



DRAFT

Annual Financial Statements
Year Ending 30 June 2013



Part A
Auditor's Reports

Ballina Shire Council

Report to Council under s417 of the Local Government Act 1993

30 June 2013



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers

CONTENTS

1.	COUNCIL'S FINANCIAL REPORTING REQUIREMENTS.....	iii
2.	AUDITOR'S RESPONSIBILITIES	iv
3.	CONSOLIDATED OPERATING RESULT	v
3.1	Analysis of Operating Result Before Capital	v
3.2	Other Material Items Impacting the Consolidated Operating Result.....	vii
4.	FINANCIAL POSITION	ix
4.1	Cash and Investments.....	ix
4.2	Infrastructure, Property, Plant and Equipment (IPP&E).....	xi
4.3	Loans Liability.....	xii
5.	KEY FINANCIAL PERFORMANCE INDICATORS.....	xiv
6.	INTERNAL CONTROL ENVIRONMENT	xix



1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

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

General Purpose Financial Report

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

Special Purpose Financial Report

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

- Water fund operations;
- Sewer fund operations;
- Quarry operations;
- Aerodrome operations;
- Wigmore Arcade;
- Land development;
- Commercial waste; and
- Private works.

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



2. AUDITOR'S RESPONSIBILITIES

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

Forming Our Audit Opinion

Our function as auditors is to examine the general purpose and special purpose financial reports presented to us by the Council to allow us to express an audit opinion. Our audit opinion does not cover:

- i) The original budget information included in:
 - The income statement;
 - The statement of cash flows; and
 - Note 2(a) to the general purpose financial statements;
- ii) Note 16 budget variation explanations in the general purpose financial statements;
- iii) Note 17 forecast information contained in the general purpose financial statements; and
- iv) The best practice disclosures in notes 2 & 3 to the special purpose financial statements.

As auditors of the Council we are not responsible for the preparation of the financial reports, the maintenance of accounting records or the organisation's systems of internal control. These responsibilities, together with the requirement to present financial reports, which give a true and fair view of the state of the Council's affairs and of its results are imposed on the Council and Management by the Local Government Act and Regulations 1993.

Reporting on the Conduct of the Audit

As part of our role as auditor of Council, Section 417 (3) of the *Local Government Act 1993* and the Local Government (General) regulation requires us to consider and provide comment on the material items affecting the general purpose financial report and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2013, its performance for the year then ended, its cash flows and other material financial matters.

3. CONSOLIDATED OPERATING RESULT

Council's surplus from all activities for 2013 was \$27,211,000. This compares to a surplus in 2012 of \$12,570,000. This result can be summarised as follows:-

	2011 \$'000	2012 \$'000	2013 \$'000
Revenues from continuing operations	59,620	63,473	80,342
Expenses from continuing operations	(47,004)	(52,399)	(67,252)
Result from continuing operations before depreciation	12,616	11,074	13,090
Less: Depreciation expense	(19,658)	(21,701)	(20,428)
Result from continuing operations before capital amounts	(7,042)	(10,627)	(7,338)
Capital grants and contributions	24,045	22,699	39,549
Fair value gains / (losses) on investments	747	34	414
Landfill remediation provision reassessment	-	-	2,243
Increase / (Reduction) in the fair value of investment properties	2,567	-	(2,745)
Gain / (loss) on disposal of assets	(1,751)	464	(4,912)
Surplus / (Deficit) from all activities	18,566	12,570	27,211

3.1 Analysis of Operating Result Before Capital

Council has recorded a deficit from continuing operations before capital and other items of \$7,338,000 which has improved from a deficit of \$10,627,000 in 2012. Some of the material components contributing to the improved result include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
REVENUE		
Ordinary Rates	1,019	General rates revenue increased as a result of Council receiving approval for a rate variation of 5.7% for the 2013 year.
Annual Charges	1,365	Revenue from annual charges increased by 7.4% resulting from an increase in Sewer charges of 6.9%, Water charges 5.9% and Domestic Waste Management charges up 9.0% from the prior year.



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
User Charges	862	Revenue from user charges was higher by 12.3%. Water user charges increased by \$764,000 largely due price increases of 5.9% combined with greater consumption. Sewerage user charges increased by \$111,000 as a result of similar factors.
RMS Works – State Roads	(875)	Revenue from contract works on RMS State Roads decreased from \$990,000 to \$115,000. The contract work requested by the RMS can vary significantly from year to year.
Aerodrome Fees	290	Landing fees received from the airline carriers have increased by 8.4% due to continued growth in passenger numbers when compared to the prior period.
Operating Grants	(359)	The annual Financial Assistance grant for 2013 was \$3,413,000 compared to \$4,312,000 for 2012. The revenue recognised in the 2012 year represented 5 quarters as the Division of Local Government had paid 2 quarters in advance, whereas previously had paid 1 quarter in advance. The revenue recognised in the 2013 year represents 4 quarters. This decrease in operating grants revenue was offset by the receipt of \$522,000 for Natural Disaster Funding clean up costs.
Operating Contributions	6,421	Total operating contributions has increased from \$1,840,000 to \$8,261,000. This increase is due to RMS contributions of \$7,086,000 received in 2013 compared to \$756,000 in 2012. The RMS Contributions in 2013 included \$6,408,000 for the maintenance of roads transferred to Council's control arising from the construction of the Ballina and Alstonville bypasses.
EXPENSES		
Employee Benefits & On-costs	(214)	Salaries and wages increased by \$493,000 since the prior year, consistent with an award rise of 3.25%. The increase in salaries and wages expense was offset by increased capitalisation of employee costs.
Borrowing Costs	2,728	Borrowing costs in the 2013 year have increased predominantly due to the draw down of a sewer infrastructure loan in the prior year as well as current year borrowings for the airport and other general fund infrastructure improvements.



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Materials & Contracts	1,457	Expenditure levels have been influenced by an increase of \$600,000 relating to the State Waste Levy and contract costs to remove waste offsite. Expenditure in relation to Natural Disaster maintenance was also \$580,000 higher than that incurred in the 2012 year.
Depreciation & Amortisation	(1,273)	In 2012 Council performed a full revaluation of sewerage and water supply infrastructure assets. This included the introduction of residual values and a reassessment of depreciation rates and methodology. As a result of this process the 2013 depreciation expense for sewer and water funds has reduced by \$1,487,000 and \$396,000 respectively. The depreciation expense for plant and equipment also decreased by \$323,000 from the prior year whilst the depreciation expense for road, bridges and footpaths increased by \$353,000 from the prior year.

3.2 Other Material Items Impacting the Consolidated Operating Result

Council's consolidated operating result can be influenced by transactions that may not be recurring or are unrelated to core service delivery. The 2013 consolidated operating surplus of \$27,211,000 has been impacted by the following significant items.

Fair Value Movement of Investments

All of Council's investments are recognised in the financial statements at their fair value. Any movements in the fair value of Council's investments are recognised as a revenue or expense in the income statement. Council receives independent valuations for each of its investments so that it may accurately report their fair value in the statement of financial position. The fair value of Council's investment portfolio has increased by \$414,000 during the 2013 financial year and this has been recognised as revenue in the income statement.

Fair Value Movement of Investment Properties

Council has investment properties which are carried in the statement of financial position at their fair value. Any movement in the fair value of investment properties is reflected in the income statement as required by Australian Accounting Standards. The fair value of Council's investment properties has been determined by an independent valuer with a reduction in value of \$2,745,000 recorded for the 2013 financial year.

Reassessment of Landfill Remediation Provision

During the year Council identified that it no longer has to remediate some of its landfill sites that are no longer in use. As a result, Council has reduced its provision for remediation by \$2.2 million to reflect the changed conditions.



Loss on Disposal of Infrastructure, Property, Plant & Equipment

Each year Council disposes various assets. These include the disposal of infrastructure assets in the normal course of Council's budgeted asset replacement program as well as the sale of plant and equipment and real estate. Council has realised a net loss on the disposal of infrastructure, property, plant & equipment of \$4,912,000 which is largely attributable the replacement of roads, bridges and sewer infrastructure.

Grants and Contributions

Council receives capital grants and contributions from various sources each financial year. The extent of revenue received each year is influenced by the nature and extent of Council's capital improvements programme and general economic activity.

Capital grants received during the year amounted to \$8,597,000 and largely comprised:

- \$1 million for construction of the Wollongbar sports fields,
- \$3 million for the construction of Ballina Heights Drive,
- \$2.3 million for construction of the airport runway apron, and
- \$2.1 million for the construction of the Ballina Surf Life Saving club.

The construction of the Wollongbar sports fields and Ballina Heights Drive have largely funded by grants provided under the Commonwealth Government Building Better Regional Cities programme. A condition of these grants is that Council must provide affordable housing contributions to purchasers of land in the Wollongbar and Ballina Heights areas where they satisfy certain income earning criteria. Total affordable housing contributions available to eligible purchasers of land is \$5.4 million.

Capital contributions received during the year totalled \$30,952,000. Capital contributions comprised the following:

	2011	2012	2013
	\$'000	\$'000	\$'000
Section 94 developer contributions	2,637	1,372	2,841
Section 64 developer contributions	2,677	1,001	1,228
Roadworks	859	557	600
RMS regional roads contributions	553	2,178	1,708
Non-cash infrastructure dedications	16,189	14,173	24,309
Other contributions	482	245	266
	<u>23,397</u>	<u>19,526</u>	<u>30,952</u>

The non-cash infrastructure dedications for the 2013 year is inflated by the transfer \$21.26 million of roads and related infrastructure assets from the RMS to Council following construction of the Ballina bypass.



Total developer asset dedications transferred to Council's control during the financial year consist of:

	\$'000
Transfer of roads infrastructure assets from RMS:	
Roads	10,540
Stormwater	52
Bridges	3,315
Land under roads	7,359
	<u>21,266</u>
Developer dedications:	
Roads infrastructure	742
Sewer infrastructure	562
Stormwater infrastructure	798
Water infrastructure	655
Land under roads	286
	<u>3,043</u>

4. FINANCIAL POSITION

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2013.

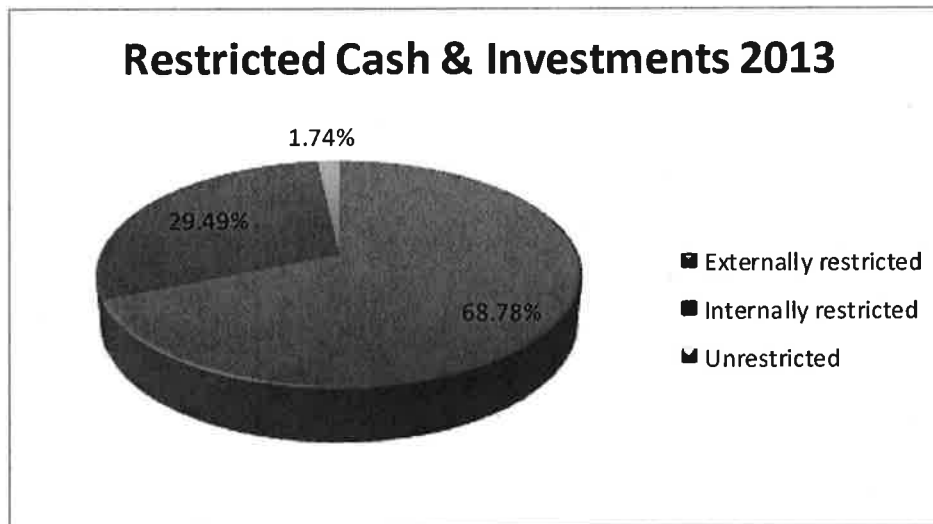
4.1 Cash and Investments

At balance date Council had a cash and investment portfolio of \$90,146,000 consisting of:

	2012 \$'000	2013 \$'000
Cash on hand and at bank	2,099	2,120
Deposits at call	1,172	56
Short term deposits	24,000	19,850
Financial assets at fair value	18,714	16,120
Held to maturity investments	33,000	52,000
	<u>78,985</u>	<u>90,146</u>

Council's cash and investments are largely restricted in their use:

	2012 \$'000	2013 \$'000
Externally restricted	56,361	62,000
Internally restricted	21,527	26,580
Unrestricted	1,097	1,566
	<u>78,985</u>	<u>90,146</u>



Externally Restricted Cash

Externally restricted cash consists of unspent monies such as developer contributions, grants and contributions as well as water and sewer funds. These funds are limited in their use under legislation or specific funding agreements and are not available for general Council operations.

Internally Restricted Cash

Internally restricted reserves are tied to specific Council projects under Council resolution and are generally not available to fund day-to-day operations.

Unrestricted Cash

The above table illustrates that Council has approximately \$1,566,000 unrestricted cash at balance date. This money is used to conduct Council's day-to-day operations.

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



4.2 Infrastructure, Property, Plant and Equipment (IPP&E)

The largest asset or liability appearing on Council's statement of financial position is I,P,P&E. Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for managing assets with a written down value in excess of \$1billion.

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

	2011 \$'000	2012 \$'000	2013 \$'000
Infrastructure dedications			
Roads and Drainage Network	11,185	9,566	15,447
Water Supply Network	1,658	1,027	655
Sewerage Network	2,954	1,049	562
Buildings	392	-	-
Land Under Roads	-	2,531	7,645
Council constructed / purchased assets			
Land, Buildings and Other Structures	9,661	4,495	9,491
Plant and Equipment	1,257	2,411	1,811
Bridges, Roads and Drainage Network	12,408	9,971	17,499
Water Supply Network	794	694	842
Sewerage Network	9,875	27,831	25,385
Land Under Roads	1,696	-	-
	<u>51,880</u>	<u>59,575</u>	<u>79,337</u>

Council Constructed / Purchased Additions

The material assets constructed or purchased by Council during the financial year were:

- Land, Buildings and Other Structures
In 2013 Council commenced construction of the Ballina Surf Club and continued the construction of the Wollongbar sports fields.
- Sewerage Network
Sewerage network capital expenditure relates to the Ballina Treatment Waste upgrade for \$15,093,000, the Recycled Water Distribution & Storage for \$5,000,000 and the Lennox Treatment Plant upgrade for \$2,552,000.



Asset Revaluations 2013

The Division of Local Government has mandated that all infrastructure assets are to be recognised in Council's financial records at their fair value and that revaluations should be undertaken, at a minimum, every five years and more regularly if there have been material changes. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity.

Where material, fair value adjustments are made each year to keep all infrastructure assets at fair value. The following fair value indexation movements have been recognised in 2013:

	\$'000
Roads and bridges	13,710
Water	2,584
Sewer	4,569
	20,863

The fair value increments have been credited to the Asset Revaluation Reserve.

We note that Stormwater drainage assets have not been indexed since the last revaluation which occurred in 2010. Management have completed an assessment to conclude that this class of asset is not materially misstated. A judgemental unadjusted audit difference of \$3,814,000 has been recorded in the audit representation letter to acknowledge the estimated misstatement of Stormwater drainage assets.

Asset Management

The management of infrastructure, property, plant and equipment is an important part of Council's objectives. The Local Government Infrastructure audit report released by the Division of Local Government identified Ballina Shire Council as having weak infrastructure management practices. To ensure Council is able to improve the management of its infrastructure portfolio it is important that it continues to develop asset management systems and associated resources so that strategic goals are achieved.

4.3 Loans Liability

Council has total borrowings at balance date of \$95,136,000 increasing from \$67,675,000 in 2012. The total loan liability at balance date is attributable to the Council's operating funds as follows:

	2011 \$'000	2012 \$'000	2013 \$'000
General	18,196	16,498	27,621
Sewer	6,265	51,173	67,515
Water	7	4	-
Total	24,468	67,675	95,136

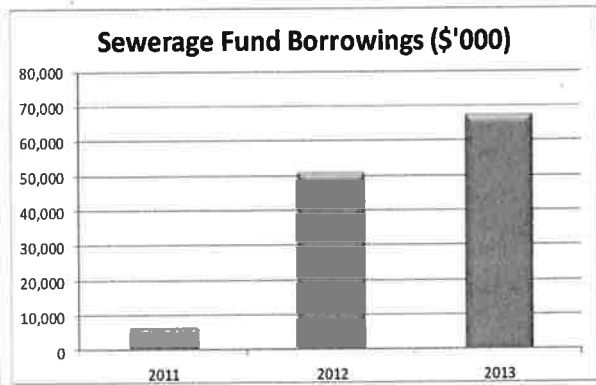
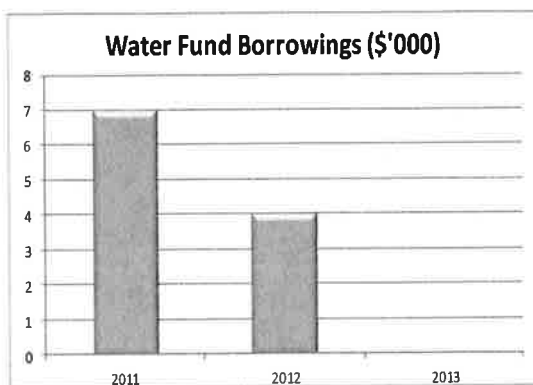
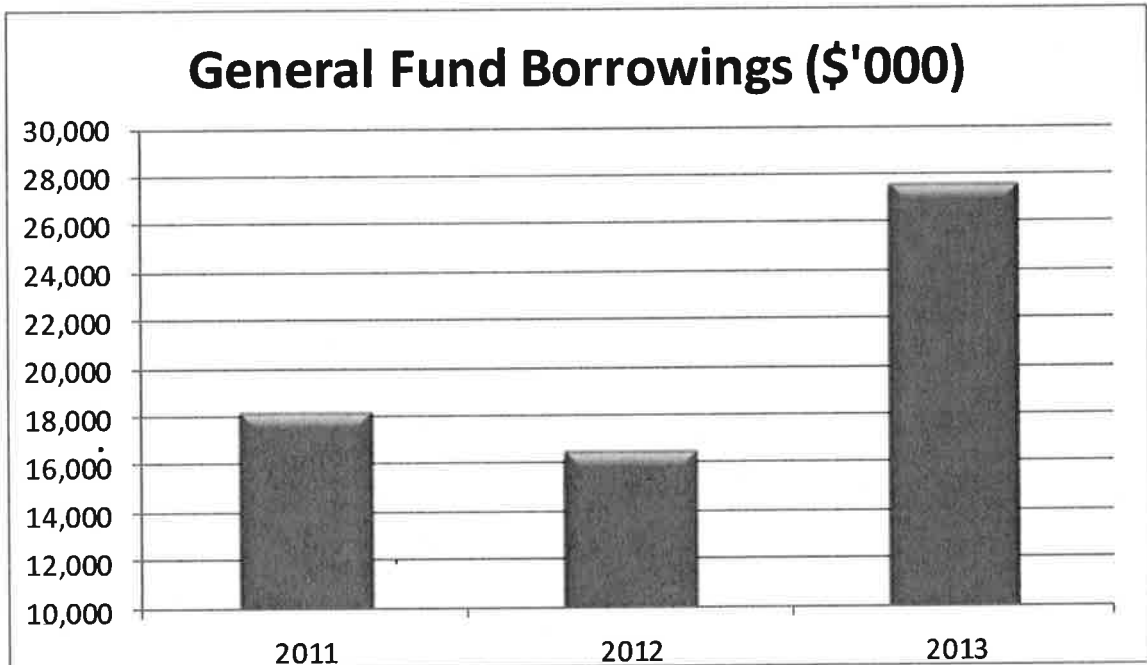


During the 2013 financial year, Sewer Fund drew down an additional \$16.9 million to fund the construction of the Lennox Head and Ballina Sewerage treatment plants.

General fund also increased borrowings by \$13,450,000 during the year, the more significant component being \$7,300,000 for the Airport runway and apron improvements.

Debt totalling \$3,464,119 was repaid by all funds during the financial year and Council is projecting to repay a further \$5,601,000 in principal in the 2014 financial year.

The graphs below provide an understanding of the movement in borrowings for General, Sewer and Water funds over the past three years.



5. KEY FINANCIAL PERFORMANCE INDICATORS

Council's performance can be measured using selected financial indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial statements provides details of local government sector key performance indicators on a consolidated basis as well as by Fund. We provide an analysis of some of these key performance indicators on a Fund-by-Fund basis.

When interpreting the ratios below it is important to recognise that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

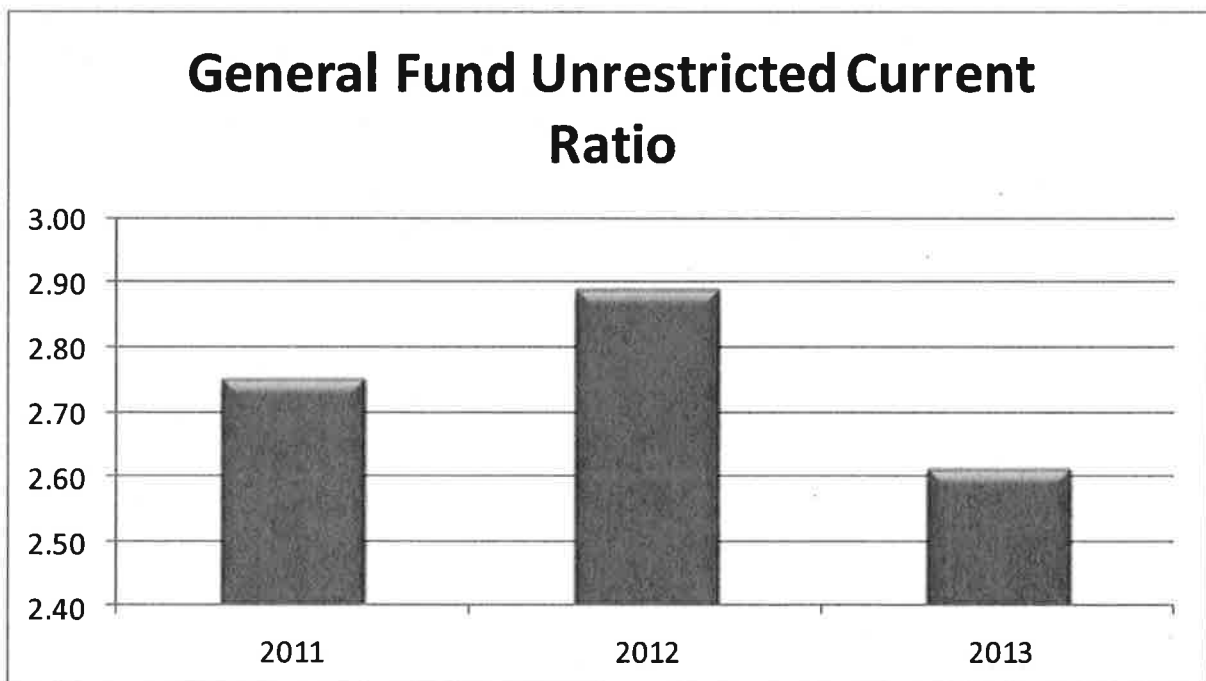
Unrestricted Current Ratio

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- Planning and budgetary controls
- Cash management and the timing of cash flows
- The level of internally restricted assets
- Credit management policies and economic circumstances

General Fund Unrestricted Current Ratio



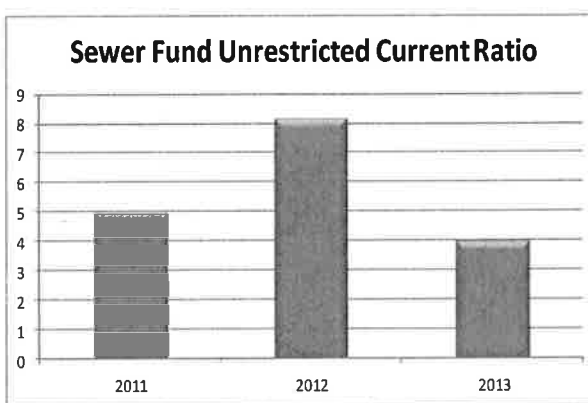
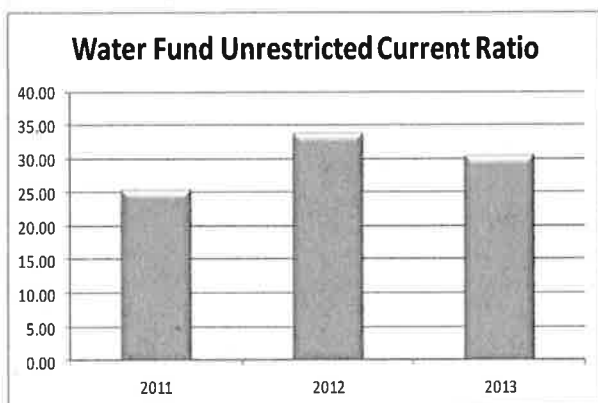
The general fund unrestricted current ratio has decreased from 2.89 as at 30 June 2012 to 2.61 at balance date 2013. This means that Council has \$2.61 in liquid current assets for every \$1 of current liabilities.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day-to-day commitments and absorb any unforeseen expenses or reductions in revenue.

Sewer and Water Fund Unrestricted Current Ratio

The unrestricted current ratio for water and sewer activities may fluctuate significantly. Yearly fluctuations may result from the accumulation of internal reserves and the impact of debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.

The water fund unrestricted current ratio has decreased from 33.96 to 30.67 and the sewer fund unrestricted current ratio has decreased from 8.19 to 4.00.



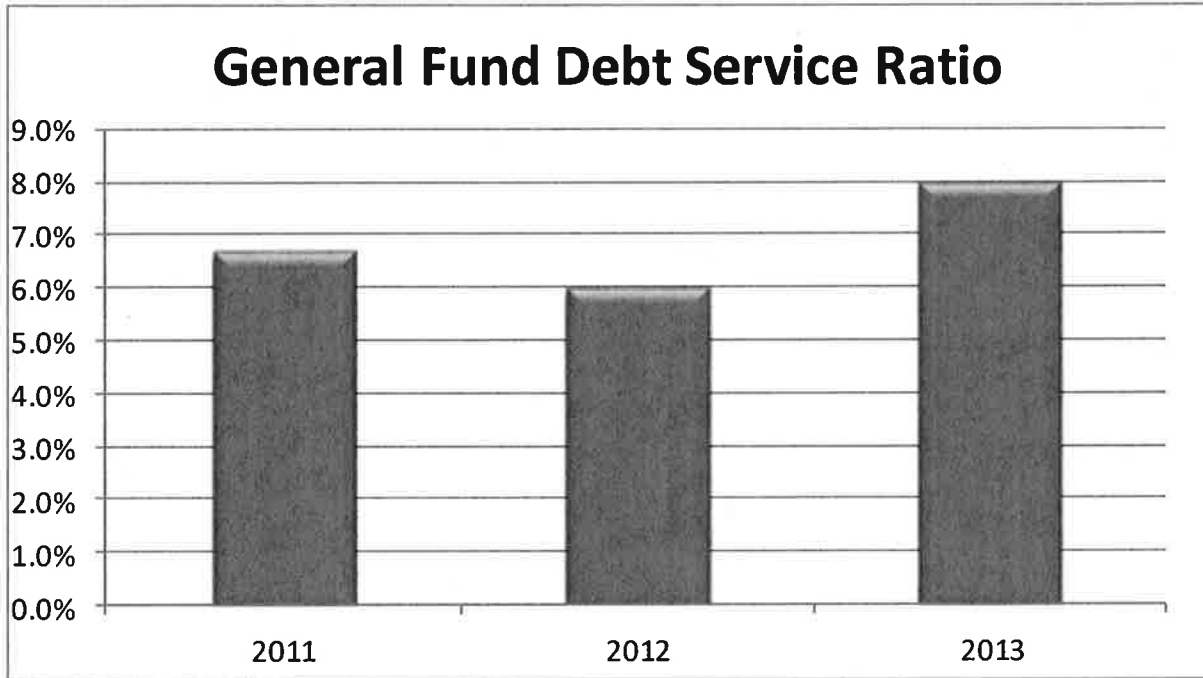
Debt Service Ratio

This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

- The rate of new development in the Council area and the need to borrow to fund new infrastructure;
- Council's debt policy;
- Interest rate movements and loan terms;
- Capital investment strategies and capital contributions policies;
- The level of cash reserves available to reduce the level of borrowings; and
- The state of Council's infrastructure assets and the need to borrow to replace them.



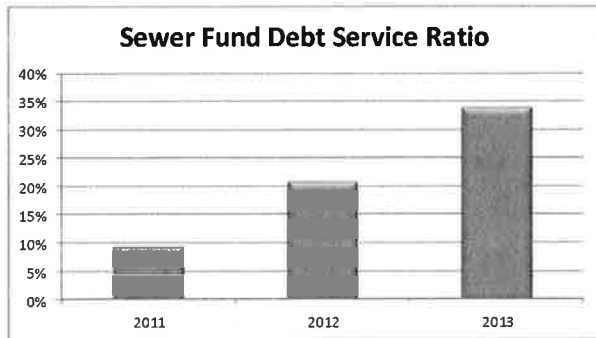
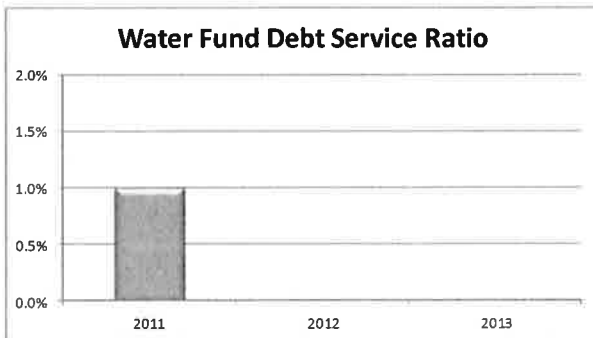
General Fund Debt Service Ratio



The above graph illustrates that the amount revenue used to service debt levels has remained relatively static over the past three years. The small increase in the current financial year largely reflects the commencement of loan repayments related to the airport improvements undertaken in 2013. A debt service ratio of 8% is acceptable for a council with population growth and corresponding infrastructure needs.

Sewer and Water Fund Debt Service Ratio

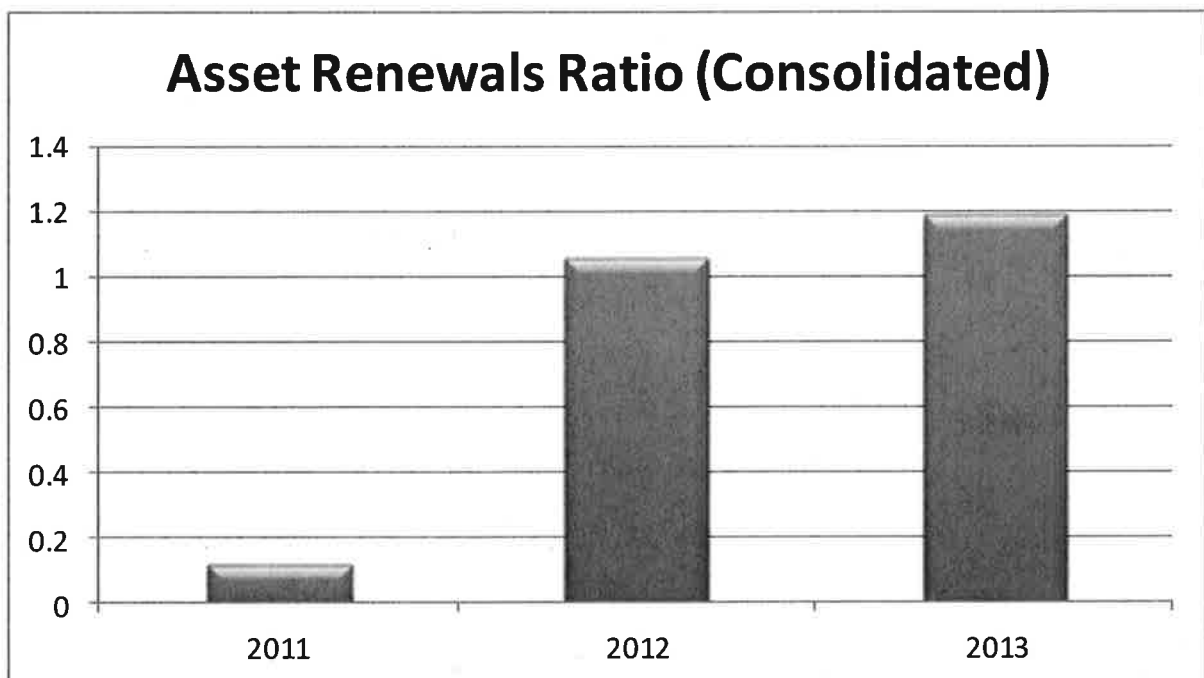
The water debt service ratio has remained at nil for the past two years. The debt service ratio for sewer fund has increased in 2013 and will increase further in 2014 as repayment of borrowings used for the construction of the Ballina and Lennox Head sewer treatment plants commence.



Buildings and Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating.

This ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets. It should be noted that Council has incurred expenditure during the year to increase the capacity of existing assets. By definition, this type of expenditure is not included in the asset renewal ratio to the extent of the increased capacity.



The table above shows that Council's consolidated building and infrastructure renewals ratio has improved significantly when compared to prior years, however the ratio has been greatly influenced by Sewer fund infrastructure expenditure. When analysed by Fund the asset renewals ratios are as follows:

	%
General Fund	87
Sewer Fund	340
Water Fund	6

A buildings and infrastructure renewals ratio of less than 100% is considered to be below industry benchmarks. This ratio continues to be monitored by Council's management team.

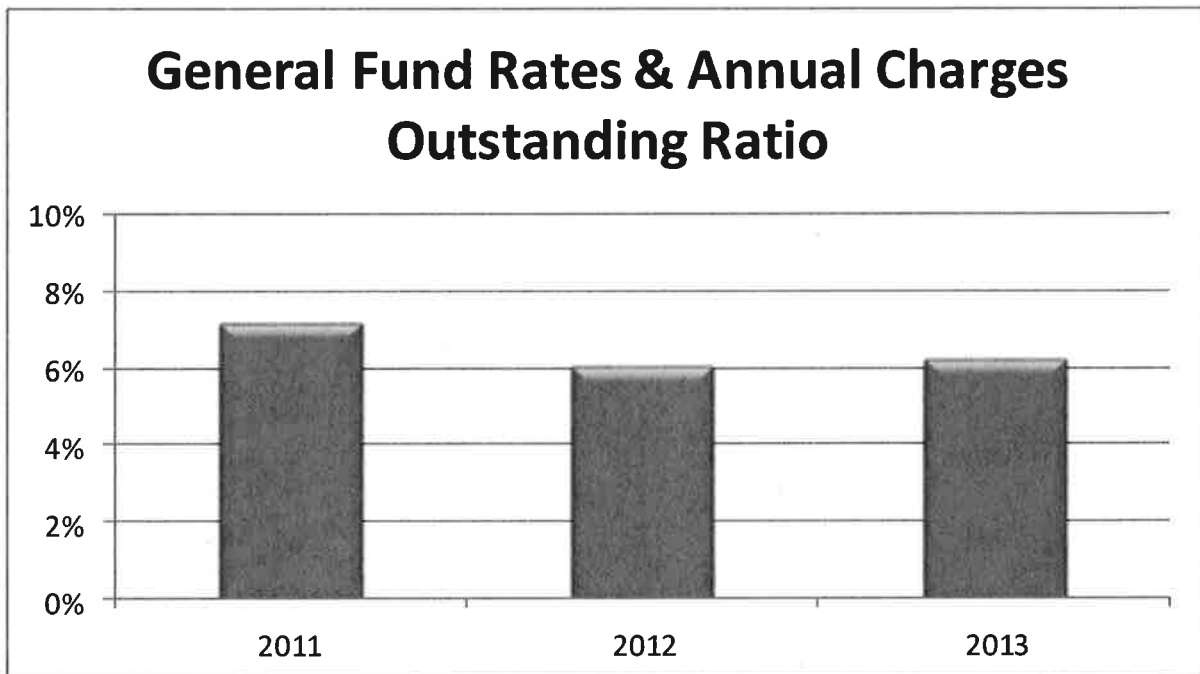


Rates and Annual Charges Outstanding Percentage

This indicator assesses the effectiveness of Council's revenue collection. Factors influencing Council's rates and annual charges outstanding ratio include:

- Council's rating policy;
- Credit management policies;
- The socioeconomic characteristics of the area; and
- Environmental factors influencing ratepayers ability to satisfy their obligations.

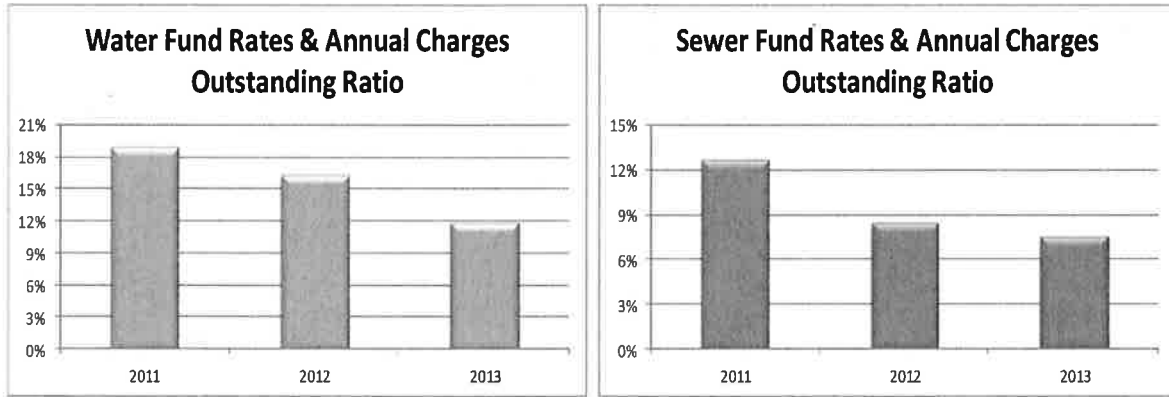
General Fund Rates and Annual Charges Outstanding Ratio



Council's General Fund rates and annual charges outstanding has remained static when compared to last year. A ratio of 6% reflects sound debt collection management practices.



Sewer and Water Fund Rates and Annual Charges Outstanding Ratio



The above graphs illustrate the rates and annual charges outstanding ratio for water and sewer funds which also reflect sound collections management.

6. INTERNAL CONTROL ENVIRONMENT

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a qualified audit opinion.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and Council staff.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

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

24 October 2013



**BALLINA SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORT**

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

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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

XX

31 Keen Street (PO Box 106)
Lismore NSW 2480

Email: enquiries@tnr.com.au
Phone: Business Services +61 (0)2 6621 8544
Audit & Assurance +61 (0)2 6626 3000

Website: www.tnr.com.au
Facsimile: +61 (0)2 6621 9035

Liability limited by a scheme approved under the Professional Standards Legislation.

Thomas Noble & Russell is a member of  International. A world-wide organization of accounting firms and business advisers



Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the general purpose financial report of Ballina Shire Council for the year ended 30 June 2013 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

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

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

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

Dated at Ballina this 24th day of October 2013



Part B

General Purpose Financial Statements

BALLINA SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30th June 2013

TABLE OF CONTENTS

	<u>Page</u>
General purpose financial statements	
Statement by Councillors and Management	1
Income statement	2
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	N1 - N48
Auditor's reports	i - xxi

These financial statements are general purpose financial statements of Ballina Shire Council and are presented in the Australian currency.

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

Ballina Shire Council
Cnr Cherry and Tamar Streets
Ballina NSW 2478

The financial statements are authorised for issue by the Council on 24 October 2013. Council has the power to amend and reissue the financial statements.

Through the use of the internet, we have insured that our reporting is timely, complete, and available at minimum cost. The financial statements and other information is available on our website:

www.ballina.nsw.gov.au

BALLINA SHIRE COUNCIL

GENERAL PURPOSE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached General Purpose Annual Financial Statements have been drawn up in accordance with:

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

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

- Presents fairly the Council's operating result and financial position 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 Thursday 24 October 2013.

.....
Cr David Wright

MAYOR

.....
COUNCILLOR

.....
Paul Hickey

GENERAL MANAGER

.....
Peter Morgan

RESPONSIBLE ACCOUNTING OFFICER

BALLINA SHIRE COUNCIL

INCOME STATEMENT for the year ended 30th June 2013

Budget (1) 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
	INCOME FROM CONTINUING OPERATIONS			
	<i>Revenue:</i>			
35,500	Rates and annual charges	3(a)	35,657	33,273
15,819	User charges and fees	3(b)	15,260	14,582
2,870	Interest and investment revenue	3(c)	4,658	4,365
2,244	Other revenues	3(d)	5,961	3,543
6,016	Grants and contributions provided for operating purposes	3(e,f)	13,806	7,744
16,691	Grants and contributions provided for capital purposes	3(e,f)	39,549	22,699
	<i>Other Income:</i>			
<u>600</u>	Net gain from disposal of assets	5	<u>-</u>	<u>464</u>
79,740	Total income from continuing operations		114,891	86,670
	EXPENSES FROM CONTINUING OPERATIONS			
20,700	Employee benefits and on-costs	4(a)	18,810	19,024
5,123	Borrowing Costs	4(b)	5,254	2,526
24,192	Materials and contracts	4(c)	26,045	24,588
20,226	Depreciation and amortisation	4(d)	20,428	21,701
6,186	Other expenses	4(e)	12,231	6,261
<u>-</u>	Net loss from disposal of assets	5	<u>4,912</u>	<u>-</u>
<u>76,427</u>	Total expenses from continuing operations		<u>87,680</u>	<u>74,100</u>
3,313	OPERATING RESULT FROM CONTINUING OPERATIONS		27,211	12,570
<u>3,313</u>	NET OPERATING RESULT FOR THE YEAR		<u>27,211</u>	<u>12,570</u>
	Attributable to:			
<u>3,313</u>	BALLINA SHIRE COUNCIL		<u>27,211</u>	<u>12,570</u>
<u>3,313</u>			<u>27,211</u>	<u>12,570</u>
<u>(13,378)</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>(12,338)</u>	<u>(10,129)</u>

Note (1) Original budget as approved by Council refer Note 16

This above Income statement should be read in conjunction with the accompanying notes.

BALLINA SHIRE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2013

	Notes	2013 \$'000	2012 \$'000
Net operating result for year - from income statement		27,211	12,570
Other comprehensive income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Gain on revaluation of infrastructure, property, plant and equipment	20(b)	20,863	88,360
Total other comprehensive income for the year		<u>20,863</u>	<u>88,360</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>48,074</u>	<u>100,930</u>
Attributable to:			
BALLINA SHIRE COUNCIL		<u>48,074</u>	<u>100,930</u>
		\$ <u>48,074</u>	<u>\$ 100,930</u>

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

BALLINA SHIRE COUNCIL
STATEMENT OF FINANCIAL POSITION
as at 30th June 2013

ASSETS	<u>Notes</u>	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	6(a)	22,026	27,271
Investments	6(b)	57,234	40,157
Receivables	7	8,717	9,155
Inventories	8	1,010	1,162
Other	8	704	157
Total current assets		<u>89,691</u>	<u>77,902</u>
Non-current assets			
Investments	6(b)	10,886	11,557
Receivables	7	641	690
Inventories	8	2,816	2,651
Infrastructure, property, plant and equipment	9(a)	1,094,337	1,022,389
Investment property	14	18,350	22,030
Total non-current assets		<u>1,127,030</u>	<u>1,059,317</u>
TOTAL ASSETS		<u>1,216,721</u>	<u>1,137,219</u>
LIABILITIES			
Current liabilities			
Payables	10	9,341	4,048
Borrowings	10	7,950	3,095
Provisions	10	7,893	7,678
Total current liabilities		<u>25,184</u>	<u>14,821</u>
Non-current liabilities			
Payables	10	540	459
Borrowings	10	87,186	64,580
Provisions	10	3,938	5,560
Total non-current liabilities		<u>91,664</u>	<u>70,599</u>
TOTAL LIABILITIES		<u>116,848</u>	<u>85,420</u>
NET ASSETS		<u>\$ 1,099,873</u>	<u>1,051,799</u>
EQUITY			
Accumulated Surplus	20(a)	633,377	606,166
Revaluation Reserves	20(b)	466,496	445,633
TOTAL EQUITY		<u>\$ 1,099,873</u>	<u>1,051,799</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

BALLINA SHIRE COUNCIL
STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2013

2013	Retained Earnings	Asset Reval. Reserve	Council Equity Interest	Total
	Note			\$'000
Balance at end of previous reporting period	606,166	445,633	1,051,799	1,051,799
Net Operating Result for the year	27,211	-	27,211	27,211
Other comprehensive income Revaluation of infrastructure, property, plant &	-	20,863	20,863	20,863
Total other comprehensive income	-	20,863	20,863	20,863
Balance at end of the reporting period	633,377	466,496	1,099,873	1,099,873

2012	Retained Earnings	Asset Reval. Reserve	Council Equity Interest	Total
	Note			\$'000
Balance at end of previous reporting period	557,588	357,273	914,861	914,861
Effect of correction of errors in previous years on retained earnings	36,008	-	36,008	36,008
Restated opening balance	593,596	357,273	950,869	950,869
Net operating result for the year	12,570	-	12,570	12,570
Other comprehensive income Revaluation of infrastructure, property, plant and equipment	-	88,360	88,360	88,360
Total other comprehensive income	-	88,360	88,360	88,360
Balance at end of the reporting period	606,166	445,633	1,051,799	1,051,799

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

BALLINA SHIRE COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30th June 2013

Budget 2013 \$'000	CASH FLOWS FROM OPERATING ACTIVITIES <small>Notes</small>	Actual 2013 \$'000	Actual 2012 \$'000
	<u>Receipts:</u>		
35,500	Rates and annual charges	35,789	33,814
15,819	User charges and fees	13,757	15,010
2,870	Interest and investment revenue	4,148	3,955
20,352	Grants and contributions	30,907	14,465
-	Deposits and retentions received	252	263
2,244	Other revenues	3,718	3,543
	<u>Payments:</u>		
(20,700)	Employee benefits and on-costs	(18,456)	(19,012)
(5,123)	Borrowing costs	(4,495)	(2,241)
(24,192)	Materials and contracts	(17,945)	(24,943)
-	Deposits and retentions refunded	-	(885)
(6,186)	Other expenses	(9,492)	(6,274)
20,584	Net cash provided by operating activities 11(b)	38,183	17,695
	CASH FLOWS FROM INVESTING ACTIVITIES		
	<u>Receipts:</u>		
1,500	Proceeds from sale of infrastructure, property, plant and equipment	1,767	1,248
600	Proceeds from sale of real estate	932	6,026
-	Proceeds from sale of Investments	47,150	10,241
89	Repayments from deferred debtors	89	78
	<u>Payments:</u>		
(72,383)	Purchase of infrastructure, property, plant and equipment	(56,814)	(45,236)
(400)	Purchase of real estate	(287)	(384)
-	Purchase of investments	(63,142)	(12,172)
(70,594)	Net cash used in investing activities	(70,305)	(40,199)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>Receipts:</u>		
26,000	Proceeds from borrowings and advances	30,341	45,419
	<u>Payments:</u>		
(3,503)	Repayments of borrowings and advances	(3,464)	(2,826)
22,497	Net cash provided by financing activities	26,877	42,593
(27,513)	Net decrease in cash and cash equivalents	(5,245)	20,089
27,271	Cash and cash equivalents at beginning of reporting period 11(a)	27,271	7,182
(242)	Cash Assets at end of reporting period 11(a)	22,026	27,271

The above statement of cash flows should be read in conjunction with the accompanying notes.

BALLINA SHIRE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Contents of the notes to the financial statements

Note 1 - Summary of significant accounting policies	N1
Note 2 - Functions or activities	N12
Note 3 - Income from continuing operations	N14
Note 4 - Expenses from continuing operations	N18
Note 5 - Gain or loss from the disposal of assets	N20
Note 6 - Cash, cash equivalents and investments	N21
Note 7 - Receivables	N24
Note 8 - Inventories and other assets	N25
Note 9 - Infrastructure, property, plant and equipment	N26
Note 10 - Payables, borrowings and provisions	N28
Note 11 - Reconciliation of operating result to net cash movement from operating activities	N30
Note 12 - Commitments	N31
Note 13 - Statement of performance measures	N32
Note 14 - Investment properties	N33
Note 15 - Financial risk management	N34
Note 16 - Material budget variations	N37
Note 17 - Statement of developer contributions	N37
Note 18 - Contingencies	N41
Note 19 - Interests in joint ventures and associates	N42
Note 20 - Revaluation reserves and retained earnings	N43
Note 21 - Results by fund	N44
Note 22 - Non-current assets classified as held for sale	N46
Note 23 - Events occurring after balance sheet date	N46
Note 24 - Reinstatement, rehabilitation and restoration liabilities	N47

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 – Summary of significant accounting policies

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.

1. Basis of preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

1.2 New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

1.3 Early adoption of standards

Ballina Shire Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

1.4 Historical cost convention

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

1.5 Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

- *Critical accounting estimates and assumptions*

Ballina Shire Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Estimated fair values of investment properties.
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip and quarry remediations.

- *Critical judgements in applying the entity'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) Projected Section 64 and 94 commitments
Council has used significant judgement in determining future Section 64 and 94 income and expenditure in Note 17.

2. Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

2.1 Rates, annual charges, grants and contributions

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

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.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3 (g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

2.2 User charges and fees

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

A provision for doubtful debts is recognised when collection in full is no longer probable.

2.3 Sale of property, infrastructure plant and equipment

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

2.4 Interest and rents

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

3. Principles of consolidation

3.1 The Consolidated Fund

As required by Section 409(1) of the Local Government Act 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

Other joint ventures and associated entities in which Council is involved are included to the extent set out in paragraph 3.3 below and in Note 19.

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

- General purpose operations
- Water supply
- Sewerage service

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

3.2 The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

3.3 Joint ventures

The Council's interest in joint ventures has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and income statement. Details of the joint venture are set out in Note 19.

4. Leases

Council has no finance 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 are charged to the income statement on a straight-line basis over the period of the lease.

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

5. Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

6. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, drains, public buildings and other infrastructure – value in use is represented by the asset's written down replacement cost.

7. Cash and cash equivalents

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

8. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is 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.

9. Inventories

9.1 Raw materials and stores

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

9.2 Real Estate assets developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the income statement when settlement is completed. See Note 5.

10. Non-current assets held for sale and discontinued operations

Ballina Shire Council does not hold any non-current assets which are classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. There are no discontinued operations presented in this set of statements.

11. Investments and other financial assets

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

11.1 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 or if so designated by management. The policy of management is to designate a financial asset in this category if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

11.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (Note 7) in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

11.3 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

11.4 Recognition and de-recognition

Purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

11.5 Subsequent measurement

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

Financial assets at fair value through profit and loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue when Council's right to receive payment is established.

11.6 Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

11.7 Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulations 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole inquiry recommendations. Certain investments the Council holds are no longer prescribed – for example equity linked notes and sub-debt FRN's – however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

12. Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

13. Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively re-valued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Water and Sewerage Networks (Internal valuation)
- Operational land (External valuation)
- Buildings – specialised and non-specialised (External valuation)
- Other Structures (External valuation)
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal valuation).
- Drainage assets (Internal valuation)
- Community land (Internal valuation)
- Land Improvements (Internal valuation).

Water and Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual. For all other assets, Council assesses at each reporting date whether there is any indication that a re-valued asset's carrying amount may differ materially from that which would be determined if the asset were re-valued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five year cycle.

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 recognising profit or loss relating to that asset class, the increase is first recognised in profit or loss. 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:

Vehicles	8 to 12 years
Office Furniture & Equipment	5 to 10 years
Other Plant & Equipment	5 to 15 years
Buildings	50 to 100 years
Playground Equipment	10 to 15 years
Roads	10 to 80 years
Concrete Bridges	50 to 80 years
Stormwater Drainage	70 years
Water Network	25 to 80 years
Sewerage Network	25 to 70 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

A reassessment of the useful life of Water and Sewer infrastructure assets was undertaken with the revaluation of those infrastructure assets as at 30 June 2012. The change in useful life has resulted in the depreciation expense reported for Water and Sewer infrastructure assets to decrease. A summary of the reduced depreciation expense and the impact on the Net Operating result for the year is shown below:

Assets	2011/12 (\$'000)	2012/13 (\$'000)	Net Operating Result impact (\$'000)
Water	2,205	1,809	(396)
Sewer	4,198	2,711	(1,487)

14. Investment property

Investment property, comprising freehold land and buildings, is held for long-term capital appreciation and rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the income statement as part of other income. Full revaluations are carried out every three years with a review annually.

15. Payables

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

16. 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 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.

17. Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

18. Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Note 1 – (cont) Summary of significant accounting policies

19. Employee Benefits

19.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

19.2 Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees' render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Where council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

19.3 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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme – Pool B (the scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the scheme as a defined benefit plan, because the assets to the scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$786,000. The last valuation of the scheme was performed by Mr Martin Stevenson Bsc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$312,200.

The Local Government Superannuation Scheme has advised that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 1 – (cont) Summary of significant accounting policies

20. Rounding of amounts

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

21. Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB116 – Property, Plant and Equipment.

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

22. Provisions for close down and restoration and for environmental clean up costs – Tips and quarries

22.1 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, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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.

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

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.

22.2 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 statement of financial position date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs or environmental clean up obligations outstanding at the statement of financial position 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 unwind 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.

Note 1 – (cont) Summary of significant accounting policies

23. Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested employee entitlements, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

24. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. Ballina Shire Council's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 Amendments to AASB 9 Classification of financial instruments – Affects accounting for available-for-sale financial assets, as Council does not hold any assets in the this class it has no impact on Council.
- AASB 10 Replaces all of the guidance on control and consolidation in AASB 127. Council does not expect the new standard to have a significant impact on its composition.
- AASB 11 Joint arrangements. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses assets and liabilities in much the same way as under the previous standard. Council currently accounts for a Joint operation in this way (see Note 19) and no change is expected.
- AASB 12 Sets out the required disclosures for entities reporting under the two new standards AASB 10 & 11 and replaces the disclosures requirements currently found in AASB 127 & 128. No impact on Council.
- AASB 13 Amendments to AASB 13 Fair value Measurement. (effective 1 January 2013). Council has yet to determine if any of its measurement techniques will have to change as a result of this new guidance. Council does not intend to adopt the new standard before its operative date, which means that it would first be applied in the annual reporting period ending 30 June 2014.
- AASB 119 Amendments to AASB119 Employee Benefits. No impact on Council as defined assets and liabilities are not recognised for the reasons set out in Note 1 (19.3).
- AASB 2012-2 This Standard amends the required disclosures in AASB 7 and AASB 132. The adoption of this standard will not change the reported financial position and performance of Council, there is no impact on disclosures as there are no offsetting arrangements currently in place.

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

25. 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.

Representations from both the State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

Note 1 – (cont) Summary of significant accounting policies

26 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 are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 2(a) - FUNCTIONS OR ACTIVITIES

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES															
Income from continuing operations				Expenses from continuing operations				Operating result from continuing operations				GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
-	-	1,040	1,198	817	(1,040)	(1,198)	(817)	-	-	-	-	-	-	-	-
2,440	2,264	3,654	4,750	4,876	(33)	(2,310)	(2,612)	62	69	27,085	27,194	27,085	27,194	27,085	27,194
680	283	1,729	1,776	1,609	(1,364)	(1,096)	(1,326)	2,354	212	8,400	2,451	8,400	2,451	8,400	2,451
191	184	638	686	570	(450)	(495)	(386)	-	-	514	514	514	514	514	514
13,380	11,000	11,666	11,466	10,212	967	1,914	788	170	166	84,719	85,184	84,719	85,184	84,719	85,184
72	117	1,026	484	936	(823)	(412)	(819)	79	60	9,480	9,545	9,480	9,545	9,480	9,545
797	870	3,286	3,384	3,415	(2,498)	(2,587)	(2,545)	98	96	6,979	7,377	6,979	7,377	6,979	7,377
9,336	9,234	10,267	10,479	10,156	(105)	(1,143)	(922)	155	148	121,220	118,895	121,220	118,895	121,220	118,895
13,600	13,982	15,605	15,651	14,756	(760)	(2,051)	(774)	150	150	285,463	262,649	285,463	262,649	285,463	262,649
4,439	3,247	7,342	6,364	7,087	(3,072)	(1,925)	(3,840)	1,268	2,348	165,864	166,287	165,864	166,287	165,864	166,287
994	844	1,129	979	839	(121)	15	5	-	-	3,333	3,224	3,333	3,224	3,333	3,224
9,927	17,366	25,190	17,010	16,481	17,070	(7,083)	885	3,066	1,175	459,569	407,343	459,569	407,343	459,569	407,343
3,037	5,751	5,108	2,200	2,346	(2,198)	837	3,405	12	25	44,095	46,556	44,095	46,556	44,095	46,556
58,893	65,142	87,680	76,427	74,100	5,573	(17,534)	(8,958)	7,414	4,449	1,216,721	1,137,219	1,216,721	1,137,219	1,216,721	1,137,219
20,847	21,528	21,638			21,638	20,847	21,528	3,728	4,628			3,728	4,628		
79,740	86,670	87,680	76,427	74,100	27,211	3,313	12,570	11,142	9,077	1,216,721	1,137,219	1,216,721	1,137,219	1,216,721	1,137,219

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 2 (b) - COMPONENTS OF FUNCTIONS OR ACTIVITIES

Details of the functions or activities reported on in Note 2(a) are as follows:

Governance

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

Administration

Which includes corporate support and other support services.

Public order and safety

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

Health

Administration and inspection, immunisations, food control, health centres and other.

Environment

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

Community services and education

Administration, family day care, child-care, youth services, other services to families and children, aged and disabled, aboriginal services, other community services and education.

Housing and community amenities

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

Water Supplies

Sewerage services

Recreation and culture

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

Mining, manufacturing and construction

Building control, quarries and pits and other.

Transport and communication

Roads and streets, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, works undertaken for Roads and Maritime Services and other.

Economic affairs

Camping areas, tourism and area promotion, industrial development promotion, markets, real estate development, investment properties, private works and other business undertakings.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME FROM CONTINUING OPERATIONS

(a) Rates and annual charges	2013 \$'000	2012 \$'000
<u>Ordinary rates</u>		
Residential	11,446	10,633
Farmland	1,302	1,215
Business	3,059	2,940
Total ordinary rates	15,807	14,788
<u>Annual charges (pursuant to s496, 496A, 496B, 501 & 611)</u>		
Domestic waste management	6,203	5,631
Water supply	2,599	2,433
Sewerage services	10,353	9,758
Stormwater management	280	277
Waste management services (not domestic)	415	386
Total annual charges	19,850	18,485
Total rates and annual charges	35,657	33,273
Council has used 2011 valuations provided by the NSW Valuer General in calculating its rates.		
(b) User charges and fees		
<u>User Charges</u>		
Water Supply	5,324	4,560
Sewerage Services	950	839
Other Waste Management	1,581	1,594
Total user charges	7,855	6,993
<u>Fees</u>		
Private works	55	116
RMS works - State Roads	115	990
Planning & Building - regulatory	842	871
Plant hire	317	198
Aerodrome	3,754	3,464
Ferry tolls	368	356
Quarry	381	275
Swimming pools	322	280
Cemeteries	360	368
Other	891	671
Total fees	7,405	7,589
Total user charges and fees	15,260	14,582

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

	2013 \$'000	2012 \$'000
(c) Interest and investment revenue		
<u>Interest receivable</u>		
- overdue rates and charges	130	138
- cash and investments	4,114	4,193
<u>Fair value adjustments</u>		
- investments	414	34
Total interest and investment revenue	4,658	4,365
(d) Other revenues		
Reassessment of provision for remediation (Note 24)	2,243	-
Parking fines	80	50
Other fines	45	44
Recycling income (non domestic)	89	85
Rental income - Investment property	1,595	1,784
- Other property	1,261	1,094
Insurance claims	210	104
Commissions and agency fees	42	37
Legal fees recovered	30	29
Miscellaneous sales	100	84
Other	266	232
Total Other Revenues	5,961	3,543

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

(e) Grants	Notes	OPERATING		CAPITAL	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
General purpose (untied)					
Financial assistance		1,624	2,555	-	-
Individually significant item					
Additional grants commission payment	see below	1,789	1,757	-	-
Pensioner rates subsidies (general)		315	316	-	-
Specific purpose					
Pensioner rates subsidies					
Water supplies		155	147	-	-
Sewerage services		150	150	-	-
Domestic waste management		170	167	-	-
Library		116	115	-	-
Street lighting		98	96	-	-
Roads and bridges		522	-	3,000	-
Sportsfields		-	-	1,000	2,000
Aerodrome improvements		-	-	2,344	1,156
Surf club		-	-	2,100	-
NSW Rural Fire Services		155	158	-	-
Bushfire and emergency services		93	54	-	-
Other		358	389	153	17
Total grants		5,545	5,904	8,597	3,173
Comprising:					
- Commonwealth funding		4,027	4,468	8,444	3,156
- State funding		1,503	1,431	153	17
- Other funding		15	5	-	-
		5,545	5,904	8,597	3,173
Individually significant item					
On 12 June 2012 Council received payment of the first two quarters instalments of the 2012/13 Grants Commission (FAG) grant. Similarly, on 6 June 2013 Council received payment of the first two instalments of 2013/14 grant. It is not known when the timing of these grant payments will return to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.		1,789	1,757	-	-
(f) Contributions					
Developer contributions - Section 94	17	-	-	2,841	1,372
RMS contributions		7,086	756	1,708	2,178
Section 64					
Water	17	-	-	308	204
Sewer	17	-	-	920	797
Subdivider dedications		-	-	24,309	14,173
Management plans and studies		117	175	-	-
Employment and training programs		384	377	-	-
Roadworks		-	-	600	557
Other		674	532	266	245
Total contributions		8,261	1,840	30,952	19,526
Total grants and contributions		13,806	7,744	39,549	22,699

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

(g) Restrictions relating to grants and contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2013 \$'000		2012 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
<i>Unexpended at the close of the previous reporting period</i>				
Section 64/94 developer contributions	0	19,733	0	17,669
Roads infrastructure	0	579	0	483
Other	3,364	0	992	0
Total	3,364	20,312	992	18,152
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>				
Section 64/94 developer contributions	0	8,197	0	1,327
Roads Infrastructure	0	522	0	82
Other	1,823	0	414	0
Subtotal	1,823	8,719	414	1,409
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>				
Section 64/94 developer contributions	0	5,021	0	3,391
Roads Infrastructure	0	3,325	0	178
Other	907	0	2,786	0
Subtotal	907	8,346	2,786	3,569
<i>Unexpended at the close of this reporting period and held as restricted assets</i>				
Section 64/94 developer contributions	0	16,557	0	19,733
Roads infrastructure	0	3,382	0	579
Other	2,448	0	3,364	0
Total	2,448	19,939	3,364	20,312
Net increase (decrease) in restricted grants and contributions	(916)	(373)	2,372	2,160

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES FROM CONTINUING OPERATIONS

	2013 \$'000	2012 \$'000
(a) Employee benefits and on-costs		
Salaries and wages	15,045	14,552
Employee leave entitlements	3,029	2,911
Superannuation - defined contribution plan contributions	1,171	1,146
Superannuation - defined benefit plan contributions	786	828
Workers' compensation insurance	659	804
Fringe benefits tax	20	5
Payroll tax	242	235
Training costs (excluding salaries)	283	240
Other	46	23
Less: Capitalised costs	<u>(2,471)</u>	<u>(1,720)</u>
Total employee costs expensed	<u>18,810</u>	<u>19,024</u>

Total number of employees	265	269
<i>(Full time equivalent at end of reporting period)</i>		

(b) Borrowing costs

Interest on Loans	4,591	2,259
Unwinding of present value discounts and premiums	663	267
Total borrowing costs expensed	<u>5,254</u>	<u>2,526</u>

(c) Materials and contracts

Raw materials and consumables	25,169	23,742
Contractor and consultancy costs	218	198
Remuneration of Auditors (1)	120	86
Legal fees:		
- Planning and development	33	47
- Other	80	90
Operating leases:		
- Computers	278	302
- Motor vehicles	147	123
Total materials and contracts	<u>26,045</u>	<u>24,588</u>

(1) During the year the following fees were paid or payable for services by Council's auditor firms:

- Thomas Noble & Russell:		
Audit and review of financial statements	55	48
Total remuneration of Thomas Noble & Russell	<u>55</u>	<u>48</u>
- BDO Kendells:		
- internal auditing	0	38
Total remuneration of BDO Kendells	<u>0</u>	<u>38</u>
- Grant Thornton Australia:		
- internal auditing	65	0
Total remuneration of Grant Thornton Australia	<u>65</u>	<u>0</u>

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES FROM CONTINUING OPERATIONS (cont)

	2013 \$'000	2012 \$'000
(d) Depreciation, amortisation and impairment		
Plant and equipment	1,929	1,606
Office equipment	61	67
Furniture and fittings	9	10
Land improvements	886	886
Buildings - non-specialised	351	349
Buildings - specialised	2,492	2,465
Other Structures	534	511
Infrastructure		
- roads, bridges and footpaths	8,021	7,668
- stormwater drainage	1,646	1,615
- water supply network	1,809	2,205
- sewerage network	2,711	4,198
Future Reinstatement Costs		
- Tips	154	206
- Quarries	82	81
Less: Capitalised and distributed costs	(257)	(166)
Total depreciation and amortisation costs	20,428	21,701
 (e) Other expenses		
Fair value adjustments - investment property (Note 14)	2,745	-
Impairment Expense - investment property (Note 14)	935	-
Bad and doubtful debts	-	2
Mayoral fee	34	30
Councillors' fees	166	173
Councillors' (incl. Mayor) expenses	74	78
Insurances	1,117	1,145
Street lighting	407	465
Electricity	1,783	1,436
Telephone	220	188
Contributions and donations	3,460	1,541
Waste levy	811	659
Emergency services levy	41	26
Advertising	171	277
Bank fees	100	96
Other	167	145
Total other expenses	12,231	6,261

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 5 - GAIN OR LOSS FROM THE DISPOSAL OF ASSETS

	2013 \$'000	2012 \$'000
Gain (or loss) on disposal of Plant and Equipment		
Proceeds from disposal	412	848
Less: Carrying amount of assets sold	<u>273</u>	<u>144</u>
Gain on disposal	<u>139</u>	<u>704</u>
Gain (or loss) on disposal of land buildings and infrastructure		
Proceeds from disposal	1,355	400
Less: Carrying amount of assets sold	<u>7,094</u>	<u>3,542</u>
Loss on disposal	<u>(5,739)</u>	<u>(3,142)</u>
Gain (or loss) on disposal of real estate assets held for sale		
Proceeds from disposal	932	6,026
Less: Carrying amount of assets sold	<u>244</u>	<u>3,124</u>
Gain on disposal	<u>688</u>	<u>2,902</u>
NET GAIN (OR LOSS) FROM DISPOSAL OF ASSETS	<u>(4,912)</u>	<u>464</u>

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

	2013		2012	
	\$'000		\$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
(a) Cash and cash equivalents				
Cash at bank and on hand	2,120		2,099	
Deposits at call	56		1,172	
Short term deposits	19,850		24,000	
Total Cash and cash equivalents	<u>22,026</u>		<u>27,271</u>	

(b) Investments

The following financial assets are held as investments:

Summary

Financial assets at fair value through profit and loss - held for trading	8,234	7,886	8,157	10,557
Held to maturity investments	49,000	3,000	32,000	1,000
Total	<u>57,234</u>	<u>10,886</u>	<u>40,157</u>	<u>11,557</u>

Financial assets at fair value through profit and loss - held for trading

At beginning of year	8,157	10,557	6,649	16,272
Revaluation to Income Statement	-	414	-	34
Additions	-	3,991	-	1,000
Disposals	(6,999)	-	(5,241)	-
Transfers Current/Non-current	7,076	(7,076)	6,749	(6,749)
At end of year	<u>8,234</u>	<u>7,886</u>	<u>8,157</u>	<u>10,557</u>

Comprising of:

- FRNs	7,246	7,886	8,157	9,589
- Equity linked notes	988	-	-	968
	<u>8,234</u>	<u>7,886</u>	<u>8,157</u>	<u>10,557</u>

Fair values for financial assets at fair value through profit or loss - held for trading are determined by quoted prices in active markets for identical investments.

Held to maturity Investments

At beginning of year	32,000	1,000	21,777	5,000
Additions	49,000	2,000	32,000	1,000
Disposals	(32,000)	-	(21,777)	(5,000)
At end of year	<u>49,000</u>	<u>3,000</u>	<u>32,000</u>	<u>1,000</u>

Comprising:

- Term Deposits	49,000	3,000	32,000	1,000
	<u>49,000</u>	<u>3,000</u>	<u>32,000</u>	<u>1,000</u>

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (cont)

(c) Restricted cash, cash equivalents and investments

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Cash and cash equivalents	22,026		27,271	
Investments	57,234	10,886	40,157	11,557
Total cash, cash equivalents and investments	79,260	10,886	67,428	11,557
External restrictions	56,000	6,000	50,361	6,000
Internal restrictions	21,694	4,886	15,970	5,557
Unrestricted	1,566	-	1,097	-
	79,260	10,886	67,428	11,557

Details of movements of restricted cash, cash equivalents and investments

	Notes	Opening balance 30 June 2012 \$'000	Movements		Closing balance 30 June 2013 \$'000
			Transfers to restriction \$'000	Transfers from restriction \$'000	
External Restrictions					
Included in liabilities					
Unexpended loans (A)		18,000	4,648	18,000	4,648
Deposits and retentions (B)		1,003	820	568	1,255
Water and sewer ELE's (C)		576	32	-	608
		19,579	5,500	18,568	6,511
Other					
Developer contributions (D)	17	19,733	5,021	8,197	16,557
RMS contributions (E)		579	3,325	522	3,382
Unexpended grants (F)		3,364	907	1,823	2,448
Water supply funds (G)		2,722	-	256	2,466
Sewerage funds (H)		9,387	17,245	-	26,632
Domestic waste management (I)		339	533	-	872
Crown land rentals (J)		174	23	-	197
Other		484	2,451	-	2,935
		36,782	29,505	10,798	55,489
Total external restrictions		56,361	35,005	29,366	62,000

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Moneys held in Trust Account such as works bonds and deposits.
- C Funds set aside to cover employee leave entitlements provisions in restricted activities.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contribution plans.
- E RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained (See Note 1).
- G-J Water, sewerage, stormwater and domestic waste management funds are externally restricted assets which must be applied for the purposes for which they were raised.
- K Funds raised from lease and rental of crown land properties must be expended on provision of services and amenities on crown land.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (cont)

Notes	Opening balance 30 June 2012 \$'000	Movements		Closing balance 30 June 2013 \$'000
		Transfers to restriction \$'000	Transfers from restriction \$'000	
Internal restrictions				
Employee leave entitlements	1,715	313	20	2,008
Plant replacement	860	1,201	1,196	865
Quarries	1,551	339	139	1,751
Carry-over works	6,584	8,225	5,343	9,466
Land development	6,171	3,538	3,489	6,220
Strategic studies	312	220	200	332
Rental properties refurbishment	360	1,578	314	1,624
Management plans and studies	320	127	144	303
Cemeteries	201	103	155	149
Unexpended fed assistance grant	1,757	1,789	1,757	1,789
Landfill and resource management	1,549	1,030	1,211	1,368
Other	147	581	23	705
Total internal restrictions	21,527	19,044	13,991	26,580

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 7 - RECEIVABLES

Purpose	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Rates and annual charges (Note 1)	2,206	192	2,328	202
Interest and extra charges	215	116	172	92
User charges and fees	1,866	162	1,716	149
Accrued revenues	788	-	759	-
Deferred debtors (Note 2)	67	171	80	247
Government grants and contributions (Note 3)	1,326	-	3,187	-
Airport charges	397	-	260	-
Waste centre fees	150	-	144	-
Private works	6	-	141	-
GST Receivable	1,071	-	-	-
Other	634	-	383	-
Total	8,726	641	9,170	690
Less: Provision for impairment				
User charges and fees	9	-	15	-
	8,717	641	9,155	690

Note 1. Rates, annual charges, interest and extra charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 10.00% (2012: 11.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Note 2. Deferred debtors

Deferred payment for sewerage connection fees has been extended to new connections in several fringe urban areas throughout the Shire. The properties concerned have ten years over which to apply the connection fee. Repayment is required in ten equal yearly instalments with no interest payable. The debt is secured over the relevant land.

Note 3. Government grants and contributions

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Restricted receivables

Water supply	1,866	165	1,837	149
Sewerage services	1,780	319	1,841	322
Domestic waste management	268	23	284	25
Stormwater management services	11	1	15	1
Total externally restrictions	3,925	508	3,977	497
Unrestricted receivables	4,792	133	5,178	193
Total receivables	8,717	641	9,155	690

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 8 - INVENTORIES AND OTHER ASSETS

	2013 \$'000		2012 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Inventories				
Stores and materials	447	-	454	-
Trading stock	18	-	41	-
Real estate developments	545	2,816	667	2,651
Total inventories	<u>1,010</u>	<u>2,816</u>	<u>1,162</u>	<u>2,651</u>
<i>Inventories not expected to be realised within the next 12 months.</i>	-	2,816	-	2,651
Other assets				
Prepayments	704	-	157	-
Total other assets	<u>704</u>	<u>-</u>	<u>157</u>	<u>-</u>
Real estate development <i>(Valued at the lower of cost and net realisable value)</i>				
<i>Residential</i>	-	788	-	735
<i>Industrial & Commercial</i>	545	2,028	667	1,916
Total real estate held for sale	<u>545</u>	<u>2,816</u>	<u>667</u>	<u>2,651</u>
<i>Represented by:</i>				
<i>Acquisition Costs</i>	-	937	-	937
<i>Development Costs</i>	545	1,879	667	1,714
Total real estate held for sale	<u>545</u>	<u>2,816</u>	<u>667</u>	<u>2,651</u>
Externally restricted inventories and other assets				
other assets				
Sewerage Services	-	-	123	-
Total externally restricted inventories and other assets	<u>-</u>	<u>-</u>	<u>123</u>	<u>-</u>
Unrestricted inventories and other assets	1,714	2,816	1,196	2,651
Total inventories and other assets	<u>1,714</u>	<u>2,816</u>	<u>1,319</u>	<u>2,651</u>

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 9(a) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR												
	2012 \$'000					2013 \$'000							
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Transfers, etc.	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Capital Work-in-progress	47,913	-	-	47,913	31,765	-	-	(11,714)	-	67,964	-	-	67,964
Plant & Equipment	-	17,646	(9,695)	7,951	1,811	(273)	(1,929)	-	-	-	(9,358)	7,560	
Office Equipment	-	1,385	(683)	702	134	-	(61)	-	-	1,519	(744)	775	
Furniture & Fittings	-	407	(366)	41	17	-	(9)	-	-	423	(374)	49	
Land	-	-	-	-	-	-	-	-	-	-	-	-	
- Operational Land	-	42,386	-	42,386	1,819	(507)	-	-	-	43,698	-	43,698	
- Community Land	-	122,664	-	122,664	2	-	-	-	-	122,666	-	122,666	
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-	
- post 1 July 2008	-	4,227	-	4,227	7,645	-	-	-	-	11,872	-	11,872	
Land Improvements - non-depreciable	-	4,703	-	4,703	31	-	-	-	-	4,734	-	4,734	
Land Improvements - depreciable	-	15,903	(7,316)	8,587	-	(886)	-	-	-	15,903	(8,202)	7,701	
Buildings - non-specialised	-	10,670	(5,167)	5,503	-	(351)	-	-	-	10,670	(5,518)	5,152	
Buildings - specialised	-	79,474	(27,779)	51,695	334	-	(2,492)	58	-	79,866	(30,271)	49,595	
Other Structures	-	11,750	(3,694)	8,056	-	(19)	(534)	892	-	12,603	(4,208)	8,395	
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	
- Roads, bridges, footpaths	-	519,118	(158,342)	360,776	31,111	(4,635)	(8,021)	4,755	13,710	576,767	(179,071)	397,696	
- Stormwater drainage	-	111,972	(41,923)	70,049	1,223	(98)	(1,646)	219	-	113,261	(43,514)	69,747	
- Water Supply Network	-	155,723	(52,373)	103,350	771	(162)	(1,809)	-	2,584	160,147	(55,413)	104,734	
- Sewerage Network	-	243,789	(61,012)	182,777	2,674	(1,597)	(2,711)	5,590	4,569	256,334	(65,032)	191,302	
Future Reinstatement Costs	-	-	-	-	-	-	-	-	-	-	-	-	
- Tips	-	3,442	(2,597)	845	-	(76)	(154)	-	-	1,537	(922)	615	
- Quarries	-	819	(655)	164	-	-	(82)	-	-	819	(737)	82	
Totals	47,913	1,346,078	(371,602)	1,022,389	79,337	(7,367)	(20,686)	(200)	20,863	67,964	1,429,737	(403,364)	1,094,337

Asset acquisitions were apportioned between:

Building & Infrastructure Renewals	20,243
Building & Infrastructure New Assets	47,635
Other Assets	11,459

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 9 (b) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	AT VALUATION	ACCUM DEP N	CARRYING AMOUNT	AT VALUATION	ACCUM DEP N	CARRYING AMOUNT
<u>Water Supply</u>						
Plant & Equipment	468	(296)	172	395	(246)	149
Land						
- Operational	1,168	-	1,168	1,168	-	1,168
- Community	1,310	-	1,310	1,310	-	1,310
Buildings	127	(70)	57	127	(68)	59
Water Supply Infrastructure	161,077	(55,413)	105,664	155,927	(52,373)	103,554
Total Water Supply	164,150	(55,779)	108,371	158,927	(52,687)	106,240
<u>Sewerage Services</u>						
Plant & Equipment	487	(291)	196	461	(323)	138
Land						
- Operational	3,158	-	3,158	3,158	-	3,158
- Community	77	-	77	77	-	77
Buildings	2,924	(1,368)	1,556	2,924	(1,284)	1,640
Sewerage Infrastructure	313,578	(65,032)	248,546	283,348	(61,012)	222,336
Total Sewerage Services	320,224	(66,691)	253,533	289,968	(62,619)	227,349
<u>Domestic Waste Management</u>						
Plant & Equipment	2,193	(956)	1,237	3,728	(2,221)	1,507
Total Domestic Waste	2,193	(956)	1,237	3,728	(2,221)	1,507
TOTAL RESTRICTIONS	486,567	(123,426)	363,141	452,623	(117,527)	335,096

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 10 - PAYABLES, BORROWINGS AND PROVISIONS

Payables	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Goods and services	7,331	-	2,305	-
Payments received in advance	441	-	451	-
Accrued salaries and wages	558	-	548	-
Accrued interest payable	228	-	132	-
Accrued expenses - other	68	-	68	-
Deposits, retentions and bonds	715	540	544	459
Total payables	9,341	540	4,048	459
Borrowings				
Loans - secured	7,950	87,186	3,095	64,580
Total borrowings	7,950	87,186	3,095	64,580

All interest bearing liabilities are secured over the future revenues of the Council.

Provisions

Employee benefits - annual leave	1,959	-	1,918	-
- sick leave	2,335	-	2,272	-
- long service leave	3,599	272	3,488	143
Asset remediation (see also Note 24)	-	3,666	-	5,417
Total provisions	7,893	3,938	7,678	5,560

Current provisions not expected to be settled within the next 12 months.

6,116

4,881

Provision for asset remediation liability

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

Liabilities relating to restricted assets

Domestic Waste Management

Interest Bearing Liabilities	143	315	134	458
Provisions	162	-	151	-
Subtotal	305	315	285	458

Water Supplies

Interest Bearing Liabilities	-	-	4	-
Provisions	146	-	134	-
Subtotal	146	-	138	-

Sewerage Services

Payables	4,379	-	8	-
Interest Bearing Liabilities	2,385	65,130	985	50,188
Provisions	461	-	448	-
Subtotal	7,225	65,130	1,441	50,188
TOTAL	7,676	65,445	1,864	50,646

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

NOTE 10 - PAYABLES, BORROWINGS AND PROVISIONS (cont)

Description of and movements in provisions

Class of provision	Opening balance \$'000	Increases in \$'000	Payments \$'000	Remeasure -ment \$'000	Closing balance \$'000
Annual leave	1,918	1,296	(1,255)	-	1,959
Vesting sick leave	2,272	652	(589)	-	2,335
Long service leave	3,631	827	(587)	-	3,871
Reinstatements	5,417	492	-	(2,243)	3,666
Total	13,238	3,267	(2,431)	(2,243)	11,831

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of cash assets	2013 \$'000	2012 \$'000
Total cash and cash equivalents (Note 6)	<u>22,026</u>	<u>27,271</u>
Balances as per statement of cash flows	<u>22,026</u>	<u>27,271</u>
(b) Reconciliation of net operating result to cash provided from operating activities		
Net operating result from Income statement	27,211	12,570
Add: Depreciation, amortisation and impairment	20,428	21,701
Unwinding of present value discounts & premiums	1,076	267
Increase in employee benefits provisions	344	120
Decrease in receivables	404	-
Decrease in inventories	30	-
Decrease in other assets	-	400
Increase in trade creditors	5,026	-
Increase in accrued expenses	96	18
Increase in other payables	252	-
Transfer prev years WIP to operating	935	-
Loss on Sale of Assets	4,912	-
Fair value adjustments as expense items	2,745	-
	<u>63,459</u>	<u>35,076</u>
Less: Decrease in provision for doubtful debts	6	32
Increase in receivables	-	1,250
Increase in inventories	-	47
Increase in other assets	547	-
Decrease in trade creditors & other accruals	-	759
Decrease in other payables	-	622
Gain on sale of assets	-	464
Fair value adjustments to Financial assets at fair value through profit and loss	414	34
Non-cash Capital Grants and Contributions	24,309	14,173
Net cash provided from operating activities from statement of cash flows	<u>38,183</u>	<u>17,695</u>
(c) Non-cash financing and investing activities		
Acquisition of assets by means of:		
- Developer Contributions received in kind	2,757	11,960
- Inherited assets from RMS	21,552	2,213
	<u>24,309</u>	<u>14,173</u>
(d) Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Loan facilities		
Approved for drawing during the year	33,300	53,300
Actual amount drawn during the year	30,341	45,419
Corporate credit cards - available limit	750	750
Corporate credit cards - facilities used	41	46

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 12 - COMMITMENTS

	2013 \$'000	2012 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Infrastructure	16,858	21,658
Buildings	768	-
	17,626	21,658
Not later than one year	17,370	21,658
Later than one year and not later than 5 years	256	-
Later than 5 years	-	-
Total	17,626	21,658

(b) Finance lease commitments

Council does not have any commitments under finance lease at reporting date.

(c) Non-cancellable operating lease commitments

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

Not later than one year	304	278
Later than one year and not later than 5 years	549	416
Later than 5 years	-	-
Total	853	694

Council has entered into non-cancellable operating leases for various items of information technology and other plant and equipment.

There are no contingent rental payments. No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

(d) Repairs and maintenance - investment property

Council does not have any contractual obligations for repairs or maintenance of investment properties.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 13 - STATEMENT OF PERFORMANCE MEASURES

(a) Consolidated results	<u>Amounts</u>	<u>2013 Indicators</u>	2012	2011
1. Unrestricted current ratio				
<u>Current assets less all external restrictions*</u>	\$29,766	2.61	2.90	2.75
Current liabilities less specific purpose liabilities*	\$11,392			
2. Debt service ratio				
<u>Debt service cost*</u>	\$8,055	0.12	0.08	0.06
Income from continuing operations excluding capital items and specific purpose grants/contributions	\$65,264			
3. Rate coverage ratio				
<u>Rates and annual charges</u>	\$35,657	0.31	0.38	0.34
Income from continuing operations	\$114,891			
4. Rates and annual charges outstanding percentage				
<u>Rates and annual charges outstanding</u>	\$2,729	7.07%	7.62%	9.81%
Rates and annual charges collectible	\$38,581			
5. Building and infrastructure renewals ratio				
<u>Asset renewals (building and infrastructure)*</u>	\$20,243	1.19	1.06	0.12
Depreciation, amortisation and impairment (building and infrastructure)	\$17,030			
(b) Fund results		<u>Current Year Indicators</u>		
		<u>General (1)</u>	<u>Water</u>	<u>Sewer</u>
1. Unrestricted current ratio				
<u>Current assets less all external restrictions*</u>		2.61	30.67	4.00
Current liabilities less specific purpose liabilities*				
2. Debt service ratio				
<u>Debt service cost*</u>		0.08	0.00	0.34
Income from continuing operations excluding capital items and specific purpose grants/contributions				
3. Rate coverage ratio				
<u>Rates and annual charges</u>		0.25	0.24	0.69
Income from continuing operations				
4. Rates and annual charges outstanding percentage				
<u>Rates and annual charges outstanding</u>		6.20%	11.96%	7.59%
Rates and annual charges collectible				
5. Building and infrastructure renewals ratio				
<u>Asset renewals (building and infrastructure)*</u>		0.87	0.06	3.40
Depreciation, amortisation and impairment (building and infrastructure)				

Note 1 General fund refers to all Council activities except water and sewer.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 14 - INVESTMENT PROPERTIES

	2013 \$'000	2012 \$'000
At fair value		
Opening balance at 1 July 2012	22,030	22,030
Net gain (loss) from fair value adjustment	-2,745	-
Previous years WIP expensed	-935	-
Closing balance at 30 June 2013	18,350	22,030

(a) Amounts recognised in profit and loss for investment property

Rental income	1,534	1,727
Outgoings recouped	61	57
Net gain (loss) from fair value adjustment	-2,745	-
Transfer from previous years WIP to expenses	-935	-
Direct operating expenses from property that generated rental incor	-300	-257
Direct operating expenses from property that did not generate rental income	-33	-
	-2,418	1,527

(b) Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2013 valuation was made by Mr David Gates, AAPI, of Taylor Byrne.

(c) Contractual obligations

Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(d) Leasing arrangements

All of the investment properties, except Fawcett Street Café, are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

- Within one year	884	1,440
- Later than one year and not later than five years	666	1,471
- Later than five years	-	-
	1,550	2,911

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at reporting date:

	Carrying Value		Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash and cash equivalents	22,026	27,271	22,026	27,271
Receivables	9,358	9,845	9,358	9,845
Financial assets at fair value through profit and loss	16,120	18,714	16,120	18,714
Held-to-maturity investments	52,000	33,000	52,000	33,000
	<u>99,504</u>	<u>88,830</u>	<u>99,504</u>	<u>88,830</u>
Financial liabilities				
Payables	9,881	4,507	9,881	4,507
Borrowings	95,136	67,675	126,331	82,503
	<u>105,017</u>	<u>72,182</u>	<u>136,212</u>	<u>87,010</u>

Fair value is determined as follows:

- * Cash and cash equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.
- * Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.
- * Financial assets at fair value through profit & loss - based on quoted market prices in active markets for identical investments.

Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The value of financial assets carried at fair value shown in the relevant level of the hierarchy is shown below:

2013	2013	2012
Financial Assets	\$'000	\$'000
Level 1	67,132	50,746
Level 2	988	968

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

(a) Cash and cash equivalents

Financial assets at fair value through profit & loss

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance section manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Ministers Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

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

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

Another risk associated with cash and investments is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments in approved Australian Deposit Institutions (Banks, Credit Unions and Building Societies). Council obtains three quotes before placing an investment and also seeks advice from its independent advisers when considered relevant.

Interest sensitivity analysis

	2013 \$'000	2012 \$'000
Impact of a 10% movement in price of investments (for assets subject to price risk only)		
- Equity	1,678	1,871
- Income statement	1,678	1,871
Impact of a 1% change in interest rates on cash & investments		
- Equity	901	790
- Income statement	901	790

(b) Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

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

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

The profile of the Council's credit risk at balance date was:	2013	2012
	\$'000	\$'000
Percentage of rates and annual charges		
- Current	92%	90%
- Overdue	8%	10%
Percentage of other receivables		
- Current	91%	95%
- Overdue	9%	5%

(c) Payables Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. As well, the investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants.

Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2013	Due			Total Contractual Cash Flows	Carrying Value
	'000	≤ 1 year	2 - 5 years	> 5 years		
Payables		9,341	540	-	9,881	9,881
Borrowings		7,950	24,282	65,204	97,436	95,136
		17,291	24,822	65,204	107,317	105,017
	2012	Due			Total Contractual Cash Flows	Carrying Value
	'000	≤ 1 year	2 - 5 years	> 5 years		
Payables		4,048	459	-	4,507	4,507
Borrowings		3,095	22,958	44,506	70,559	67,675
		7,143	23,417	44,506	75,066	72,182

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for four years or for the duration of the loan. Council has no borrowings that are at variable rates; the associated interest rate risk is not considered material.

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

	2013		2012	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Loans - fixed interest rate	6.51%	95,136	6.32%	67,675
		95,136		67,675

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 16 - MATERIAL BUDGET VARIATIONS

Council's original budget was adopted by the Council on 28 June 2012. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below.

Revenues

1 Interest and investment revenue

Income was up by \$1.8million on budget (62%). Planned capital expenditures did not occur, large State and Federal grants were received (see point 2 below) but not expended and the original budget was very conservative.

2 Operating grants and contributions

During the year Council received several large un-budgeted grants, causing actual income to exceed budget by \$7.8m (129%). The major grant was for inherited ex state infrastructure from the RMS, the handover involved \$6.5m of grants to cover maintenance of the roads for the next ten years. The first two instalments, \$1.8m, of the 2013/14 Federal Assistance grant were also received early.

3 Capital grants and contributions

Capital grants exceeded budget by \$22.8m (137%), which is explained by the handover of ex-state infrastructure valued at \$21.3m, and accepted as non-cash capital contribution not included in the original budget.

4 Other Revenues

Income was over budget by \$3.7m (165%), which was mainly due to the re-assessment of provision for remediation on several tip sites.

5 Gain from disposal of assets

A budget of \$600k was allowed, and achieved, but due to the amount of loss on disposal of infrastructure, this profit is now in expenses (see also 3 below).

Expenses

1 Other Expenses

Other expense were over budget by \$6m (100%) due to a one off contribution by Council to the RMS for works carried out on RMS assets (McLeay culvert) \$1.6m, revaluation of investment property \$2.7m and Impairment expense on investment property of \$0.9m.

2 Loss on disposal of assets

The loss shown here of \$4.9m is from Note 5 and is net of asset sale profits (see Income point 5 above), the actual loss on infrastructure disposals was \$6.5m. Council does not budget for loss on infrastructure disposals.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads	2,853	930		140	(569)		3,354	97,663	101,017		
Open space (old)	65	5		2	(72)						
Open space	157	313		12		(292)	190	9,087	6,019	3,258	3,258
Parking	2,221	943		128	(2,047)	(90)	1,155	1,752	2,840	67	67
Community facilities(old)	307	54		14	(304)		71		71		
Community facilities	197	278		13		(349)	139	16,240	12,684	3,695	3,695
Heavy vehicles	1,027	231		37	(636)		659		659		
Wollongbar expansion	75	87		3		(119)	46	2,795	466	2,375	2,375
Subtotal S94 under plans	6,902	2,841		349	(3,628)	(850)	5,614	127,537	123,756	9,395	9,395
Sec 64 Contributions	12,831	1,228		603	(3,719)		10,943				
Total Contributions	19,733	4,069		952	(7,347)	(850)	16,557				9,395

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

(b) Contribution plan - roads

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads (2002)	2,337	102	-	107	(569)	-	1,977	25	2,002		
Roads (2010)	516	828	-	33	-	-	1,377	97,638	99,015		
Total	2,853	930		140	(569)		3,354	97,663	101,017		

(c) Contribution plan - open space (old)

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ballina	50	1	-	2	(53)	-	-	-	-		
West Ballina	15	-	-	-	(15)	-	-	-	-		
Lennox Head	-	2	-	-	(2)	-	-	-	-		
Wollongbar	-	2	-	-	(2)	-	-	-	-		
Total	65	5		2	(72)						

(d) Contribution plan - open space

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ballina district	155	16	-	11	-	-	182	1,436	1,618		
Lennox district	-	102	-	-	-	(102)	-	1,343	1,269	74	74
Plateau district	-	126	-	1	-	(126)	1	1,707	-	1,708	1,708
Wardell district	2	5	-	-	-	-	7	20	27		
Regional	-	64	-	-	-	(64)	-	4,581	3,105	1,476	1,476
Total	157	313		12		(292)	190	9,087	6,019	3,258	3,258

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

(e) Contribution plan - car parking

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S \$'000	EST. WORKS OUT- STANDIN \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Ballina	2,135	943	-	124	(2,047)	-	1,155	605	1,760	-	-
Lennox Head	86	-	-	4	-	(90)	-	1,147	1,080	67	67
Total	2,221	943	-	128	(2,047)	(90)	1,155	1,752	2,840	67	67

(f) Contribution plan - community facilities (old)

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S \$'000	EST. WORKS OUT- STANDIN \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Ballina	16	11	-	1	(28)	-	-	-	-	-	-
Lennox Head	2	3	-	-	(5)	-	-	-	-	-	-
Alstonville/Wollongbar	87	-	-	4	(91)	-	-	-	-	-	-
Cumalum	159	40	-	7	(180)	-	26	-	26	-	-
Wardell	43	-	-	2	-	-	45	-	45	-	-
Total	307	54	-	14	(304)	-	71	-	71	-	-

(g) Contribution plan - community facilities

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S \$'000	EST. WORKS OUT- STANDIN \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Ballina district	110	17	-	8	-	-	135	2,932	3,067	-	-
Lennox district	-	47	-	-	-	(47)	-	1,812	593	1,219	1,219
Plateau district	86	33	-	5	-	(124)	-	1,009	971	38	38
Wardell district	1	3	-	-	-	-	4	28	32	-	-
Regional	-	178	-	-	-	(178)	-	10,459	8,021	2,438	2,438
Total	197	278	-	13	-	(349)	139	16,240	12,684	3,695	3,695

(h) Contribution plan - heavy vehicles

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S \$'000	EST. WORKS OUT- STANDIN \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Shire wide	1,027	231	-	37	(636)	-	659	-	659	-	-
Total	1,027	231	-	37	(636)	-	659	-	659	-	-

(i) Contribution plan - Wollongbar urban expansion area

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S \$'000	EST. WORKS OUT- STANDIN \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Link road	43	75	-	2	-	(119)	1	2,374	-	2,375	2,375
Transport works	32	12	-	1	-	-	45	421	466	-	-
Total	75	87	-	3	-	(119)	46	2,795	466	2,375	2,375

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

(i) Contribution plan - Section 64 water

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000					
Ballina	2,286	17	-	105	(257)		2,151	
East Ballina	692	1	-	32	-		725	
West Ballina	919	2	-	43	-		964	
North Ballina	603	38	-	28	-		669	
Lennox Head	2,696	119	-	124	(3)		2,936	
Wardell	71	4	-	4	-		79	
Alstonville	286	4	-	13	-		303	
Wollongbar	-	2	-	-	-		2	
Skennars Head	188	-	-	9	-		197	
Cumalum	137	75	-	6	(43)		175	
WUEA	-	46	-	-	(42)		4	
Total	7,878	308		364	(345)		8,205	

(j) Contribution plan - Section 64 sewer

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000					
Ballina	106	55	-	5	(166)		-	
East Ballina	126	2	-	6	(134)		-	
West Ballina	106	8	-	5	(119)		-	
North Ballina	1,313	83	-	64	(1,460)		-	
Pacific Pines	2	-	-	-	(2)		-	
Lennox Head	66	257	-	3	(326)		-	
Wardell	25	10	-	1	(6)		30	
Alstonville	1,297	3	-	63	(16)		1,347	
Wollongbar	1,009	6	-	49	(212)		852	
Skennars Head	92	-	-	4	(96)		-	
Cumalum	151	223	-	7	(381)		-	
WUEA	660	273	-	32	(456)		509	
Total	4,953	920		239	(3,374)		2,738	

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 18 - CONTINGENCIES

Contingent liabilities

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The Scheme has a deficit of liabilities over assets and its administrators have advised Council that it will need to make significantly higher contributions to help reverse this deficit. However, they may call upon Council to make an immediate payment sufficient to offset this deficit at any time. As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such payment is not able to be reliably quantified.

Contingent assets

In regards to the Lennox Head Cultural and Community Centre, Council has lodged a professional indemnity claim against the original project architect (whose contract was terminated during construction) for damages relating to inadequacies in the design and documentation for the project that resulted in cost variations. Mediation is ongoing and Council is seeking \$600,000 in compensation.

Richmond - Tweed Regional Library

Council, together with other Local Government authorities, originally entered into an agreement to operate a regional library known as Richmond - Tweed Regional Library (RTRL). Annually the Council contributes to the library to fund its activities based upon a prescribed formula.

The RTRL is administered by the Lismore City Council and currently there is some doubt over the continuance of the existing agreement. The member councils are currently reviewing the existing arrangements to determine a preferred future model. In the event that the Council wishes to withdraw from the arrangement, the assets and liabilities of the regional library attributable to Council will be determined either by the members or by the Library Board of New South Wales.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 19 - INTERESTS IN JOINT VENTURES AND ASSOCIATES

Jointly controlled entity

NEWLOG

The Council is a member of the North East Weight of Loads Group (NEWLOG) and is the administering Council. The constitution of the Group specifies the Council as having a share of the assets and liabilities proportionate to its shareholding in the venture. The stated objectives of the Group include, to generally promote the aims of reducing damage to Council and classified roads by the policing of vehicle weight limits. The agreement between eight (8) local Councils, lapsed as at June 3, 2001, but the conditions are expected to continue on a "year to year" basis.

The interest in NEWLOG is accounted for in the financial statements using the equity method of accounting and is carried at cost. Information relating to the joint venture partnership is set out below.

Carrying amount of investment in partnership	Actual 2013 \$'000	Actual 2012 \$'000
Share of partnership's assets and liabilities		
Current assets	45	41
Non-current assets	7	11
Total assets	<u>52</u>	<u>52</u>
Current liabilities	(22)	(17)
Total liabilities	<u>(22)</u>	<u>(17)</u>
Net assets	<u>30</u>	<u>35</u>
Share of partnership's revenue, expenses and results		
Revenues	37	38
Expenses	(64)	(63)
Operating result	<u>(27)</u>	<u>(25)</u>
Council's respective interests are:		
- interest in outputs of the partnership operation	13%	13%
- ownership interest in the partnership operation	13%	13%
- the proportion of voting power in the partnership operation	11%	11%
Movements in investment in partnership operation		
	\$'000	\$'000
Opening balance	35	38
New capital contributions	22	22
Share in operating result	(27)	(25)
Share in equity of partnership operation	<u>30</u>	<u>35</u>

In accordance with the Code of Accounting Practice, reserves other than Asset Revaluation Reserve have been treated as internal restrictions of cash and investments, and are included in the Share in Equity of the partnership operation.

Expenditure commitments

There was no expenditure (including capital expenditure) committed for at the reporting date but not recognised in the financial statements as liabilities.

Contingent Liabilities

Each of the partners in the Newlog joint venture are jointly and severally liable for the debts of the partnership. The assets of the joint venture exceed its debts.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 20 - REVALUATION RESERVES AND RETAINED EARNINGS

(a) Retained earnings	2013	2012
	\$'000	\$'000
Balance at end of previous reporting period	606,166	557,588
Adjustment to correct prior period error (Note 20(d))	-	36,008
Restated opening balance	<u>606,166</u>	<u>593,596</u>
Net operating result for the year	<u>27,211</u>	<u>12,570</u>
Balance at end of the reporting period	<u>633,377</u>	<u>606,166</u>

(b) Revaluation reserves		
<i>Infrastructure, Property, Plant & Equipment</i>		
Balance at end of previous reporting period	445,633	357,273
Revaluation of infrastructure, property, plant and equipment (Note 9)	20,863	88,360
Balance at end of reporting period	<u>466,496</u>	<u>445,633</u>

At the end of the reporting period, the amount held in the reserve related to the following asset classes:

Operational Land	25,697	25,697
Community Land	49,513	49,513
Buildings	29,270	29,270
Other Structures	2,884	2,884
Infrastructure		
- Roads, bridges, footpaths	137,221	123,511
- Bulk earthworks (non-deprec.)		
- Stormwater drainage	33,475	33,475
- Water Supply Network	83,746	81,162
- Sewerage Network	104,690	100,121
Balance at end of reporting period	<u>466,496</u>	<u>445,633</u>

(c) Nature and purpose of reserves

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(d) Correction of errors in previous years

(i) Due to the sale of a parcel of operating land in the previous reporting period, it was found that the land was not included in the land asset register.	-	400
(ii) In the course of revaluations carried out in the previous reporting period a sewer plant building was found, which had not previously been included in the building asset register.	-	13
(iii) In the course of revaluations carried out in the previous reporting period, it was found that some sewer infrastructure assets had been undervalued in the 30 June 2007 revaluations.	-	35,595

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

NOTE 21 - RESULTS BY FUND

Amounts are shown on a gross basis (before consolidation eliminations) and do NOT reconcile to the General Purpose Financial Statements, and are shown for the current year only.

INCOME STATEMENT BY FUND	General (1) \$'000	Water \$'000	Sewer \$'000
Income from continuing operations			
Rates and annual charges	22,451	2,603	10,603
User charges and fees	8,101	6,251	908
Interest and investment revenue	2,331	624	1,703
Other revenues	3,310	0	408
Grants and contributions - operating	13,493	155	158
Grants and contributions - capital	37,059	1,008	1,482
Total income from continuing operations	<u>86,745</u>	<u>10,641</u>	<u>15,262</u>
Expenses from continuing operations			
Employee benefits and on-costs	13,761	1,440	3,609
Borrowing costs	(279)	0	3,702
Materials and contracts	13,865	7,177	5,526
Depreciation and amortisation	15,704	1,883	2,841
Other expenses	10,795	271	230
Net loss from the disposal of assets	3,168	162	1,582
Total expenses from continuing operations	<u>57,014</u>	<u>10,933</u>	<u>17,490</u>
Operating result from continuing operations	<u>29,731</u>	<u>(292)</u>	<u>(2,228)</u>
Net operating result for the year	<u>29,731</u>	<u>(292)</u>	<u>(2,228)</u>
Attributable to:			
Ballina Shire Council	29,731	(292)	(2,228)
	<u>29,731</u>	<u>(292)</u>	<u>(2,228)</u>
Net operating result for the year before grants and contributions provided for capital purposes	<u>(7,328)</u>	<u>(1,300)</u>	<u>(3,710)</u>

Note (1) General fund refers to all activities except water and sewer.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 21 - RESULTS BY FUND (cont)

STATEMENT OF FINANCIAL POSITION BY FUND	General (1) \$'000	Water \$'000	Sewer \$'000
Current assets			
Cash and cash equivalents	12,264	2,380	7,382
Investments	27,974	7,140	22,120
Receivables	5,071	1,866	1,780
Inventories	1,010	0	0
Other	704	0	0
Total current assets	47,023	11,386	31,282
Non-current assets			
Investments	9,259	1,298	329
Receivables	157	165	319
Inventories	2,816	0	0
Infrastructure, property, plant and equipment	732,433	108,371	253,533
Investment property	18,350	0	0
Total non-current assets	763,015	109,834	254,181
Total assets	810,038	121,220	285,463
Current liabilities			
Payables	4,962	0	4,379
Borrowings	5,565	0	2,385
Provisions	7,286	146	461
Total current liabilities	17,813	146	7,225
Non-current liabilities			
Payables	540	0	0
Borrowings	22,056	0	65,130
Provisions	3,938	0	0
Total non-current liabilities	26,534	0	65,130
Total liabilities	44,347	146	72,355
Net assets	765,691	121,074	213,108
Equity			
Accumulated Surplus	487,632	37,328	108,417
Revaluation Reserves	278,059	83,746	104,691
Council Equity Interest	765,691	121,074	213,108
Total equity	765,691	121,074	213,108

Note (1) General fund refers to all activities except water and sewer.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

NOTE 22 - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Council did not classify any non-current assets or disposal groups as "Held-for-sale".

NOTE 23 - EVENTS OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

Events that occur after the reporting date of 30 June 2013, up to and including the date when the financial report is "authorised for issue", have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 24 October 2013.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 24 - REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

Tip and quarry site remediations

Council is required by law to restore tip and quarry sites to a form that meets relevant environmental standards and licencing requirements. The projected costs of these restorations has been based on feasibility and engineering studies and estimates and has been discounted to their present value. The following sites make up the provision for remediation in Note 10:

	2013 \$'000	2012 \$'000
Tuckombil quarry remediation		
At beginning of year	759	817
Amounts capitalised to remediation asset:		
Revised discount rate	105	(97)
Amortisation of discount - expensed to borrowing costs	19	39
At end of year	883	759
Stokers quarry remediation		
At beginning of year	412	444
Amounts capitalised to remediation asset:		
Revised discount rate	57	(53)
Amortisation of discount - expensed to borrowing costs	10	21
At end of year	479	412
Canal tip (Ballina) remediation		
At beginning of year	1,431	1,615
Amounts capitalised to remediation asset:		
Revised costs	(1,431)	-
Revised life	-	(260)
Revised discount rate	-	-
Amortisation of discount - expensed to borrowing costs	-	76
At end of year	-	1,431

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 24 - REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES (Cont)

	2013 \$'000	2012 \$'000
Sth cross tip (Ballina) remediation		
At beginning of year	2,003	2,009
Amounts capitalised to remediation asset:		
Revised discount rate	249	(106)
Amortisation of discount - expensed to borrowing costs	52	100
At end of year	2,304	2,003
Wardell tip remediation		
At beginning of year	563	613
Amounts capitalised to remediation asset:		
Revised costs	(563)	-
Revised discount rate	-	(79)
Amortisation of discount - expensed to borrowing costs	-	29
At end of year	-	563
Lennox Head tip remediation		
At beginning of year	249	266
Amounts capitalised to remediation asset:		
Revised costs	(249)	-
Revised discount rate	-	(30)
Amortisation of discount - expensed to borrowing costs	-	13
At end of year	-	249
Total remediation provisions at end of year (Note 10)	3,666	5,417



Part C

Special Purpose Financial Statements

BALLINA SHIRE COUNCIL
Special Purpose Financial Statements
for the year ended 30th June 2013

TABLE OF CONTENTS

	<u>Page</u>
Statement by councillors and management	P1
Income statement of water supply business activity	P2
Income statement of sewerage business activity	P3
Income statement of other business activities	P4
Statement of financial position of water supply business activity	P5
Statement of financial position of sewerage business activity	P6
Statement of financial position of other business activity	P7
Notes to the Special Purpose Financial Statements	P8
Auditor's report	i

BALLINA SHIRE COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been drawn up in accordance with:

- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*".
- Division of Local Government Guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water Guidelines.

To the best of our knowledge and belief, these 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 the financial statements false or misleading in any way.

Signed in accordance with a resolution of Council made on Thursday 24 October 2013.

.....
Cr David Wright
MAYOR

.....
COUNCILLOR

.....
Paul Hickey
GENERAL MANAGER

.....
Peter Morgan
RESPONSIBLE ACCOUNTING OFFICER

BALLINA SHIRE COUNCIL

INCOME STATEMENT
WATER SUPPLY BUSINESS ACTIVITY
for the year ended 30th June 2013

	Notes	2013 \$'000	2012 \$'000	2011 \$'000
INCOME FROM CONTINUING OPERATIONS				
Access charges	A4	2,603	2,432	2,159
User charges	A4	5,582	4,919	4,551
Fees	A4	669	346	436
Interest	A4	624	768	562
Grants and contributions provided for non capital purposes	A4	155	148	191
TOTAL		<u>9,633</u>	<u>8,613</u>	<u>7,899</u>
EXPENSES FROM CONTINUING OPERATIONS				
Employee benefits and on-costs	A3	1,469	1,380	1,546
Borrowing costs	A3	-	-	1
Materials and contracts	A3	2,001	1,783	1,750
Depreciation and impairment	A3	1,883	2,266	2,246
Water purchase charges		5,143	5,035	4,264
Loss on disposal of assets	A5	162	75	-
Calculated taxation equivalents	1	34	34	34
Other expenses	A3	275	9	8
TOTAL		<u>10,967</u>	<u>10,582</u>	<u>9,849</u>
SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS RESULT BEFORE CAPITAL		<u>(1,334)</u>	<u>(1,969)</u>	<u>(1,950)</u>
Grants and contributions provided for capital purposes	A4	1,008	1,254	2,674
SURPLUS (DEFICIT) FROM ALL OPERATIONS BEFORE TAX		<u>(326)</u>	<u>(715)</u>	<u>724</u>
Less corporate taxation equivalent (30%)	1	-	-	-
SURPLUS (DEFICIT) AFTER TAX		<u>(326)</u>	<u>(715)</u>	<u>724</u>
Add: opening retained profits		37,654	38,369	37,645
Adjustments for amounts unpaid				
Taxation equivalent payments	1	34	34	34
Less: dividends paid	1	(34)	(34)	(34)
CLOSING RETAINED PROFITS		<u>37,328</u>	<u>37,654</u>	<u>38,369</u>
<i>RETURN ON CAPITAL</i>	1	-1.23%	-1.85%	-2.17%
<i>NOTIONAL SUBSIDY FROM COUNCIL</i>	1	1,334	1,969	1,949
<i>Calculation of dividend payable :</i>				
Surplus (deficit) after tax		-326	-715	724
Less: Capital grants and contributions (excluding developer contributions)		0	171	18
Surplus for dividend calculation purposes		<u>0</u>	<u>0</u>	<u>706</u>
Dividend calculated from surplus		0	0	353

This Income Statement is to be read in conjunction with the attached Notes.

BALLINA SHIRE COUNCIL

INCOME STATEMENT
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2013

	Notes	2013 \$'000	2012 \$'000	2011 \$'000
INCOME FROM CONTINUING OPERATIONS				
Access charges	A4	10,603	9,794	8,408
User charges	A4	803	697	652
Liquid trade waste charges	A4	85	78	77
Fees	A4	20	31	52
Interest	A4	1,703	1,275	914
Grants and contributions provided for non capital purposes	A4	158	312	166
Other income	A4	408	414	466
TOTAL		13,780	12,601	10,735
EXPENSES FROM CONTINUING OPERATIONS				
Employee benefits and on-costs	A3	3,609	3,496	3,521
Borrowing costs	A3	3,702	1,648	518
Materials and contracts	A3	5,526	4,519	3,987
Depreciation and impairment	A3	2,841	4,343	4,237
Loss on disposal of assets	A5	1,582	276	2
Calculated taxation equivalents	1	27	27	20
Debt guarantee fee		593	533	66
Other expenses	A3	230	1,144	315
TOTAL		18,110	15,986	12,666
SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS RESULT BEFORE CAPITAL		(4,330)	(3,385)	(1,931)
Grants and contributions provided for capital purposes	A4	1,482	1,846	5,393
SURPLUS (DEFICIT) FROM ALL OPERATIONS BEFORE TAX		(2,848)	(1,539)	3,462
Less corporate taxation equivalent (30%)	1	-	-	-
SURPLUS (DEFICIT) AFTER TAX		(2,848)	(1,539)	3,462
Add: opening retained profits		110,673	111,672	108,144
Adjustments for amounts unpaid				
Taxation equivalent payments	1	27	27	20
Debt guarantee fees		593	533	66
Less: dividends paid	1	(28)	(20)	(20)
CLOSING RETAINED PROFITS		108,417	110,673	111,672
<i>RETURN ON CAPITAL</i>	1	-0.25%	-0.76%	-0.95%
<i>NOTIONAL SUBSIDY FROM COUNCIL</i>	1	628	1,728	1,413
<i>Calculation of dividend payable :</i>				
Surplus (deficit) after tax		-2,848	-1,539	4,096
Less: Capital grants and contributions (excluding developer contributions)		0	162	16
Surplus for dividend calculation purposes		0	0	4,080
Dividend calculated from surplus		0	0	2,040

This Income Statement is to be read in conjunction with the attached Notes.

BALLINA SHIRE COUNCIL

**INCOME STATEMENT BY BUSINESS ACTIVITIES
for the year ended 30th June 2013**

	Notes	BUSINESS ACTIVITIES											
		Quarry \$'000		Airport \$'000		Wigmore Arcade \$'000		Land Development \$'000		Landfill and Resource Recovery \$'000		Private Works \$'000	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
INCOME FROM CONTINUING OPERATIONS													
User charges	A4	410	304	3,917	3,483	445	571	1,391	6,732	6,527	5,668	113	116
Interest	A4	76	89	89	15	4	8	178	19	79	50	-	-
Grants and contributions provided for non capital purposes	A4	-	-	-	-	-	-	-	-	253	-	-	-
Other income	A4	-	-	-	-	-	-	-	-	-	643	-	-
TOTAL		486	393	4,006	3,498	449	579	1,569	6,751	6,859	6,361	113	116
EXPENSES FROM CONTINUING OPERATIONS													
Employee benefits and on-costs	A3	-	-	700	558	-	-	-	-	795	3,686	-	-
Borrowing costs	A3	200	(90)	424	235	-	-	-	-	670	435	-	-
Materials and contracts	A3	71	77	2,093	1,984	315	253	1,048	4,596	4,348	752	98	115
Depreciation and impairment	A3	82	90	830	782	-	-	-	-	1,240	1,217	-	-
Fair value adjustment on investment property		-	-	-	-	1,000	-	-	-	-	-	-	-
Calculated taxation equivalents	2	26	29	39	43	58	58	398	399	63	77	-	-
TOTAL		379	106	4,086	3,602	1,373	311	1,446	4,995	7,116	6,167	98	115
SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS RESULT BEFORE CAPITAL		107	287	(80)	(104)	(924)	268	123	1,756	(257)	194	15	1
Grants and contributions provided for capital purposes	A4	-	-	2,344	1,156	-	-	-	4,220	212	-	-	-
SURPLUS (DEFICIT) FROM ALL OPERATIONS BEFORE TAX		107	287	2,264	1,052	(924)	268	123	5,976	(45)	194	15	1
Less corporate taxation equivalent (30%)	2	32	86	-	-	-	80	37	527	-	58	5	-
SURPLUS (DEFICIT) AFTER TAX		75	201	2,264	1,052	(924)	188	86	5,449	(45)	136	10	1
Add: Opening retained profits		1,017	1,092	7,976	6,896	6,201	6,194	15,840	10,007	986	715	-	-
Taxation equivalent payments	1	58	115	39	43	58	138	435	926	63	135	5	-
Less: dividends paid	2	(215)	(391)	-	(15)	(257)	(319)	(859)	(542)	-	-	(15)	(1)
CLOSING RETAINED PROFITS		935	1,017	10,279	7,976	5,078	6,201	15,502	15,840	1,004	986	-	-
RETURN ON CAPITAL	2	29.75%	18.94%	1.41%	0.69%	NIL	4.41%	NIL	NIL	4.71%	6.78%	NIL	NIL
NOTIONAL SUBSIDY FROM COUNCIL	2	N/A	N/A	568	443	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This Income Statement is to be read in conjunction with the attached Notes.

BALLINA SHIRE COUNCIL**STATEMENT OF FINANCIAL POSITION
WATER SUPPLY BUSINESS ACTIVITY
as at 30th June 2013**

	Notes	2013 \$'000	2012 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	A6	2,380	486
Investments	A6	7,140	9,591
Receivables	A7	1,866	1,837
TOTAL CURRENT ASSETS		11,386	11,914
NON-CURRENT ASSETS			
Investments	A6	1,298	651
Receivables	A7	165	149
Infrastructure, property, plant and equipment	A9	108,371	106,240
TOTAL NON-CURRENT ASSETS		109,834	107,040
TOTAL ASSETS		121,220	118,954
LIABILITIES			
CURRENT LIABILITIES			
Interest bearing liabilities	A10	-	4
Provisions	A10	146	134
TOTAL CURRENT LIABILITIES		146	138
TOTAL LIABILITIES		146	138
NET ASSETS		\$ 121,074	118,816
EQUITY			
Retained earnings		37,328	37,654
Revaluation reserve		83,746	81,162
TOTAL EQUITY		\$ 121,074	118,816

This statement of financial position is to be read in conjunction with the attached Notes

BALLINA SHIRE COUNCIL**STATEMENT OF FINANCIAL POSITION
SEWERAGE BUSINESS ACTIVITY
as at 30th June 2013**

	Notes	2013 \$'000	2012 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	A6	7,382	1,099
Investments	A6	22,120	26,736
Receivables	A7	1,780	1,841
Other	A8	-	123
TOTAL CURRENT ASSETS		31,282	29,799
NON-CURRENT ASSETS			
Investments	A6	329	4,953
Receivables	A7	319	322
Infrastructure, property, plant and equipment	A9	253,533	227,349
TOTAL NON-CURRENT ASSETS		254,181	232,624
TOTAL ASSETS		285,463	262,423
LIABILITIES			
CURRENT LIABILITIES			
Payables	A10	4,379	8
Interest bearing liabilities	A10	2,385	985
Provisions	A10	461	448
TOTAL CURRENT LIABILITIES		7,225	1,441
NON-CURRENT LIABILITIES			
Interest bearing liabilities	A10	65,130	50,188
TOTAL NON CURRENT LIABILITIES		65,130	50,188
TOTAL LIABILITIES		72,355	51,629
NET ASSETS		\$ 213,108	210,794
EQUITY			
Retained earnings		108,417	110,673
Revaluation reserve		104,691	100,121
TOTAL EQUITY		\$ 213,108	210,794

This statement of financial position is to be read in conjunction with the attached Notes

BALLINA SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION OF OTHER BUSINESS ACTIVITIES
as at 30th June 2013

	BUSINESS ACTIVITIES											
	Quarry \$'000		Airport \$'000		Wigmore Arcade \$'000		Land Development \$'000		Landfill and Resource Recovery \$'000		Private Works \$'000	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	1,751	1,552	4,648	541	28	124	4,613	4,438	2,063	1,979	-	-
Inventories	-	-	-	-	-	-	-	-	13	48	-	-
Other	82	164	-	-	-	-	-	-	615	768	-	-
TOTAL CURRENT ASSETS	1,833	1,716	4,648	541	28	124	4,613	4,438	2,691	2,795	-	-
NON-CURRENT ASSETS												
Inventories	-	-	-	-	-	-	-	5,259	-	-	-	-
Property, plant and equipment	1,032	1,040	24,315	18,957	5,050	6,077	5,630	6,115	8,766	9,273	-	-
Other	1,032	1,040	24,315	18,957	5,050	6,077	10,889	11,402	8,766	9,273	-	-
TOTAL NON-CURRENT ASSETS	2,064	2,080	48,630	37,914	10,100	12,154	16,519	17,517	17,532	18,546	-	-
TOTAL ASSETS	3,897	3,796	93,278	92,455	10,128	12,278	61,132	61,955	44,223	41,341	-	-
LIABILITIES												
CURRENT LIABILITIES												
Interest bearing liabilities	-	-	-	251	-	-	-	-	982	982	-	-
Provisions	1,362	1,171	134	167	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	1,362	1,171	134	418	-	-	-	-	982	982	-	-
NON-CURRENT LIABILITIES												
Interest bearing liabilities	-	-	10,451	3,432	-	-	-	-	3,709	4,691	-	-
Provisions	-	-	-	-	-	-	-	-	2,304	2,002	-	-
TOTAL NON CURRENT LIABILITIES	-	-	10,451	3,432	-	-	-	-	6,013	6,693	-	-
TOTAL LIABILITIES	1,362	1,171	10,585	3,850	-	-	-	-	6,995	7,675	-	-
NET ASSETS	1,503	1,585	18,378	15,648	5,078	6,201	15,502	15,840	4,462	4,393	-	-
EQUITY												
Retained earnings	935	1,017	10,279	7,976	5,078	6,201	15,502	15,840	1,004	986	-	-
Revaluation reserve	568	568	8,099	7,672	-	-	-	-	3,458	3,407	-	-
TOTAL EQUITY	1,503	1,585	18,378	15,648	5,078	6,201	15,502	15,840	4,462	4,393	-	-

This statement of financial position is to be read in conjunction with the attached Notes

BALLINA SHIRE COUNCIL

Notes to the Special Purpose Financial Statements

for the year ended 30th June 2013

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

	<u>Page</u>
Note 1 Significant accounting policies	P9
Note 2 Water Supply business best practice management disclosure requirements	P13
Note 3 Sewerage business best practice management disclosure requirements	P14

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Statements

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFS for National Competition Policy reporting purposes follows.

These financial statements are Special Purpose Financial Statements (SPFS) prepared for use by the Council and the Division of Local Government. For the purposes of these statements, the Council is not a reporting entity.

2. Basis of Accounting

2.1 Compliance

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

2.2 Basis

The statements are also prepared on an accrual basis. They are also 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.

3. National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government". The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

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

Category One

Water Supplies

The supply of water to households and businesses in Ballina shire.

Sewerage Service

The collection and treatment of sewerage from households and businesses in Ballina Shire.

Landfill & Resource Recovery

The Waste Management Centre is located at Southern Cross Drive Ballina. The Waste Management Centre receives, disposes and recycles waste that is brought to the centre from private and commercial sources. It also includes the collection of commercial waste in the Ballina Shire by council but does not include the collection of domestic waste in Ballina Shire by council.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

Airport

The provision of aerodrome infrastructure and facilities for commercial and private air traffic. The airport is situated at Southern Cross drive Ballina.

Category Two

Quarries

Extraction and sale of sand, gravel and shale from 'Tuckombil Quarry', 'Airport Sandpit' and 'Stokers Shale Quarry'.

Wigmore arcade

The provision of attractive and competitive shopping centre in central Ballina.

Land Development

The construction of industrial and residential land estates. Council is progressively developing an industrial estate at Wollongbar and another in Ballina. Council also has residential land inventory at Wollongbar.

Private works

Various works conducted on private land.

3.1 Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Statements disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. In accordance with the guidelines for "*Best-Practice Management of Water Supply and Sewerage*", a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities. The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Details of the rates of each tax or duty applicable to each different business unit are set out in the table titled Note 1 Table. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "calculated" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

3.2 Council Rates, Charges & Fees

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all business units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to business units by Council or other business units.

3.3 Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's business units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has estimated an average differential between actual and commercial borrowing rates for each business unit.

3.4 Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Income Statements of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AASB 112 "Income Taxes" has not been applied.

3.5 Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

Council is required to pay a dividend from the water and sewer businesses. This compulsory dividend is calculated as the lesser of the number of rateable properties multiplied by \$3 or tax equivalents payable by the business. Typically the lesser of the two is tax equivalents and this calculation can be seen in notes two and three.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by the business operations. In regard to the water and sewer businesses the maximum amount of such dividend permitted under the "*Best-Practice Management of Water Supply and Sewerage*" guidelines is set out at the foot of the relevant Income Statements. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

3.6 Return on Investment (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date. Where a loss has been incurred and a negative rate of return is calculated the negative rate is shown so that it explains the notional subsidy paid by council.

3.7 Notional Subsidy from Council

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

4. Special Rate Funds

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, except for "dividends" payable in accordance with the "*Best-Practice Management of Water Supply and Sewerage*" guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits have been retained in those funds, and added back to Accumulated Surplus.

All such amounts have been eliminated in the course of preparation of the Council's General Purpose Annual Financial Statements.

5. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual General Purpose Financial Statements, and should be read in conjunction with this Note. Note references in the Income Statements of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual General Purpose Financial Statements.

6. Rounding

In accordance with the Code of Accounting Practice all amounts shown in these statements are in Australian currency and, other than Notes 2 & 3, have been rounded to the nearest thousand dollars, amounts in Notes 2 & 3 are shown in whole dollars.

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS
 NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS
 for the year ended 30th June 2013

		BUSINESS ACTIVITIES													
		Sewer		Quarry		Airport		Wigmore Arcade		Land Development		Landfill and Resource Recovery		Private Works	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Category		1	1	2	2	1	1	2	2	2	2	1	1	2	2
TAXATION EQUIVALENT PAYMENTS		Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies
Land tax		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Payroll tax		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Fringe benefits tax		N/A	N/A	286.67%	194.53%	N/A	1.43%	N/A	169.68%	998.84%	9.95%	N/A	0.00%	150.00%	100.00%
COUNCIL RATES, CHARGES & FEES		Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies	Rate Calculated Applies
LOAN & DEBT GUARANTEE FEES		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
CORPORATE TAXATION EQUIVALENT		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
DIVIDENDS PAID		N/A	N/A	286.67%	194.53%	N/A	1.43%	N/A	169.68%	998.84%	9.95%	N/A	0.00%	150.00%	100.00%
RATE OF RETURN ON CAPITAL		0.00%	0.00%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%
Required rate of return		-1.85%	0.00%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%	3.75%	3.03%
Actual rate of return		-1.23%	-0.25%	29.75%	18.94%	1.41%	0.69%	NIL	4.41%	NIL	NIL	4.71%	6.78%	NIL	NIL

See Note 1, Item 3.2

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - WATER SUPPLY

		2013
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>		\$
Calculation and Payment of Tax-Equivalents		
(i) Calculated Tax Equivalents		34,000
(ii) No of assessments multiplied by \$3/assessment		45,084
(iii) Amounts payable for Tax Equivalents		34,000
(iv) Tax Equivalents paid		34,000
Dividend from Surplus		
(i) 50% of Surplus before Dividends		0
<i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>		
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment		416,840
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2013, less cumulative dividends paid for 2 years to 30 June 2012		0
(iv) Maximum Dividend from Surplus		0
(v) <i>(least of (i), (ii) and (iii))</i> Dividend paid from Surplus		0
Required Outcomes for 6 Criteria		
(i) Completion of Strategic Business Plan (including Financial Plan)		yes
(ii) Full cost-recovery, without significant cross subsidies		yes
<i>(Item 2(a) in Table 1 on page 22 of Best Practice guidelines)</i>		
Complying charges <i>(Item 2(b) in Table 1)</i>		No
DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>		yes
If Dual Water Supplies, Complying Charges <i>(Item 2(g) in Table 1)</i>		yes
(iii) Sound Water Conservation & Demand Management Implemented		yes
(iv) Sound Drought Management implemented		yes
(v) Complete Performance Reporting <i>(by 15 September each year)</i>		yes
(vi) a. Complete Integrated Water Cycle Management Evaluation		yes
b. Complete and implement Integrated Water Cycle Management Strategy		yes
National Water Initiative (NWI) Financial Performance Indicators		
NWI F1 <i>Total Revenue (Water)</i>	\$'000	9,972
NWI F4 <i>Revenue from Residential Usage Charges (Water)</i>	%	66.86
NWI F9 <i>Written Down Replacement Cost of Fixed Assets (Water)</i>	\$'000	105,664
NWI F11 <i>Operating Cost (OMA) (Water)</i>	\$'000	8,880
NWI F14 <i>Capital Expenditure (Water)</i>	\$'000	1,595
NWI F17 <i>Economic Real Rate of Return (Water)</i>	%	-0.73
NWI F26 <i>Capital Works Grants (Water)</i>	\$'000	45

BALLINA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

		2013
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>		\$
Calculation and Payment of Tax-Equivalents		
(i) Calculated Tax Equivalents		27,000
(ii) No of assessments multiplied by \$3/assessment		44,322
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii))		27,000
(iv) Tax Equivalents paid		27,000
Dividend from Surplus		
(i) 50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>		0
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment		416,220
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009		0
(iv) Maximum Dividend from Surplus (least of (i), (ii) and (iii))		0
(v) Dividend paid from Surplus		0
Required Outcomes for 4 Criteria		
(i) Complete current Strategic Business Plan (including Financial Plan)		Yes
(ii) Pricing with full cost-recovery, without significant cross subsidies <i>(Item 2(a) in Table 1 on page 18 of Best practice guidelines)</i>		Yes
Complying charges (a) Residential <i>(Item 2(c) in Table 1)</i>		Yes
(b) Non-Residential <i>(Item 2(c) in Table 1)</i>		Yes
(c) Trade Waste <i>(Item 2(d) in Table 1)</i>		Yes
DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>		Yes
Liquid Trade Waste Approvals & Policy <i>(Item 2(f) in Table 1)</i>		Yes
(iii) Complete Performance Reporting Form (by 15 September each year)		Yes
(iv) a. Complete Integrated Water Cycle Management Evaluation		Yes
(iv) b. Complete and implement Integrated Water Cycle Management Strategy		Yes
National Water Initiative (NWI) Financial Performance Indicators		
NWI F2 Total Revenue (Sewerage)	\$'000	13,559
NWI F10 Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000	248,546
NWI F12 Operating Cost (Sewerage)	\$'000	9,135
NWI F15 Capital Expenditure (Sewerage)	\$'000	26,052
NWI F18 Economic Real Rate of Return (Sewerage)	%	1
NWI F27 Capital Works Grants (Sewerage)	\$'000	0
NWI F3 Total Income (Water & Sewerage)	\$'000	21,787
NWI F8 Revenue from Community Service Obligations (Water & Sewerage)	%	1
NWI F16 Capital Expenditure (Water & Sewerage)	\$'000	27,647
NWI F19 Economic Real Rate of Return (Water & Sewerage)	%	0
NWI F20 Dividend (Water & Sewerage)	\$'000	0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	%	0
NWI F22 Net Debt to Equity (Water & Sewerage)	%	8
NWI F23 Interest Cover (Water & Sewerage)	times	0
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000	-2,687
NWI F25 Community Service Obligations (Water & Sewerage)	\$'000	305



Thomas Noble & Russell

Accountants | Auditors | Business Advisers

**BALLINA SHIRE COUNCIL
SPECIAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial report, being a special purpose financial report, of Ballina Shire Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors and Management.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3 to the financial statements, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the special purpose financial report of Ballina Shire Council for the year ended 30 June 2013 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial report of Ballina Shire Council:

- i) has been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
 - a) is consistent with the Council's accounting records;
 - b) presents fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2013 and the results of their operations for the year then ended;
- ii) all information relevant to the conduct of the audit has been obtained; and
- iii) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the requirements of the NSW Division of Local Government. As a result, the financial report may not be suitable for another purpose.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

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

Dated at Ballina this 24th day of October 2013.



Thomas Noble & Russell
Accountants | Auditors | Business Advisers

24 October 2013

Mayor and Councillors
Ballina Shire Council
P O Box 450
BALLINA NSW 2478

Dear Councillors

We advise that we have completed our audit of the Council's general purpose and special purpose financial reports for the year ended 30 June 2013.

In accordance with section 417 of the Local Government Act 1993, we now report on the conduct of the audit.

Yours faithfully

THOMAS NOBLE & RUSSELL

Per:

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



Part D

Special Schedules

BALLINA SHIRE COUNCIL

Special Schedules

for the year ended 30th June 2013

TABLE OF CONTENTS

	<u>Page</u>
SPECIAL SCHEDULES (not Audited)	
Special Schedule 1 - Net cost of services	S1
Special Schedule 2(1) - Statement of long term debt (all purpose)	S3
Special Schedule 2(2) - Statement of internal loans	S3
Special Schedule 3 - Water supply operations	S4
Special Schedule 4 - Water supply - statement of financial position	S6
Special Schedule 5 - Sewerage services operations	S7
Special Schedule 6 - Sewerage services - statement of financial position	S9
Special Schedule 7 - Condition of public works	S10
Special Schedule 8 - Financial projections	S13

BALLINA SHIRE COUNCIL
SPECIAL SCHEDULE NO 1
NET COST OF SERVICES
for the year ended 30th June 2013

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
GOVERNANCE	1,040	-	-	1,040
ADMINISTRATION	3,654	780	2,841	33
PUBLIC ORDER & SAFETY				
Fire Service Levy, Fire Protection, Emergency Services	472	249	-	223
Beach Control	253	-	-	253
Animal Control	56	50	-	6
Other	948	66	-	882
Total Public Order & Safety	1,729	365	-	1,364
HEALTH	638	188	-	450
ENVIRONMENT				
Noxious Plants and Insect / Vermin Control	66	-	-	66
Other Environmental Protection	363	45	-	318
Solid Waste Management	8,844	11,245	213	(2,614)
Street Cleaning	293	-	-	293
Drainage	2,100	280	850	970
Total Environment	11,666	11,570	1,063	(967)
COMMUNITY SERVICES & EDUCATION				
Administration & Education	694	106	-	588
Childrens Services	332	97	-	235
Total Community Services & Education	1,026	203	-	823
HOUSING & COMMUNITY AMENITIES				
Public Cemeteries	262	360	-	(98)
Public Conveniences	286	-	-	286
Street Lighting	407	98	-	309
Town Planning	2,152	330	-	1,822
Other Community Amenities	179	-	-	179
Total Housing & Community Amenities	3,286	788	-	2,498
WATER SUPPLIES	10,267	9,154	1,008	105
SEWERAGE SERVICES	15,605	13,355	1,490	760

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2013

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
RECREATION & CULTURE				
Public Libraries	1,527	116	-	1,411
Museums	22	-	-	22
Art Galleries	206	71	-	135
Community Centres and Halls	1,035	133	2,100	(1,198)
Sporting Grounds	1,019	6	1,000	13
Swimming Pools	766	321	-	445
Parks & Gardens, Lakes	2,742	523	-	2,219
Other Sport & Recreation	25	-	-	25
Total Recreation & Culture	7,342	1,170	3,100	3,072
MINING, MANUFACTURING & CONSTRUCTION				
Building Control	775	598	-	177
Other Mining Manufacturing & Construction	354	410	-	(56)
Total Mining Manufacturing & Construction	1,129	1,008	-	121
TRANSPORT & COMMUNICATION				
Urban Roads: Local	13,730	7,097	21,058	(14,425)
Urban Roads: Regional	2,996	-	6,408	(3,412)
Sealed Rural Roads: Local	1,184	-	-	1,184
Sealed Rural Roads: Regional	243	-	-	243
Unsealed Rural Roads: Local	602	-	-	602
Bridges - Urban Roads: Local	660	-	-	660
Parking Areas	13	-	-	13
Footpaths	887	65	84	738
Aerodromes	4,066	4,005	2,344	(2,283)
Other Transport & Communication	809	1,046	153	(390)
Total Transport & Communication	25,190	12,213	30,047	(17,070)
ECONOMIC AFFAIRS				
Camping Areas & Caravan Parks	285	355	-	(70)
Other Economic Affairs	4,823	2,555	-	2,268
Total Economic Affairs	5,108	2,910	-	2,198
TOTALS - FUNCTIONS				
	87,680	53,704	39,549	(5,573)
General Purpose Revenues				21,638
				21,638
NET OPERATING RESULT FOR YEAR				27,211

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 2 (a)
STATEMENT OF LONG TERM DEBT (ALL PURPOSE)
for the year ended 30th June 2013**

\$'000

This Schedule excludes Internal Loans and refinancing of existing borrowings.

Classification of Debt	Principal Outstanding at beginning of year		New Loans Raised	Debt Redemption		Tfirs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year	
	Current	Non-Current		From Revenue	Sinking Funds			Current	Non-Current
LOANS (by source)									
Treasury Corporation	1,285	9,295	10,580	1,285			-	1,285	8,010
Financial Institutions	1,810	58,169	59,979	2,179			4,591	6,665	81,476
Total long term debt	3,095	64,580	70,559	3,464	-		4,591	7,950	89,486

**SPECIAL SCHEDULE NO 2 (b)
STATEMENT OF INTERNAL LOANS
for the year ended 30th June 2013**

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	898	147	383
Totals	898	147	383

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
Plant fund	Land development		30/06/05	8	30/06/13	6%	210	34	-
Airport	Land development		30/06/10	5	30/06/15	0%	596	71	383
Flat Rock camping ground	Land development		30/06/10	3	30/06/13	5%	92	42	-
Totals							898	147	383

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 WATER SUPPLY OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2013

<u>A. EXPENSES & REVENUES</u>	2013	2012
<u>EXPENSES</u>	\$'000	\$'000
1.a. Management - Administration	2,005	1,608
b. - Engineering & Supervision	215	257
2 Operations		
a. - Dams & Weirs - Operation Expenses	-	-
b. - Maintenance Expenses	-	-
c. - Mains - Operation Expenses	245	210
d. -Maintenance Expenses	425	317
e. - Reservoirs - Operation Expenses	-	-
f. - Maintenance Expenses	69	47
g. - Pumping Stations - Operation Expenses	49	42
h. - Energy Costs	50	36
i. - Maintenance Expenses	-	-
j. - Treatment - Operation Expenses	80	69
k. - Chemical Costs	-	-
l. - Maintenance Expenses	-	-
m. - Other - Operation Expenses	204	154
n. - Maintenance Expenses	395	423
o. - Purchase of Water	5,143	5,035
3.a. Depreciation - System Assets	1,809	2,207
b. - Plant & Equipment	74	59
4.a. Miscellaneous - Interest expenses	-	-
b. - Revaluation decrements	-	-
c. - Other	8	9
c. - NCP Tax & Other Equivalents	34	34
d. - Impairment system assets	-	-
e. - Impairment plant and equipment	-	-
f. - Aboriginal Communities Water & Sewerage Program	-	-
5 Total Expenses	<u>10,805</u>	<u>10,507</u>
<u>REVENUE</u>		
6 Residential Charges		
a. - Access (including rates)	2,035	1,897
b. - User Charges	4,105	3,614
7 Non-Residential Charges		
a. - Access (including rates)	568	535
b. - User Charges	1,477	1,305
8 Extra Charges	-	-
9 Interest income	624	768
10 Other Income	669	346
10a. - Aboriginal Communities Water & Sewerage Program	-	-
11.a. Grants - Acquisition of Assets	45	23
b. - Pensioner Rebates	155	148
c. - Other	-	-
12.a. Contributions - Developer Charges	308	204
b. - Developer Provided Assets	655	1,027
c. - Other Contributions	-	-
13 Total Revenues	<u>10,641</u>	<u>9,867</u>
14 Gain (Loss) on Disposal of Assets	<u>(162)</u>	<u>(75)</u>
15 OPERATING RESULT	<u>(326)</u>	<u>(715)</u>
15a. Operating Result before Grants for Acquisition of Assets	<u>(371)</u>	<u>(738)</u>

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

	2013 \$'000	2012 \$'000
<u>B. CAPITAL TRANSACTIONS</u>		
<u>Non - Operating Expenditure</u>		
16 Acquisition of Fixed Assets	-	-
a. - New assets for improved standards	-	-
b. - New assets for growth	1,381	1,122
c. - Renewals	116	598
d. - Plant & Equipment	98	-
17 Repayment of Debt	-	-
a. - Loans	4	3
b. - Advances	-	-
c. - Finance Leases	-	-
18 Transfers to Sinking Funds	-	-
19 Total Non-Operating Expenditure	1,599	1,723
<u>Non-Operating Funds Employed</u>		
20 Proceeds from Disposal of Assets	6	-
21 Borrowings Utilised	-	-
a. - Loans	-	-
b. - Advances	-	-
c. - Finance Leases	-	-
22 Transfers from Sinking Funds	-	-
23 Total Non-Operating Funds Employed	6	-
<u>C. RATES & CHARGES</u>		
24 Number of Assessments		
a. - Residential (occupied)	13,303	
b. - Residential (unoccupied - vacant land)	244	
c. - Non-Residential (occupied)	1,441	
d. - Non -Residential (unoccupied - vacant land)	40	
25 Number of ETs for which Developer Charges were	92 ET	
26 Total Amount of Pensioner Rebates	271 \$'000	
<u>D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES</u>		
27 Annual Charges		
a	Does Council have best-practice water supply annual charges and usage charges?	<input checked="" type="checkbox"/> YES
	If Yes, go to 28a.	
	If No, has Council removed land value from access charges (i.e. rates)	<input type="checkbox"/>
b	Cross subsidy from residential customers using less than allowance	_____
c	Cross subsidy to non-residential customers	_____
d	Cross subsidy to large connections in unmetered supplies	_____
28 Developer Charges		
a	Has Council completed a water supply Development Servicing Plan?	<input checked="" type="checkbox"/> YES
b	Total cross-subsidy in water supply developer charges	_____ 0
29 TOTAL OF CROSS SUBSIDIES		-

Councils which have not yet implemented best practice water supply pricing should disclose cross subsidies in items 27b, 27c and 27d above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 4
WATER SUPPLY - STATEMENT OF FINANCIAL POSITION
(Gross including Internal Transactions)
for the year ended 30th June 2013**

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<u>ASSETS</u>			
30 Cash and Investments			
a. - Developer Charges	6,908	1,298	8,206
b. - Specific Purpose Grants	-	-	-
c. - Accrued Leave	146	-	146
d. - Unexpended Loans	-	-	-
e. - Sinking Funds	-	-	-
f. - Other	2,466	-	2,466
31 Receivables			
a. - Specific Purpose Grants	11	-	11
b. - Rates & Availability Charges	339	29	368
C. - User charges	1,358	118	1,476
D. - Other	158	18	176
32 Inventories	-	-	-
33 Property, Plant & Equipment			
a. - System Assets		105,664	105,664
b. - Plant & Equipment		2,707	2,707
34 Other	-	-	-
35 Total Assets	<u>11,386</u>	<u>109,834</u>	<u>121,220</u>
<u>LIABILITIES</u>			
36 Bank Overdraft	-	-	-
37 Creditors	-	-	-
38 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance Leases	-	-	-
39 Provisions			
- Tax Equivalentts	-	-	-
a. - Dividend	-	-	-
b. - Other	146	-	146
40 Total Liabilities	<u>146</u>	<u>-</u>	<u>146</u>
41 NET ASSETS COMMITTED	<u>11,240</u>	<u>109,834</u>	<u>121,074</u>
<u>EQUITY</u>			
42 Accumulated Surplus			37,328
43 Asset Revaluation Reserve			<u>83,746</u>
44 Total Equity			<u>121,074</u>
45 Current Replacement Cost of System Assets			161,077
46 Accumulated Current Cost Depreciation of System Assets			<u>55,413</u>
47 Written Down Current Cost of System Assets			<u>105,664</u>

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 5
SEWERAGE SERVICE OPERATIONS
(Gross including Internal Transactions)
for the year ended 30th June 2013**

<u>A. EXPENSES & REVENUES</u>	2013	2012
<u>EXPENSES</u>	\$'000	\$'000
1.a. Management - Administration	3,830	2,224
b. - Engineering & Supervision	398	620
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses	-	-
b. -Maintenance Expenses	501	523
c. - Pumping Stations - Operation Expenses	170	99
d. - Energy Costs	439	380
e. - Maintenance Expenses	1,030	1,654
f. - Treatment - Operation Expenses	1,191	1,279
g. - Chemical Costs	-	-
h. - Energy Costs	754	508
i. - Effluent Management	-	-
j. - Biosolids Management	187	132
k. - Maintenance Expenses	359	307
l. - Other - Operation Expenses	87	114
m. - Maintenance Expenses	189	175
3.a. Depreciation - System Assets	2,711	4,197
b. - Plant & Equipment	130	146
4.a. Miscellaneous - Interest expense	3,702	1,648
b. - Revaluation decrements	-	-
c. - Other	230	1,144
c. - NCP Tax & Other Equivalents	27	20
d. - Impairment system assets	-	-
e. - Impairment plant and equipment	-	-
f. - Aboriginal Communities Water & Sewerage Program	-	-
5 Total Expenses	<u>15,935</u>	<u>15,170</u>
<u>REVENUE</u>		
6 Residential Charges (including rates)	9,278	8,573
7 Non-Residential Charges		
a Access (including rates)	1,292	1,189
b User Charges	803	697
8 Trade Waste Charges		
a Annual Fees	33	32
b User Charges	85	78
c Excess Mass Charges	20	31
Re-inspection charges	-	-
9 Extra Charges	-	-
10 Interest income	1,703	1,275
11 Other Income	408	414
11a. Aboriginal Communities Water & Sewerage Program	-	-
12.a. Grants - Acquisition of Assets	-	-
b. - Pensioner Rebates	150	150
c. - Other	-	12
13.a Contributions - Developer Charges	920	797
b. - Developer Provided Assets	562	1,049
c. - Other Contributions	8	150
14 Total Revenues	<u>15,262</u>	<u>14,447</u>
15 Gain (Loss) on Disposal of Assets	<u>(1,582)</u>	<u>(276)</u>
16 OPERATING RESULT	<u>(2,255)</u>	<u>(999)</u>
16.a. Operating Result before Grants for Acquisition of Assets	<u>(2,255)</u>	<u>(999)</u>

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	2013 \$'000	2012 \$'000
<u>B. CAPITAL TRANSACTIONS</u>		
<u>Non - Operating Expenditure</u>		
17 Acquisition of Fixed Assets		
a. - New assets for improved standards	608	795
b. - New assets for growth	16,111	17,658
c. - Renewals	9,229	10,427
d. - Plant & Equipment	104	-
18 Repayment of Debt		
a. - Loans	985	985
b. - Advances	-	-
c. - Finance Leases	-	-
19 Transfers to Sinking Funds	-	-
20 Total Non-Operating Expenditure	27,037	29,865
<u>Non-Operating Funds Employed</u>		
21 Proceeds of Disposal of Assets	15	-
22 Borrowings Utilised		
a. - Loans	16,892	45,419
b. - Advances	-	-
c. - Finance Leases	-	-
23 Transfers from Sinking Funds	-	-
24 Total Non-Operating Funds Employed	16,907	45,419
<u>C. RATES AND CHARGES</u>		
25 Number of Assessments		
a. - Residential (occupied)	12,956	
b. - Residential (unoccupied - vacant land)	401	
c. - Non-Residential (occupied)	1,377	
d. - Non-Residential (unoccupied - vacant land)	40	
26 Number of ETs for which Developer Charges were	126 ET	
27 Total Amount of Pensioner Rebates	272 \$'000	
<u>D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES</u>		
28 Annual Charges		
a Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	<input type="checkbox"/>	<input checked="" type="checkbox"/> YES
If Yes, go to 29a.		
If No, has Council removed land value from access charges (i.e. rates)	<input type="checkbox"/>	<input type="checkbox"/>
b Cross subsidy to non-residential customers	<input type="checkbox"/>	<input type="checkbox"/>
c Cross subsidy to trade waste dischargers	<input type="checkbox"/>	<input type="checkbox"/>
29 Developer Charges		
a Has Council completed a sewerage Development Servicing Plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/> YES
b Total cross-subsidy in sewerage developer charges	<input type="checkbox"/>	<input type="checkbox"/>
30 TOTAL OF CROSS SUBSIDIES	<input type="checkbox"/>	<input type="checkbox"/>

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 6
SEWERAGE SERVICES - STATEMENT OF FINANCIAL POSITION
(Gross including Internal Transactions)
for the year ended 30th June 2013**

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<u>ASSETS</u>			
31 Cash and Investments			
a. - Developer Charges	2,409	329	2,738
b. - Specific Purpose Grants	-	-	-
c. - Accrued Leave	461	-	461
d. - Unexpended Loans	-	-	-
e. - Sinking Funds	-	-	-
f. - Other	26,632	-	26,632
32 Receivables			
a. - Specific Purpose Grants	4	-	4
b. - Rates & Availability Charges	874	76	950
c. - User charges	508	44	552
d. - Other	394	199	593
33 Inventories	-	-	-
34 Property, Plant & Equipment			
a. - System Assets		248,546	248,546
b. - Plant & Equipment		4,987	4,987
35 Other	-	-	-
36 Total Assets	<u>31,282</u>	<u>254,181</u>	<u>285,463</u>
<u>LIABILITIES</u>			
37 Bank Overdraft	-		-
38 Creditors	4,379	-	4,379
39 Borrowings			
a. - Loans	2,385	65,130	67,515
b. - Advances	-	-	-
c. - Finance Leases	-	-	-
40 Provisions			
- Tax Equivalents	-		-
a. - Dividend	-		-
b. - Other	461	-	461
41 Total Liabilities	<u>7,225</u>	<u>65,130</u>	<u>72,355</u>
42 NET ASSETS COMMITTED	<u>24,057</u>	<u>189,051</u>	<u>213,108</u>
<u>EQUITY</u>			
43 Accumulated Surplus			108,417
44 Asset Revaluation Reserve			104,691
45 Total Equity			<u>213,108</u>
46 Current Replacement Cost of System Assets			313,578
47 Accumulated Current Cost Depreciation of System Assets			65,032
48 Written Down Current Cost of System Assets			<u>248,546</u>

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 7
CONDITION OF PUBLIC WORKS
as at 30th June 2013**

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>			<i>Local Govt. Act 1993, Section 428 (2d)</i>		
Public buildings	Council offices	1 - 5%	393	11,831	(5,239)	6,592	3	-	108	75
	Works depot	1 - 5%	142	4,293	(1,706)	2,587	3	-	71	73
	Halls	1 - 5%	273	9,245	(5,001)	4,244	3	-	83	81
	Dwellings	1 - 5%	91	2,952	(1,903)	1,049	3	30	35	31
	Airport	1 - 5%	228	6,883	(1,904)	4,979	3	-	135	145
	Shops/Offices	1 - 5%	276	9,066	(4,349)	4,717	3	-	45	50
	Library	1 - 5%	162	4,549	(1,364)	3,185	3	150	14	16
	Community centres	1 - 5%	417	12,868	(945)	11,923	1	-	33	32
	Childcare centres	1 - 5%	183	5,233	(3,100)	2,133	3	-	-	-
	Waste centre	1 - 5%	103	3,573	(1,308)	2,265	3	-	105	106
	Amenities/Toilets	1 - 5%	575	20,043	(8,970)	11,073	3 - 4	150	180	187
	Subtotal		2,843	90,536	(35,789)	54,747		330	809	796
Other structures	Not included in buildings	1 - 9%	534	12,603	(4,208)	8,395	3	30	212	196
	Subtotal		534	12,603	(4,208)	8,395		30	212	196
Public roads	Sealed roads	1 - 2%	6,163	429,469	(128,813)	300,656	2 - 4	11,450	3,358	4,393
	Unsealed roads	1 - 2%	275	25,391	(12,617)	12,774	3 - 4	275	630	602
	Bridges	1 - 2%	451	43,354	(13,994)	29,360	2 - 3	-	40	37
	Footpaths/Cycleways	1 - 2%	481	24,816	(5,234)	19,582	2 - 3	50	134	118
	Kerb and gutter	1 - 2%	519	36,268	(16,445)	19,823	2 - 3	-	-	-
	Road furniture	1%	132	17,469	(1,968)	15,501	2 - 4	-	259	267
	Subtotal		8,021	576,767	(179,071)	397,696		11,775	4,421	5,417

This Schedule is to be read in conjunction with the explanatory notes following.

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>					
Water	Treatment plants	1%	72	4,365	(1,278)	3,087	2 - 3	-	106	80
	Water connections	4 - 5%	95	1,914	(1,056)	858	2 - 4	-	278	294
	Reservoirs	1 - 2%	152	13,980	(4,599)	9,381	2 - 3	-	70	68
	Pipelines	1 - 2%	1,479	139,220	(48,250)	90,970	2 - 4	-	534	578
	Pump stations	1 - 2%	11	668	(230)	438	2 - 3	-	45	49
	Subtotal		1,809	160,147	(55,413)	104,734			1,033	1,069
Sewerage	Pump stations	1 - 2%	648	39,631	(12,457)	27,174	2 - 3	-	1,254	1,201
	Pipelines	2 - 3%	996	148,322	(21,965)	126,357	2 - 3	-	530	501
	Pits	2 - 3%	98	7,631	(2,706)	4,925	2 - 3	-	-	-
	Treatment works	1 - 2%	969	59,442	(27,904)	31,538	2 - 3	-	365	360
	Reuse works	2 - 3%	-	1,308	-	1,308	2 - 3	-	132	103
	Subtotal		2,711	256,334	(65,032)	191,302			2,281	2,165
Drainage works	Culverts	1 - 2%	146	10,565	(5,941)	4,624	2 - 4	50	-	-
	Reticulation	1 - 2%	1,461	100,766	(37,361)	63,405	2 - 4	150	281	310
	Pollution control	2 - 3%	35	1,679	(108)	1,571	1 - 2	-	51	25
	Outfall structures	1 - 2%	4	251	(104)	147	3 - 4	20	-	-
	Subtotal		1,646	113,261	(43,514)	69,747		220	332	335
Total classes - all assets			17,564	1,209,648	(383,027)	826,621		14,085	9,088	9,978

Total classes - all assets

This Schedule is to be read in conjunction with the explanatory notes following.

BALLINA SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person under any circumstance.

Notes

- 1 Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned "enhancements" to the existing asset.
- 2 Required annual maintenance is what should be spent to maintain assets in a satisfactory standard.
- 3 Current annual maintenance is what has been spent in the current year to maintain assets.
- 4 Asset condition assessment (DLG integrated planning and reporting manual).
The following condition codes have been used in this Schedule.

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal / upgrading required

BALLINA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS
as at 30th June 2013**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Recurrent budget											
Income from continuing operations	113	78	78	79	83	91	87	93	96	97	101
Expenses from continuing operations	85	80	81	84	84	86	88	91	93	95	98
Operating result from continuing operations	28	(2)	(3)	(5)	(1)	5	(1)	2	3	2	3
Capital budget											
New works	35	38	7	9	6	20	27	18	15	6	5
Replacement of existing assets	20	23	7	5	5	8	5	3	3	5	5
	55	61	14	14	11	28	32	21	18	11	10
Funded by											
- Loans	26	1	-	-	-	8	5	-	-	-	-
- Reserves	15	50	10	10	7	16	22	17	13	6	5
- Grants/Contributions	11	7	1	1	1	1	1	1	1	1	1
- Recurrent revenue	3	3	3	3	3	3	4	3	4	4	4
	55	61	14	14	11	28	32	21	18	11	10

Financial projections are in accordance with Council's Integrated Planning and Reporting framework.