenance expenses	1,091	972
o. Purchase of water	24	55
<b>3. Depreciation expenses</b>		
a. System assets	7,346	7,273
b. Plant and equipment	94	67
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4,347	4,445
b. Revaluation decrements	–	–
c. Other expenses	893	862
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	108	107
<b>5. Total expenses</b>	<b>27,940</b>	<b>27,125</b>

## Tweed Shire Council

## Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	5,166	4,952
b. Usage charges	16,437	16,217
<b>7. Non-residential charges</b>		
a. Access (including rates)	659	599
b. Usage charges	6,658	6,535
<b>8. Extra charges</b>	100	109
<b>9. Interest income</b>	1,529	1,898
<b>10. Other income</b>	869	810
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	371	379
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	4,220	5,447
b. Developer provided assets	980	445
c. Other contributions	–	–
<b>13. Total income</b>	<b>36,989</b>	<b>37,391</b>
<b>14. Gain (or loss) on disposal of assets</b>	(1,754)	(1,221)
<b>15. Operating result</b>	<b>7,295</b>	<b>9,045</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	7,295	9,045

## Tweed Shire Council

## Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	771	547
b. New assets for growth	1,449	1,824
c. Renewals	1,382	1,402
d. Plant and equipment	42	28
<b>17. Repayment of debt</b>	1,447	1,349
<b>18. Totals</b>	<b>5,091</b>	<b>5,150</b>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	33,306	33,190
b. Residential (unoccupied, ie. vacant lot)	945	778
c. Non-residential (occupied)	1,860	1,863
d. Non-residential (unoccupied, ie. vacant lot)	206	192
<b>23. Number of ETs for which developer charges were received</b>	307 ET	407 ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 669,158	\$ 687,082

## Tweed Shire Council

## Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	19,003	41,000	60,003
<b>26. Receivables</b>			
a. Specific purpose grants	6	–	6
b. Rates and availability charges	225	–	225
c. User charges	3,052	–	3,052
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	562,524	562,524
b. Plant and equipment	–	108	108
<b>29. Other assets</b>	34	23	57
<b>30. Total assets</b>	<b>22,320</b>	<b>603,655</b>	<b>625,975</b>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	667	–	667
<b>32. Creditors</b>	691	–	691
<b>33. Borrowings</b>	1,552	59,197	60,749
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<b>2,910</b>	<b>59,197</b>	<b>62,107</b>
<b>36. NET ASSETS COMMITTED</b>	<b>19,410</b>	<b>544,458</b>	<b>563,868</b>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			212,695
<b>38. Asset revaluation reserve</b>			351,173
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<b>563,868</b>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			668,410
<b>42. Accumulated current cost</b> depreciation of system assets			(105,886)
<b>43. Written down current cost</b> of system assets			<b>562,524</b>

## Tweed Shire Council

## Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	4,025	3,615
b. Engineering and supervision	1,839	1,887
<b>2. Operation and maintenance expenses</b>		
<b>– mains</b>		
a. Operation expenses	247	258
b. Maintenance expenses	1,544	1,810
<b>– Pumping stations</b>		
c. Operation expenses (excluding energy costs)	776	734
d. Energy costs	608	595
e. Maintenance expenses	1,831	1,685
<b>– Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	1,940	1,842
g. Chemical costs	595	664
h. Energy costs	1,464	980
i. Effluent management	102	73
j. Biosolids management	654	616
k. Maintenance expenses	1,066	1,559
<b>– Other</b>		
l. Operation expenses	161	378
m. Maintenance expenses	51	82
<b>3. Depreciation expenses</b>		
a. System assets	11,392	11,175
b. Plant and equipment	125	123
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	2,457	2,640
b. Revaluation decrements	–	–
c. Other expenses	1,077	809
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	103	103
<b>5. Total expenses</b>	<b>32,057</b>	<b>31,628</b>

## Tweed Shire Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	26,391	25,551
<b>7. Non-residential charges</b>		
a. Access (including rates)	2,338	2,219
b. Usage charges	2,401	2,219
<b>8. Trade waste charges</b>		
a. Annual fees	73	66
b. Usage charges	583	1,011
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	78	86
<b>10. Interest income</b>	2,301	2,117
<b>11. Other income</b>	801	746
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	358	366
c. Other grants	–	–
<b>13. Contributions</b>		
a. Developer charges	2,248	2,881
b. Developer provided assets	2,539	1,446
c. Other contributions	–	–
<b>14. Total income</b>	<b>40,111</b>	<b>38,708</b>
<b>15. Gain (or loss) on disposal of assets</b>	(438)	(809)
<b>16. Operating result</b>	<b>7,616</b>	<b>6,271</b>
<b>16a. Operating result (less grants for acquisition of assets)</b>	7,616	6,271

## Tweed Shire Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	444	567
b. New assets for growth	2,523	505
c. Renewals	1,659	1,916
d. Plant and equipment	37	64
<b>18. Repayment of debt</b>	2,772	2,686
<b>19. Totals</b>	<b>7,435</b>	<b>5,738</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	32,021	31,891
b. Residential (unoccupied, ie. vacant lot)	893	742
c. Non-residential (occupied)	1,617	1,619
d. Non-residential (unoccupied, ie. vacant lot)	161	150
<b>24. Number of ETs for which developer charges were received</b>	341 ET	453 ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 645,468	\$ 661,953



## Tweed Shire Council

## Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	6,190	–	6,190
e. Sinking fund	–	–	–
f. Other	24,810	60,000	84,810
<b>27. Receivables</b>			
a. Specific purpose grants	6	–	6
b. Rates and availability charges	1,080	–	1,080
c. User charges	1,261	–	1,261
d. Other	–	–	–
<b>28. Inventories</b>	–	–	–
<b>29. Property, plant and equipment</b>			
a. System assets	–	605,652	605,652
b. Plant and equipment	–	324	324
<b>30. Other assets</b>	47	–	47
<b>31. Total assets</b>	<b>33,394</b>	<b>665,976</b>	<b>699,370</b>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	278	–	278
<b>33. Creditors</b>	327	–	327
<b>34. Borrowings</b>	2,533	24,572	27,105
<b>35. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>36. Total liabilities</b>	<b>3,138</b>	<b>24,572</b>	<b>27,710</b>
<b>37. NET ASSETS COMMITTED</b>	<b>30,256</b>	<b>641,404</b>	<b>671,660</b>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			250,176
<b>39. Asset revaluation reserve</b>			421,484
<b>40. Other reserves</b>			–
<b>41. TOTAL EQUITY</b>			<b>671,660</b>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			764,789
<b>43. Accumulated current cost</b> depreciation of system assets			(159,137)
<b>44. Written down current cost</b> of system assets			<b>605,652</b>

## Tweed Shire Council

### Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment losses** (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

## Tweed Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Civic Buildings/Admin	484	484	311	294	31,853	39,191	7%	25%	65%	1%	2%
	Community	373	373	151	212	17,892	20,392	27%	39%	21%	10%	3%
	Cultural	–	–	44	167	28,091	30,653	46%	40%	14%	0%	0%
	Emergency	34	34	23	65	3,197	3,639	8%	43%	44%	5%	0%
	Operational	562	562	153	194	33,510	21,044	41%	27%	19%	9%	4%
	Public Toilets	99	99	62	198	7,064	7,699	28%	31%	29%	9%	3%
	Recreation	262	262	195	198	32,508	35,991	34%	28%	33%	3%	2%
	Residential	29	29	49	23	5,999	7,602	29%	36%	26%	3%	6%
	<b>Sub-total</b>	<b>1,843</b>	<b>1,843</b>	<b>988</b>	<b>1,351</b>	<b>160,114</b>	<b>166,211</b>	<b>28.8%</b>	<b>31.6%</b>	<b>33.5%</b>	<b>3.9%</b>	<b>2.2%</b>
<b>Other structures</b>	Other structures	120	120	59	1	340	695	49%	3%	4%	9%	35%
	<b>Sub-total</b>	<b>120</b>	<b>120</b>	<b>59</b>	<b>1</b>	<b>340</b>	<b>695</b>	<b>49.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>9.0%</b>	<b>35.0%</b>
<b>Roads</b>	Sealed roads	6,639	6,639	4,226	2,633	454,788	621,791	30%	52%	15%	3%	0%
	Unsealed roads	101	101	49	1,406	3,602	6,290	49%	20%	28%	3%	0%
	Bridges	16	16	205	411	162,018	193,820	82%	17%	1%		0%
	Footpaths	606	606	344	539	33,580	42,021	65%	7%	17%	10%	1%
	Kerb and gutter	826	826	266	129	47,119	58,989	73%	13%	9%	4%	1%
	Street furniture	25	25	12	140	11,136	12,670	92%	5%	2%	1%	0%
	Car parks	149	149	40	1	6,576	8,648	75%	9%	10%	5%	1%
	Bulk earthworks	–	–	–	–	149,328	149,328	100%				0%
	<b>Sub-total</b>	<b>8,362</b>	<b>8,362</b>	<b>5,142</b>	<b>5,259</b>	<b>868,147</b>	<b>1,093,557</b>	<b>53.6%</b>	<b>33.8%</b>	<b>10.1%</b>	<b>2.4%</b>	<b>0.1%</b>

## Tweed Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Dams/weirs	48	48	448	851	66,573	75,839	16%	81%	3%	0%	0%
	Mains	1,684	1,684	2,362	2,465	311,748	364,101	75%	18%	5%	1%	1%
	Reservoirs	415	415	188	325	33,731	45,402	3%	42%	41%	14%	0%
	Pumping station/s	414	414	1,374	1,268	13,341	23,718	12%	44%	34%	9%	1%
	Treatment	260	260	2,985	2,384	78,925	100,161	55%	39%	5%	1%	0%
	Other	–	–	–	–	727	728	100%				0%
	<b>Sub-total</b>	<b>2,821</b>	<b>2,821</b>	<b>7,357</b>	<b>7,293</b>	<b>505,045</b>	<b>609,949</b>	<b>56.6%</b>	<b>32.1%</b>	<b>8.6%</b>	<b>2.2%</b>	<b>0.6%</b>
Sewerage network	Mains	3,714	3,714	1,944	1,787	320,509	389,951	66%	19%	6%	2%	7%
	Pumping station/s	277	277	3,750	3,103	58,705	88,997	16%	48%	33%	3%	0%
	Treatment	403	403	5,029	4,831	161,935	220,729	30%	52%	17%	1%	0%
	<b>Sub-total</b>	<b>4,394</b>	<b>4,394</b>	<b>10,723</b>	<b>9,721</b>	<b>541,149</b>	<b>699,677</b>	<b>48.3%</b>	<b>33.1%</b>	<b>12.9%</b>	<b>1.8%</b>	<b>3.9%</b>

## Tweed Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	15,611	15,611	645	1,132	158,996	239,117	29%	29%	29%	2%	11%
	<b>Sub-total</b>	<b>15,611</b>	<b>15,611</b>	<b>645</b>	<b>1,132</b>	<b>158,996</b>	<b>239,117</b>	<b>29.0%</b>	<b>29.0%</b>	<b>29.0%</b>	<b>2.0%</b>	<b>11.0%</b>
Open space/recreational assets	Swimming pools	244	244	65	60	2,716	4,992		85%	15%		0%
	Recreation other structures	601	601	509	499	29,734	41,359	67%	11%	19%	2%	1%
	<b>Sub-total</b>	<b>845</b>	<b>845</b>	<b>574</b>	<b>559</b>	<b>32,450</b>	<b>46,351</b>	<b>59.8%</b>	<b>19.0%</b>	<b>18.6%</b>	<b>1.8%</b>	<b>0.9%</b>
Other infrastructure assets	Other structures	1,000	1,000	172	161	194,919	188,456	59%	6%	24%	5%	6%
	<b>Sub-total</b>	<b>1,000</b>	<b>1,000</b>	<b>172</b>	<b>161</b>	<b>188,456</b>	<b>188,456</b>	<b>59.0%</b>	<b>6.0%</b>	<b>24.0%</b>	<b>5.0%</b>	<b>6.0%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>34,996</b>	<b>34,996</b>	<b>25,660</b>	<b>25,477</b>	<b>2,454,697</b>	<b>3,044,013</b>	<b>50.1%</b>	<b>30.8%</b>	<b>14.2%</b>	<b>2.4%</b>	<b>2.4%</b>

## Notes:

a Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Tweed Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
<b>Infrastructure asset performance indicators * consolidated</b>				
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>				
Asset renewals <sup>(2)</sup>	<u>27,840</u>	<b>67.81%</b>	56.81%	>= 100%
Depreciation, amortisation and impairment	<u>41,053</u>			
<b>2. Infrastructure backlog ratio <sup>(1)</sup></b>				
Estimated cost to bring assets to a satisfactory standard	<u>34,996</u>	<b>1.43%</b>	1.54%	< 2.00%
Net carrying amount of infrastructure assets	<u>2,454,697</u>			
<b>3. Asset maintenance ratio</b>				
Actual asset maintenance	<u>25,477</u>	<b>99.29%</b>	92.91%	> 100%
Required asset maintenance	<u>25,660</u>			
<b>4. Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<u>34,996</u>	<b>1.15%</b>	0.00%	
Gross replacement cost	<u>3,044,013</u>			

## Notes

\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Excludes Work In Progress (WIP)

<sup>(2)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity / performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Tweed Shire Council

## Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

<p><b>1. Buildings and infrastructure renewals ratio</b></p> <p>Benchmark: <span style="color: blue;">—</span> Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 67.81%</b></p> <p>Ratio is improving. Council's works program has been delayed by flood repair works.</p>
<p><b>2. Infrastructure backlog ratio</b></p> <p>Benchmark: <span style="color: blue;">—</span> Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 1.43%</b></p> <p>Backlog remains at an acceptable ratio</p>
<p><b>3. Asset maintenance ratio</b></p> <p>Benchmark: <span style="color: blue;">—</span> Minimum <math>&gt; 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 99.29%</b></p> <p>Ratio remains at an acceptable level</p>
<p><b>4. Cost to bring assets to agreed service level</b></p>	<p><b>Purpose of agreed service level ratio</b></p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 1.15%</b></p> <p>Ratio is at an acceptable level</p>

## Tweed Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	General Fund indicators <sup>(1)</sup>		Water Fund indicators		Sewer Fund indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>94.17%</b>	71.87%	<b>26.41%</b>	29.49%	<b>43.38%</b>	45.78%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>1.99%</b>	2.31%	<b>0.55%</b>	0.51%	<b>0.80%</b>	0.78%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>111.65%</b>	93.63%	<b>99.13%</b>	91.30%	<b>90.66%</b>	93.44%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>1.60%</b>	0.00%	<b>0.46%</b>	0.00%	<b>0.63%</b>	0.00%	
Gross replacement cost							

**Notes**

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.