

# Ballina Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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Serving the community of today while  
preparing for the challenges of tomorrow



## Ballina Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2015

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#### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Ballina Shire Council.

(ii) Ballina Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 22 October 2015. Council has the power to amend and reissue these financial statements.

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## Ballina Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2015

### Statement by Councillors and Management

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

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

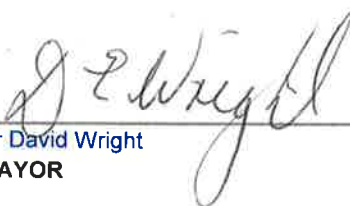
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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


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

**Signed in accordance with a resolution of Council made on 22 October 2015.**



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Cr David Wright  
MAYOR



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Cr Susan Meehan  
COUNCILLOR



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Paul Hickey  
GENERAL MANAGER



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Peter Morgan  
RESPONSIBLE ACCOUNTING OFFICER

## Ballina Shire Council

## Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup>			Actual	Actual
2015	\$ '000	Notes	2015	2014
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
39,495	Rates & Annual Charges	3a	40,826	38,288
17,935	User Charges & Fees	3b	18,310	17,762
1,571	Interest & Investment Revenue	3c	2,500	3,450
4,418	Other Revenues	3d	4,476	4,244
6,660	Grants & Contributions provided for Operating Purposes	3e,f	8,161	5,519 <sup>2</sup>
9,782	Grants & Contributions provided for Capital Purposes	3e,f	15,999	13,790
<i>Other Income:</i>				
465	Net gains from the disposal of assets	5	-	-
<b>80,326</b>	<b>Total Income from Continuing Operations</b>		<b>90,272</b>	<b>83,053</b>
<b>Expenses from Continuing Operations</b>				
18,818	Employee Benefits & On-Costs	4a	20,435	19,711
6,538	Borrowing Costs	4b	6,561	6,910
31,962	Materials & Contracts	4c	24,645	25,409
20,215	Depreciation & Amortisation	4d	17,939	20,305
-	Impairment	4d	-	-
4,974	Other Expenses	4e	7,845	7,886
-	Net Losses from the Disposal of Assets	5	13,193	2,722
<b>82,507</b>	<b>Total Expenses from Continuing Operations</b>		<b>90,618</b>	<b>82,943</b>
<b>(2,181)</b>	<b>Operating Result from Continuing Operations</b>		<b>(346)</b>	<b>110</b>
<b>(2,181)</b>	<b>Net Operating Result for the Year</b>		<b>(346)</b>	<b>110</b>
(2,181)	Net Operating Result attributable to Council		(346)	110
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>				
<b>(11,963)</b>			<b>(16,345)</b>	<b>(13,680)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

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

## Ballina Shire Council

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(346)</b>	<b>110</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	62,073	15,394
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>62,073</b>	<b>15,394</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>62,073</b>	<b>15,394</b>
<b>Total Comprehensive Income for the Year</b>		<b>61,727</b>	<b>15,504</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>61,727</b>	<b>15,504</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Ballina Shire Council

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014	Actual 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	9,612	11,241	22,026
Investments	6b	51,287	48,420	57,234
Receivables	7	7,084	8,699	8,717
Inventories	8	1,407	996	1,010
Other	8	188	57	704
<b>Total Current Assets</b>		<b>69,578</b>	<b>69,413</b>	<b>89,691</b>
<b>Non-Current Assets</b>				
Investments	6b	8,140	11,036	10,886
Receivables	7	421	510	641
Inventories	8	2,533	3,051	2,816
Infrastructure, Property, Plant & Equipment	9	1,075,225	1,018,666	988,768
Investment Property	14	21,282	18,404	18,350
<b>Total Non-Current Assets</b>		<b>1,107,601</b>	<b>1,051,667</b>	<b>1,021,461</b>
<b>TOTAL ASSETS</b>		<b>1,177,179</b>	<b>1,121,080</b>	<b>1,111,152</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	6,411	7,590	9,341
Borrowings	10	6,586	8,051	7,950
Provisions	10	7,046	7,161	7,893
<b>Total Current Liabilities</b>		<b>20,043</b>	<b>22,802</b>	<b>25,184</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	540
Borrowings	10	80,982	83,902	87,186
Provisions	10	4,619	4,568	3,938
<b>Total Non-Current Liabilities</b>		<b>85,601</b>	<b>88,470</b>	<b>91,664</b>
<b>TOTAL LIABILITIES</b>		<b>105,644</b>	<b>111,272</b>	<b>116,848</b>
<b>Net Assets</b>		<b>1,071,535</b>	<b>1,009,808</b>	<b>994,304</b>
<b>EQUITY</b>				
Retained Earnings	20	634,402	634,748	634,638
Revaluation Reserves	20	437,133	375,060	359,666
<b>Council Equity Interest</b>		<b>1,071,535</b>	<b>1,009,808</b>	<b>994,304</b>
<b>Non-controlling Equity Interests</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>1,071,535</b>	<b>1,009,808</b>	<b>994,304</b>

## Ballina Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b>		634,748	375,060	1,009,808	-	1,009,808
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>634,748</b>	<b>375,060</b>	<b>1,009,808</b>	<b>-</b>	<b>1,009,808</b>
<b>c. Net Operating Result for the Year</b>		<b>(346)</b>	<b>-</b>	<b>(346)</b>	<b>-</b>	<b>(346)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	62,073	62,073	-	62,073
<b>Other Comprehensive Income</b>		<b>-</b>	<b>62,073</b>	<b>62,073</b>	<b>-</b>	<b>62,073</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(346)</b>	<b>62,073</b>	<b>61,727</b>	<b>-</b>	<b>61,727</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>634,402</b>	<b>437,133</b>	<b>1,071,535</b>	<b>-</b>	<b>1,071,535</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b>		634,638	466,496	1,101,134	-	1,101,134
a. Correction of Prior Period Errors	20 (c)	-	(106,830)	(106,830)	-	(106,830)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>634,638</b>	<b>359,666</b>	<b>994,304</b>	<b>-</b>	<b>994,304</b>
<b>c. Net Operating Result for the Year</b>		<b>110</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>110</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	15,394	15,394	-	15,394
<b>Other Comprehensive Income</b>		<b>-</b>	<b>15,394</b>	<b>15,394</b>	<b>-</b>	<b>15,394</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>110</b>	<b>15,394</b>	<b>15,504</b>	<b>-</b>	<b>15,504</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>634,748</b>	<b>375,060</b>	<b>1,009,808</b>	<b>-</b>	<b>1,009,808</b>

## Ballina Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
39,495	Rates & Annual Charges		41,058	38,670
17,935	User Charges & Fees		19,087	18,460
1,571	Investment & Interest Revenue Received		2,615	3,441
14,006	Grants & Contributions		18,938	17,205
-	Bonds, Deposits & Retention amounts received		167	262
4,418	Other		7,820	8,631
<b>Payments:</b>				
(18,818)	Employee Benefits & On-Costs		(20,423)	(20,633)
(31,962)	Materials & Contracts		(28,831)	(27,909)
(6,538)	Borrowing Costs		(6,453)	(6,312)
(4,974)	Other		(10,268)	(12,833)
<b>15,133</b>	<b>Net Cash provided by Operating Activities</b>	11b	<b>23,710</b>	<b>18,982</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
10,000	Sale of Investment Securities		47,000	57,997
1,855	Sale of Real Estate Assets		2,511	568
800	Sale of Infrastructure, Property, Plant & Equipment		486	4,561
66	Deferred Debtors Receipts		66	70
<b>Payments:</b>				
-	Purchase of Investment Securities		(47,000)	(49,000)
-	Purchase of Investment Property		(2,418)	(54)
(34,066)	Purchase of Infrastructure, Property, Plant & Equipment		(21,296)	(39,768)
-	Purchase of Real Estate Assets		(303)	(430)
<b>(21,345)</b>	<b>Net Cash used in Investing Activities</b>		<b>(20,954)</b>	<b>(26,056)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
725	Proceeds from Borrowings & Advances		725	1,890
<b>Payments:</b>				
(5,882)	Repayment of Borrowings & Advances		(5,110)	(5,601)
<b>(5,157)</b>	<b>Net Cash Flow used in Financing Activities</b>		<b>(4,385)</b>	<b>(3,711)</b>
<b>(11,369)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(1,629)</b>	<b>(10,785)</b>
11,241	plus: Cash & Cash Equivalents - beginning of year	11a	11,241	22,026
<b>(128)</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>9,612</b>	<b>11,241</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	59,427	59,456
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>69,039</b>	<b>70,697</b>



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

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

Council has elected to apply AASB 2015-7 to the annual reporting period beginning 1 July 2014, which is before the standard's operative date of 1 July 2016.

AASB 2015-7 provides relief from the following disclosures in AASB 13 Fair Value Measurement for level 3 assets within the scope of AASB 116 Property, Plant and Equipment for which the future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows:

- (a) Quantitative information about the significant unobservable inputs used in the fair value measurement (AASB 13 para 93d)
- (b) Fore recurring fair value measurements categorised in level 3, the amount of the total gains or losses for the period included in profit

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

or loss that is attributable to the change in unrealised gains or losses (AASB 13 paragraph 93f)

- (c) For recurring fair value measurements categorised in level 3, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement (AASB 13 paragraph 93h(i)).

Therefore early adoption of AASB 2015-7 means that the level of disclosures regarding fair value has decreased in Note 27 of the financial statements for the financial year ended 30 June 2015.

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

#### (v) Basis of Accounting

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

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

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

#### (vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

#### (vii) Critical Accounting Estimates

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated useful life assessments and resulting annual depreciation expense for infrastructure, property, plant and equipment.
- (iv) Estimated remediation provisions.

#### ***Critical judgements in applying Council's accounting policies***

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

##### **User Charges, Fees and Other Income**

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

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

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

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

##### Other Income

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

##### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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

##### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 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.

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

- General Purpose Operations
- Water Supply
- Sewerage Service

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the LGA 1993, a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

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

##### (iii) Joint Ventures

###### Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

###### Jointly Controlled Entities

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, the share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the Statement of Financial Position.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

##### (iv) Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (i.e. where Council is deemed to have "significant influence" over another entities operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Ventures.

Such entities are usually termed Associates.

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Any interests in Associates are accounted for using the equity method and are carried at cost.

Detailed information relating to Council's interest in Associates can be found at Note 19 (b).

##### (v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Richmond River County Council**
- **Rous County Council**
- **Far North Coast County Council**

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

##### (vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

##### (d) Leases

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

##### Finance Leases

Council has no finance leases.

##### Operating Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### (ii) Loans and receivables

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

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

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

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

**Financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### Impairment

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

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

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

Council maintains its Investment Policy in compliance with the Act and ensures that it 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 that Council holds are no longer prescribed (eg. equity linked notes and sub-debt FRNs), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

##### (h) Receivables

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

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

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

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

collect all amounts due according to the original terms of each receivable.

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

##### Acquisition of assets

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

At balance date, the following classes of I,P,P&E 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).

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

Water and sewerage network assets 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 revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

##### (k) Land

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

##### (l) Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

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

## Ballina Shire Council

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

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

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

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

##### **(o) Investment property**

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

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

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

The last full revaluation for Council's Investment Properties was dated 30/06/2015.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at balance 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.

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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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.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

#### **(q) Impairment of assets**

All Council's I,P,P&E is subject to an annual assessment of impairment.

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **(r) Payables**

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

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

#### **(s) Borrowings**

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

#### **(t) Borrowing costs**

Borrowing costs are expensed.

#### **(u) Provisions**

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

- Council has a present legal or constructive obligation as a result of past events;

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

- 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.

#### (v) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

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

##### (ii) Other Long Term Obligations

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

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

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

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

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson Bsc, FIA, FIAA on 20/02/13 and covers the period ended 30/06/13.

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

Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$674,000.

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 these financial statements.

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

#### Defined Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

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

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

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

#### Exceptions

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### (x) Taxes

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

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

#### Goods & Services Tax (GST)

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

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

Receivables and payables within the statement of financial position are stated inclusive of any applicable GST.

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

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

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

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

#### (y) New accounting standards and interpretations

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

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

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

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

#### Applicable to Local Government:

#### **AASB 9 - Financial Instruments (and associated amending standards)**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

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

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

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

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

##### **AASB 124 - Related Party Disclosures**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

##### **AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

##### **(z) Rounding of amounts**

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

##### **(aa) Comparative Figures**

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

##### **(ab) Disclaimer**

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



# Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	-	-	-	1,039	817	902	(1,039)	(817)	(902)	-	-	-	-
Administration	4,754	4,551	3,422	10,391	4,134	4,016	(5,637)	417	(594)	-	-	28,124	26,979
Public Order & Safety	1,420	496	1,036	1,590	1,252	1,221	(170)	(756)	(185)	532	560	8,431	3,006
Health	235	238	184	779	1,172	641	(544)	(934)	(457)	-	-	639	647
Environment	13,608	11,552	10,207	15,817	11,266	11,565	(2,209)	286	(1,358)	-	148	88,181	88,545
Community Services & Education	210	197	172	778	1,541	952	(568)	(1,344)	(780)	22	8	8,528	8,632
Housing & Community Amenities	221	968	901	1,124	3,594	3,971	(903)	(2,626)	(3,070)	98	98	6,375	6,113
Water Supplies	13,736	11,491	11,222	11,369	10,387	10,651	2,367	1,104	571	152	152	81,671	79,329
Sewerage Services	16,057	16,989	16,002	17,303	27,892	16,002	(1,246)	(10,903)	-	153	151	213,192	223,431
Recreation & Culture	2,638	3,652	2,866	6,394	7,394	7,791	(3,756)	(3,742)	(4,925)	806	1,791	167,595	165,584
Mining, Manufacturing & Construction	1,519	1,431	1,275	2,320	713	900	(801)	718	375	-	-	2,706	3,400
Transport & Communication	4,210	13,217	12,182	13,741	18,844	21,187	(9,531)	(5,627)	(9,005)	576	377	530,354	473,076
Economic Affairs	9,063	3,022	3,154	9,045	1,612	3,144	18	1,410	10	50	-	41,383	42,338
<b>Total Functions &amp; Activities</b>	<b>67,671</b>	<b>67,804</b>	<b>62,623</b>	<b>91,690</b>	<b>90,618</b>	<b>82,943</b>	<b>(24,019)</b>	<b>(22,814)</b>	<b>(20,320)</b>	<b>2,389</b>	<b>3,285</b>	<b>1,177,179</b>	<b>1,121,080</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	21,838	22,468	20,430	-	-	-	21,838	22,468	20,430	4,210	2,287	-	-
<b>Operating Result from Continuing Operations</b>	<b>89,509</b>	<b>90,272</b>	<b>83,053</b>	<b>91,690</b>	<b>90,618</b>	<b>82,943</b>	<b>(2,181)</b>	<b>(346)</b>	<b>110</b>	<b>6,599</b>	<b>5,572</b>	<b>1,177,179</b>	<b>1,121,080</b>

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

## Ballina Shire Council

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		12,576	12,199
Farmland		1,387	1,357
Business		3,381	3,210
<b>Total Ordinary Rates</b>		<b>17,344</b>	<b>16,766</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,662	6,519
Stormwater Management Services		284	282
Water Supply Services		3,091	2,859
Sewerage Services		12,776	11,435
Waste Management Services (non-domestic)		1,669	427
<b>Total Annual Charges</b>		<b>23,482</b>	<b>21,522</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>40,826</b>	<b>38,288</b>
Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.			
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		6,132	6,302
Sewerage Services		1,044	1,098
Waste Management Services (non-domestic)		1,956	1,923
<b>Total User Charges</b>		<b>9,132</b>	<b>9,323</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		1,515	1,323
Private Works - Section 67		192	249
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,707</b>	<b>1,572</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		4,423	4,204
Cemeteries		403	340
Ferry Tolls		443	435
Plant Hire		292	252
Quarry Revenues		218	320
Swimming Centres		354	349
Other		1,338	967
<b>Total Fees &amp; Charges - Other</b>		<b>7,471</b>	<b>6,867</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>18,310</b>	<b>17,762</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		85	101
- Interest earned on Investments (interest & coupon payment income)		2,444	3,016
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(29)	333
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<u>2,500</u>	<u>3,450</u>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	460	-
Rental Income - Investment Properties	14	1,462	1,599
Rental Income - Other Council Properties		1,429	1,406
Fines - Parking		216	106
Fines - Other		98	88
Legal Fees Recovery - Rates & Charges (Extra Charges)		28	-
Legal Fees Recovery - Other		10	30
Commissions & Agency Fees		44	51
Insurance Claim Recoveries		227	366
Miscellaneous sales		62	93
Reassessment of provision for remediation		224	33
Recycling Income (non domestic)		80	103
Other		136	369
<b><u>TOTAL OTHER REVENUE</u></b>		<u>4,476</u>	<u>4,244</u>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	3,718	1,800	-	-
Pensioners' Rates Subsidies - General Component	340	318	-	-
<b>Total General Purpose</b>	<b>4,058</b>	<b>2,118</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	153	152	-	-
- Sewerage	152	151	-	-
- Domestic Waste Management	152	169	-	-
Bushfire & Emergency Services	97	18	-	183
Library	131	110	-	-
LIRS Subsidy	354	345	-	-
Naval Museum	-	-	-	95
NSW Rural Fire Services	85	144	-	-
Sportsfields	-	-	-	1,521
Street Lighting	98	98	-	-
Surf club	-	-	-	200
Coastguard Tower	-	-	350	-
Public Reserve Management Program	-	-	282	-
Lennox Auditorium	-	-	180	-
Fishery Creek Car Park	-	-	154	-
Lake Ainsworth	-	-	136	-
Other	129	179	88	89
<b>Total Specific Purpose</b>	<b>1,351</b>	<b>1,366</b>	<b>1,190</b>	<b>2,088</b>
<b>Total Grants</b>	<b>5,409</b>	<b>3,484</b>	<b>1,190</b>	<b>2,088</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,757	1,864	948	1,721
- State Funding	1,228	1,275	242	153
- Other Funding	424	345	-	214
	<b>5,409</b>	<b>3,484</b>	<b>1,190</b>	<b>2,088</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	2,924	2,295
S 64 - Water Supply Contributions	-	-	455	430
S 64 - Sewerage Service Contributions	-	-	1,386	1,352
<b>Total Developer Contributions</b>	17 -	-	<b>4,765</b>	<b>4,077</b>
<b>Other Contributions:</b>				
Dedications (other than by S94)	-	-	6,718	2,654
Employment and training studies	333	346	-	-
Library expansion	-	-	-	150
Management plans and studies	-	117	-	-
Roadworks	887	-	374	2,560
RMS Contributions (Regional Roads, Block Grant)	921	1,186	1,835	1,563
Surf club	-	-	-	329
Legal Settlement Proceeds	-	-	600	-
Other	611	386	517	369
<b>Total Other Contributions</b>	<b>2,752</b>	<b>2,035</b>	<b>10,044</b>	<b>7,625</b>
<b>Total Contributions</b>	<b>2,752</b>	<b>2,035</b>	<b>14,809</b>	<b>11,702</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>8,161</b>	<b>5,519</b>	<b>15,999</b>	<b>13,790</b>

\$ '000	Actual 2015	Actual 2014
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**(g) Restrictions relating to Grants and Contributions**

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	19,640	22,387
add: Grants & contributions recognised in the current period but not yet spent:	9,743	6,857
less: Grants & contributions recognised in a previous reporting period now spent:	(8,915)	(9,604)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>828</b>	<b>(2,747)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>20,468</b>	<b>19,640</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,507	3,878
- Developer Contributions	15,790	15,551
- Other Contributions	171	211
	<b>20,468</b>	<b>19,640</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		16,293	15,457
Employee Leave Entitlements (ELE)		3,188	2,904
Superannuation - Defined Contribution Plans		1,429	1,323
Superannuation - Defined Benefit Plans		674	718
Workers' Compensation Insurance		480	500
Fringe Benefit Tax (FBT)		15	17
Payroll Tax		255	242
Training Costs (other than Salaries & Wages)		240	290
Other		70	62
<b>Total Employee Costs</b>		<b>22,644</b>	<b>21,513</b>
less: Capitalised Costs		(2,209)	(1,802)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>20,435</b>	<b>19,711</b>
Number of "Equivalent Full Time" Employees at year end		274	270
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		5,981	6,280
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>5,981</b>	<b>6,280</b>
<b>(ii) Other Borrowing Costs</b>			
Unwinding of present value discounts and premiums		580	630
<b>Total Other Borrowing Costs</b>		<b>580</b>	<b>630</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>6,561</b>	<b>6,910</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		23,726	24,482
Contractor & Consultancy Costs		223	275
Auditors Remuneration <sup>(1)</sup>		116	112
Legal Expenses:			
- Legal Expenses: Planning & Development		87	67
- Legal Expenses: Other		123	118
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>		370	355
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>24,645</b>	<b>25,409</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements (TNR Chartered Accountants)		55	56
- Internal Auditing (Grant Thornton Australia)		61	56
<b>Remuneration for audit and other assurance services</b>		<b>116</b>	<b>112</b>
<b>Total Auditor Remuneration</b>		<b>116</b>	<b>112</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		174	175
Motor Vehicles		196	180
		<b>370</b>	<b>355</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,702	1,890
Office Equipment		-	-	136	136
Furniture & Fittings		-	-	5	5
Land Improvements (depreciable)		-	-	868	868
Buildings - Non Specialised		-	-	301	364
Buildings - Specialised		-	-	2,265	2,247
Other Structures		-	-	548	515
Infrastructure:					
- Roads		-	-	6,055	7,156
- Bridges		-	-	614	451
- Footpaths		-	-	288	499
- Stormwater Drainage		-	-	1,425	1,654
- Water Supply Network		-	-	1,420	1,793
- Sewerage Network		-	-	2,161	2,490
- Swimming Pools		-	-	16	-
Future Reinstatement Costs - Tips	9 & 26	-	-	131	155
Future Reinstatement Costs - Quarries	9 & 26	-	-	4	82
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>17,939</b>	<b>20,305</b>



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		175	216
Bad & Doubtful Debts		-	41
Bank Charges		100	102
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		63	77
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		62	50
- Waste Levy		175	125
- Other Contributions/Levies		163	245
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		181	178
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		29	58
Donations, Contributions & Assistance to other organisations (Section 356)		2,800	2,769
Electricity & Heating		1,913	1,857
Insurance		1,316	1,301
Street Lighting		506	450
Subscriptions & Publications		86	84
Telephone & Communications		171	235
Other		69	63
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>7,845</u></b>	<b><u>7,886</u></b>

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

<b>Infrastructure, Property, Plant &amp; Equipment</b>			
Proceeds from Disposal - Infrastructure		486	1,429
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(15,685)	(4,561)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>(15,199)</u></b>	<b><u>(3,132)</u></b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		2,511	568
less: Carrying Amount of Real Estate Assets Sold / Written Off		(505)	(158)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>2,006</u></b>	<b><u>410</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(13,193)</u></b>	<b><u>(2,722)</u></b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		6,108	-	2,193	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		504	-	3,048	-
- Short Term Deposits		3,000	-	6,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>9,612</b>	<b>-</b>	<b>11,241</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		47,000	1,000	47,000	1,000
- NCD's, FRN's (with Maturities > 3 months)		4,287	7,140	1,420	10,036
<b>Total Investments</b>		<b>51,287</b>	<b>8,140</b>	<b>48,420</b>	<b>11,036</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>60,899</b>	<b>8,140</b>	<b>59,661</b>	<b>11,036</b>

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

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

**Investments****a. "At Fair Value through the Profit & Loss"**

- "Designated at Fair Value on Initial Recognition"	6(b-i)	4,287	7,140	1,420	10,036
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**b. "Held to Maturity"**

	6(b-ii)	47,000	1,000	47,000	1,000
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**Investments**

		<b>51,287</b>	<b>8,140</b>	<b>48,420</b>	<b>11,036</b>
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Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	1,420	10,036	8,234	7,886
Revaluations (through the Income Statement)	(141)	112	183	150
Additions	-	-	-	2,000
Disposals (sales & redemptions)	-	-	(6,997)	-
Transfers between Current/Non Current	3,008	(3,008)	-	-
<b>Balance at End of Year</b>	<b>4,287</b>	<b>7,140</b>	<b>1,420</b>	<b>10,036</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	4,287	7,140	1,420	10,036
<b>Total</b>	<b>4,287</b>	<b>7,140</b>	<b>1,420</b>	<b>10,036</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	47,000	1,000	49,000	3,000
Additions	47,000	-	47,000	-
Disposals (sales & redemptions)	(47,000)	-	(49,000)	(2,000)
<b>Balance at End of Year</b>	<b>47,000</b>	<b>1,000</b>	<b>47,000</b>	<b>1,000</b>
<b>Comprising:</b>				
- Long Term Deposits	47,000	1,000	47,000	1,000
<b>Total</b>	<b>47,000</b>	<b>1,000</b>	<b>47,000</b>	<b>1,000</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>60,899</b>	<b>8,140</b>	<b>59,661</b>	<b>11,036</b>
<b>attributable to:</b>				
External Restrictions (refer below)	34,511	6,000	37,436	6,000
Internal Restrictions (refer below)	22,608	2,140	18,318	5,036
Unrestricted	3,780	-	3,907	-
	<b>60,899</b>	<b>8,140</b>	<b>59,661</b>	<b>11,036</b>

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

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Deposits and retentions (A)	1,517	1,837	(1,670)	1,684
Water and Sewer ELE's (B)	573	44	-	617
<b>External Restrictions - Included in Liabilities</b>	<b>2,090</b>	<b>1,881</b>	<b>(1,670)</b>	<b>2,301</b>

**External Restrictions - Other**

Developer Contributions - General (C)	4,383	3,045	(2,768)	4,660
Developer Contributions - Water Fund (C)	7,747	705	(1,863)	6,589
Developer Contributions - Sewer Fund (C)	3,421	1,529	(409)	4,541
RMS (formerly RTA) Contributions (D)	211	171	(211)	171
Specific Purpose Unexpended Grants (E)	3,879	4,293	(3,665)	4,507
Water Supplies (F)	3,035	1,129	(418)	3,746
Sewerage Services (F)	14,703	1,410	(6,079)	10,034
Domestic Waste Management (F)	1,563	176	(153)	1,586
Other	2,404	-	(28)	2,376
<b>External Restrictions - Other</b>	<b>41,346</b>	<b>12,458</b>	<b>(15,594)</b>	<b>38,210</b>
<b>Total External Restrictions</b>	<b>43,436</b>	<b>14,339</b>	<b>(17,264)</b>	<b>40,511</b>

- A Moneys held in Trust such as works bonds and deposits.
- B Funds set aside to cover employee leave entitlements provisions in restricted activities.
- C Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- D RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- E Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- F Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Ballina Shire Council

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

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	921	1,193	(1,149)	965
Employees Leave Entitlement	1,969	732	(192)	2,509
Carry Over Works	7,518	6,630	(4,871)	9,277
Cemeteries	110	128	(50)	188
Land Development	5,807	5,442	(8,013)	3,236
Landfill and Resource Management	1,534	2,517	(1,385)	2,666
Management plans and studies	265	133	(160)	238
Quarries	1,698	76	(511)	1,263
Rental Properties Refurbishment	1,571	404	(231)	1,744
Strategic Studies	337	102	(141)	298
Crown Land Rentals	98	103	(96)	105
Other	1,526	733	-	2,259
<b>Total Internal Restrictions</b>	<b>23,354</b>	<b>18,193</b>	<b>(16,799)</b>	<b>24,748</b>
<b>TOTAL RESTRICTIONS</b>	<b>66,790</b>	<b>32,532</b>	<b>(34,063)</b>	<b>65,259</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,676	108	1,875	141
Interest & Extra Charges		194	84	216	93
User Charges & Fees		2,258	145	2,207	166
Private Works		60	-	50	-
Accrued Revenues					
- Interest on Investments		431	-	486	-
Airport Charges		474	-	487	-
Deferred Debtors		18	84	58	110
Government Grants & Subsidies		824	-	1,812	-
Net GST Receivable		311	-	557	-
Waste Centre Fees		115	-	203	-
Other Debtors		732	-	757	-
<b>Total</b>		<b>7,093</b>	<b>421</b>	<b>8,708</b>	<b>510</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(9)	-	(9)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(9)</b>	<b>-</b>	<b>(9)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>7,084</b>	<b>421</b>	<b>8,699</b>	<b>510</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		3	-	3	-
- Rates & Availability Charges		325	21	1,993	150
- Other		1,734	116	99	14
<b>Sewerage Services</b>					
- Specific Purpose Grants		3	-	3	-
- Rates & Availability Charges		437	28	1,059	80
- Other		803	144	273	110
<b>Domestic Waste Management</b>		<b>276</b>	<b>18</b>	<b>303</b>	<b>23</b>
<b>Stormwater Management</b>		<b>11</b>	<b>1</b>	<b>12</b>	<b>1</b>
<b>Total External Restrictions</b>		<b>3,592</b>	<b>328</b>	<b>3,745</b>	<b>378</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>3,492</b>	<b>93</b>	<b>4,954</b>	<b>132</b>
<b>TOTAL NET RECEIVABLES</b>		<b>7,084</b>	<b>421</b>	<b>8,699</b>	<b>510</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Ballina Shire Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		898	2,533	582	3,051
Stores & Materials		497	-	400	-
Trading Stock		12	-	14	-
<b>Total Inventories</b>		<b>1,407</b>	<b>2,533</b>	<b>996</b>	<b>3,051</b>
<b>Other Assets</b>					
Prepayments		188	-	57	-
<b>Total Other Assets</b>		<b>188</b>	<b>-</b>	<b>57</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,595</b>	<b>2,533</b>	<b>1,053</b>	<b>3,051</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

**Other Disclosures****Details for Real Estate Development**

Residential	97	705	93	893
Industrial/Commercial	801	1,828	489	2,158
<b>Total Real Estate for Resale</b>	<b>898</b>	<b>2,533</b>	<b>582</b>	<b>3,051</b>

(Valued at the lower of cost and net realisable value)

**Represented by:**

Acquisition Costs	-	202	-	937
Development Costs	898	2,331	582	2,114
<b>Total Costs</b>	<b>898</b>	<b>2,533</b>	<b>582</b>	<b>3,051</b>
<b>Total Real Estate for Resale</b>	<b>898</b>	<b>2,533</b>	<b>582</b>	<b>3,051</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Tfrs from/(to) Inv. Properties	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Capital Work in Progress	87,625	-	-	-	87,625	6,432	-	-	(81,861)	(717)	-	-	11,479	-	-	-	11,479
Plant & Equipment	-	17,586	10,578	-	7,008	1,465	(100)	(1,702)	-	-	-	-	-	18,382	11,711	-	6,671
Office Equipment	-	1,519	880	-	639	-	-	(136)	-	-	-	-	-	1,519	1,016	-	503
Furniture & Fittings	-	423	379	-	44	-	-	(5)	-	-	-	-	-	423	384	-	39
<b>Land:</b>																	
- Operational Land	-	43,799	-	-	43,799	-	(252)	-	-	-	-	-	-	43,547	-	-	43,547
- Community Land	-	110,326	-	-	110,326	-	-	-	-	-	-	-	-	110,326	-	-	110,326
- Land under Roads (post 30/6/08)	-	12,555	-	-	12,555	530	-	-	-	-	-	-	-	13,085	-	-	13,085
Land Improvements - non depreciable	-	5,102	-	-	5,102	-	-	-	-	-	-	-	-	5,102	-	-	5,102
Land Improvements - depreciable	-	15,903	9,070	-	6,833	-	-	(868)	-	-	-	-	-	15,903	9,938	-	5,965
Buildings - Non Specialised	-	11,613	6,230	-	5,383	1,142	-	(301)	5	-	125	-	-	13,045	6,691	-	6,354
Buildings - Specialised	-	85,586	34,361	-	51,225	307	-	(2,265)	5,184	-	1,209	-	-	93,182	37,522	-	55,660
Other Structures	-	16,030	5,424	-	10,606	478	(130)	(548)	409	-	249	-	-	16,945	5,881	-	11,064
<b>Infrastructure:</b>																	
- Roads	-	530,413	169,806	-	360,607	9,287	(2,943)	(6,055)	9,935	-	55,054	-	-	507,136	81,252	-	425,884
- Bridges	-	44,161	14,705	-	29,456	-	-	(614)	-	-	3,243	-	-	48,097	16,011	-	32,086
- Footpaths	-	26,126	5,911	-	20,215	833	(65)	(288)	604	-	(1,444)	-	-	26,678	6,823	-	19,855
- Bulk Earthworks (non-depreciable)	-	1,545	707	-	838	608	(851)	-	198	-	860	-	-	1,653	-	-	1,653
- Stormwater Drainage	-	117,677	46,459	-	71,218	1,545	(1)	(1,425)	219	-	(600)	-	-	111,539	40,583	-	70,956
- Water Supply Network	-	101,236	41,057	-	60,179	2,222	(21)	(1,420)	2,564	-	887	-	-	107,447	43,036	-	64,411
- Sewerage Network	-	202,862	69,945	-	132,917	3,936	(11,322)	(2,161)	62,689	-	2,490	-	-	240,362	51,813	-	188,549
- Swimming Pools	-	3,102	1,551	-	1,551	-	-	(16)	-	-	-	-	-	1,551	16	-	1,535
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):																	
- Tip Assets	-	1,600	1,076	-	524	96	-	(131)	-	-	-	-	-	1,696	1,207	-	489
- Quarry Assets	-	835	819	-	16	-	-	(4)	-	-	-	-	-	835	823	-	12
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>87,625</b>	<b>1,349,999</b>	<b>418,958</b>	<b>-</b>	<b>1,018,666</b>	<b>28,881</b>	<b>(15,685)</b>	<b>(17,939)</b>	<b>(54)</b>	<b>(717)</b>	<b>(2,044)</b>	<b>64,117</b>	<b>11,479</b>	<b>1,378,453</b>	<b>314,707</b>	<b>-</b>	<b>1,075,225</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$10,788) and New Assets (\$16,002).  
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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



## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual				Actual			
	2015				2014			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	979	-	-	<b>979</b>	64,018	-	-	<b>64,018</b>
Plant & Equipment	-	477	326	<b>151</b>	-	535	345	<b>190</b>
Land								
- Operational Land	-	1,274	-	<b>1,274</b>	-	1,274	-	<b>1,274</b>
- Community Land	-	1,297	-	<b>1,297</b>	-	1,297	-	<b>1,297</b>
Buildings & Other Structures	-	525	177	<b>348</b>	-	416	164	<b>252</b>
Infrastructure	-	108,339	43,389	<b>64,950</b>	-	103,056	58,601	<b>44,455</b>
<b>Total Water Supply</b>	<b>979</b>	<b>111,912</b>	<b>43,892</b>	<b>68,999</b>	<b>64,018</b>	<b>106,578</b>	<b>59,110</b>	<b>111,486</b>
<b>Sewerage Services</b>								
WIP	1,901	-	-	<b>1,901</b>	2,662	-	-	<b>2,662</b>
Plant & Equipment	-	522	254	<b>268</b>	-	477	251	<b>226</b>
Land								
- Operational Land	-	2,931	-	<b>2,931</b>	-	2,931	-	<b>2,931</b>
- Community Land	-	81	-	<b>81</b>	-	81	-	<b>81</b>
Buildings & Other Structures	-	3,835	1,779	<b>2,056</b>	-	3,774	1,800	<b>1,974</b>
Infrastructure	-	241,630	52,145	<b>189,485</b>	-	325,868	69,156	<b>256,712</b>
<b>Total Sewerage Services</b>	<b>1,901</b>	<b>248,999</b>	<b>54,178</b>	<b>196,722</b>	<b>2,662</b>	<b>333,131</b>	<b>71,207</b>	<b>264,586</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,193	1,312	<b>881</b>	-	2,193	1,135	<b>1,058</b>
<b>Total DWM</b>	<b>-</b>	<b>2,193</b>	<b>1,312</b>	<b>881</b>	<b>-</b>	<b>2,193</b>	<b>1,135</b>	<b>1,058</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>2,880</b>	<b>363,104</b>	<b>99,382</b>	<b>266,602</b>	<b>66,680</b>	<b>441,902</b>	<b>131,452</b>	<b>377,130</b>

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

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services		2,910	-	4,501	-
Payments Received In Advance		663	-	593	-
Accrued Expenses:					
- Interest on Bonds & Deposits		266	-	196	-
- Salaries & Wages		820	-	715	-
- Other Expenditure Accruals		68	-	68	-
Security Bonds, Deposits & Retentions		1,684	-	1,517	-
<b>Total Payables</b>		<b>6,411</b>	<b>-</b>	<b>7,590</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		6,586	80,982	8,051	83,902
<b>Total Borrowings</b>		<b>6,586</b>	<b>80,982</b>	<b>8,051</b>	<b>83,902</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		1,890	-	1,798	-
Sick Leave		2,104	-	2,283	-
Long Service Leave		3,052	824	3,080	754
Sub Total - Aggregate Employee Benefits		7,046	824	7,161	754
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	3,795	-	3,814
<b>Total Provisions</b>		<b>7,046</b>	<b>4,619</b>	<b>7,161</b>	<b>4,568</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>20,043</b>	<b>85,601</b>	<b>22,802</b>	<b>88,470</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		143	16	124	-
Sewer		3,392	61,625	3,030	63,719
Domestic Waste Management		323	16	322	163
Other		1,684	-	1,517	-
Liabilities relating to externally restricted assets		5,542	61,657	4,993	63,882
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to Restricted Assets</b>		5,542	61,657	4,993	63,882
<b>Total Liabilities relating to Unrestricted Assets</b>		14,501	23,944	17,809	24,588
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>20,043</b>	<b>85,601</b>	<b>22,802</b>	<b>88,470</b>

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

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

## Ballina Shire Council

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

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

\$ '000	Actual 2015	Actual 2014
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#### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	4,857	5,044
	<u>4,857</u>	<u>5,044</u>

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

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,798	1,444	(1,352)	-	-	1,890
Sick Leave	2,283	649	(828)	-	-	2,104
Long Service Leave	3,834	788	(746)	-	-	3,876
Asset Remediation	3,814	-	-	(19)	-	3,795
<b>TOTAL</b>	<b>11,729</b>	<b>2,881</b>	<b>(2,926)</b>	<b>(19)</b>	<b>-</b>	<b>11,665</b>

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	9,612	11,241
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>9,612</b>	<b>11,241</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(346)</b>	<b>110</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		17,939	20,305
Net Losses/(Gains) on Disposal of Assets		13,193	2,722
Non Cash Capital Grants and Contributions		(6,814)	(2,734)
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "At Fair Value" or "Held for Trading"		29	(333)
- Investment Properties		(460)	-
Unwinding of Discount Rates on Reinstatement Provisions		108	1,425
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		1,638	79
Decrease/(Increase) in Inventories		(95)	51
Decrease/(Increase) in Other Assets		(131)	647
Increase/(Decrease) in Payables		(1,591)	(2,259)
Increase/(Decrease) in Other Accrued Expenses Payable		105	-
Increase/(Decrease) in Other Liabilities		307	(32)
Increase/(Decrease) in Employee Leave Entitlements		(45)	(1,079)
Increase/(Decrease) in Other Provisions		(127)	80
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>23,710</b>	<b>18,982</b>

## Ballina Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
S94 Contributions "in kind"		6,718	2,654
Estimated Future Reinstatement, etc costs		96	80
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>6,814</b>	<b>2,734</b>
<b>(d) Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Loan Facilities		725	1,890
Credit Cards / Purchase Cards		750	750
<b>Total Financing Arrangements</b>		<b>1,475</b>	<b>2,640</b>
<b>Amounts utilised as at Balance Date:</b>			
- Loan Facilities		725	1,890
- Credit Cards / Purchase Cards		39	47
<b>Total Financing Arrangements Utilised</b>		<b>764</b>	<b>1,937</b>

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Plant & Equipment		915	-
Infrastructure		5,742	3,034
<b>Investment Property</b>			
- Buildings		-	760
<b>Total Commitments</b>		<b>6,657</b>	<b>3,794</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		6,607	3,484
Later than one year and not later than 5 years		50	310
<b>Total Payable</b>		<b>6,657</b>	<b>3,794</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		6,657	3,794
<b>Total Sources of Funding</b>		<b>6,657</b>	<b>3,794</b>

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

##### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year		477	351
Later than one year and not later than 5 years		744	569
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>1,221</b>	<b>920</b>

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

- Various items of information technology
- Plant and equipment

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

##### Conditions relating to Operating Leases:

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014    2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(3,583)</u>	<b>-4.85%</b>	-16.38%	-6.80%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<b>73,842</b>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>65,681</u>	<b>73.11%</b>	76.66%	53.41%
Total continuing operating revenue <sup>(1)</sup>	<b>89,841</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>31,475</u>	<b>3.26x</b>	1.97	2.61
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>9,644</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>20,917</u>	<b>1.79x</b>	1.27	2.36
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>11,671</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>2,062</u>	<b>4.77%</b>	5.63%	7.05%
Rates, Annual and Extra Charges Collectible	<u>43,264</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>57,612</u>	<b>9.73 mths</b>	9.58	15.84
Payments from cash flow of operating and financing activities	<u>5,924</u>			

## Notes

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

(2) Refer Notes 6-8 inclusive.

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

(3) Refer to Note 10(a).

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



## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>1.20%</b>	<b>-7.65%</b>	<b>-5.34%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)			
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>89.55%</b>	<b>86.93%</b>	<b>65.84%</b>
Total continuing operating revenue <sup>(1)</sup>			
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<b>38.31x</b>	<b>3.09x</b>	<b>3.26x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
<b>4. Debt Service Cover Ratio</b>			
<u>Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation</u>	<b>0.00</b>	<b>0.85x</b>	<b>2.94x</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>10.94%</b>	<b>3.90%</b>	<b>4.38%</b>
Rates, Annual and Extra Charges Collectible			
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents			
<u>+ All Term Deposits</u>	<b>11.71</b>	<b>9.38</b>	<b>9.44</b>
Payments from cash flow of operating and financing activities	<b>mths</b>	<b>mths</b>	<b>mths</b>
	x12		

## Notes

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>21,282</b>	<b>18,404</b>
<b>Reconciliation of Annual Movement:</b>			
<b>Opening Balance</b>		18,404	18,350
- Capitalised Expenditure - this year		1,701	54
- Net Gain/(Loss) from Fair Value Adjustments		460	-
- Transfers from/(to) Owner Occupied (Note 9)		717	-
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>21,282</b>	<b>18,404</b>

#### (b) Valuation Basis

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

#### (c) Contractual Obligations at Reporting Date

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

#### (d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:

Within 1 year	1,353	1,512
Later than 1 year but less than 5 years	2,208	3,586
<b>Total Minimum Lease Payments Receivable</b>	<b>3,561</b>	<b>5,098</b>

#### (e) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>		
- Minimum Lease Payments	1,339	1,519
- Outgoings Recouped	123	80
<b>Direct Operating Expenses on Investment Properties:</b>		
- that generated rental income	(211)	(281)
- that did not generate rental income	-	(17)
<b>Net Revenue Contribution from Investment Properties</b>	<b>1,251</b>	<b>1,301</b>
plus:		
<b>Fair Value Movement for year</b>	460	-
<b>Total Income attributable to Investment Properties</b>	<b>1,711</b>	<b>1,301</b>

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	9,612	11,241	9,612	11,241
Investments				
- "Held for Trading"	-	-	11,427	11,456
- "Held to Maturity"	48,000	48,000	48,000	48,000
Receivables	7,505	9,209	7,505	9,209
<b>Total Financial Assets</b>	<b>76,544</b>	<b>79,906</b>	<b>76,544</b>	<b>79,906</b>
<b>Financial Liabilities</b>				
Payables	5,748	6,997	5,478	7,590
Loans / Advances	87,568	91,953	113,830	121,883
<b>Total Financial Liabilities</b>	<b>93,316</b>	<b>98,950</b>	<b>119,308</b>	<b>129,473</b>

Fair Value is determined as follows:

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio.

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

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2015</b>				
Possible impact of a 10% movement in Market Values	1,143	1,143	(1,143)	(1,143)
Possible impact of a 1% movement in Interest Rates	584	584	(584)	(584)
<b>2014</b>				
Possible impact of a 10% movement in Market Values	1,178	1,178	(1,178)	(1,178)
Possible impact of a 1% movement in Interest Rates	707	707	(707)	(707)

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

##### (b) Receivables

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

Council receives detailed reports where appropriate.

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	54%	84%	50%	88%
Overdue	46%	16%	50%	12%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

##### (ii) Ageing of Other Receivables - %

Other Receivables	Other Receivables	Other Receivables
Current	84	88
0 - 30 days overdue	13	10
30 - 60 days overdue	2	-
60 - 90 days overdue	-	1
> 90 days overdue	1	1
	<u>100</u>	<u>100</u>

##### (iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	9	9
<b>Balance at the end of the year</b>	<u>9</u>	<u>9</u>

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

\$ '000	Subject to no maturity		payable in:		Total Cash Outflows	Actual Carrying Values
	≤ 1 Year	> 1 Year	1-5 Yrs	> 5 Yrs		
<b>2015</b>						
Trade/Other Payables	1,684	4,064	-	-	5,748	5,748
Loans & Advances	-	6,880	24,227	57,760	88,867	87,568
<b>Total Financial Liabilities</b>	<b>1,684</b>	<b>10,944</b>	<b>24,227</b>	<b>57,760</b>	94,615	93,316
<b>2014</b>						
Trade/Other Payables	1,517	5,480	-	-	6,997	6,997
Loans & Advances	-	8,051	34,127	51,547	93,725	91,953
<b>Total Financial Liabilities</b>	<b>1,517</b>	<b>13,531</b>	<b>34,127</b>	<b>51,547</b>	100,722	98,950

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,748	0.0%	6,997	0.0%
Loans & Advances - Fixed Interest Rate	87,568	6.3%	91,953	6.5%
	<u>93,316</u>		<u>98,950</u>	

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 26 May 2014.

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

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

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

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	39,495	40,826	1,331	3%	<b>F</b>
User Charges & Fees	17,935	18,310	375	2%	<b>F</b>
Interest & Investment Revenue	1,571	2,500	929	59%	<b>F</b>
The decrease in investment holdings over the year were not as significant as anticipated in the original budget. Various works were not commenced or completed which resulted in more cash on hand than anticipated.					
Other Revenues	4,418	4,476	58	1%	<b>F</b>
Operating Grants & Contributions	6,660	8,161	1,501	23%	<b>F</b>
The Financial Assistance Grant received in the 2014/15 year was significantly higher than that received in the 2013/14 year. A further contributor was Roads to Recovery funding recognised as operating grants in the 2014/15 year.					
Capital Grants & Contributions	9,782	15,999	6,217	64%	<b>F</b>
Developer dedications were significantly higher than anticipated in the 2014/15 year. Further, a large number of specific purpose grants, some of which were not budgeted, were received in the 2014/15 year.					
Net Gains from Disposal of Assets	465	-	(465)	(100%)	<b>U</b>
Council budgeted for a net profit from sale of assets of \$465,000 from land sales and did actually receive \$1,754,000 from these sales in the 2014/15 year, with a higher number of land sales than originally anticipated. This gain, however, was offset by the loss on disposal of infrastructure of \$14.9m, resulting in nil income from sale of assets and a net loss on disposal of assets of \$13.2m.					



## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----	-----	
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>18,818</b>	<b>20,435</b>	<b>(1,617)</b>	(9%)	<b>U</b>
<b>Borrowing Costs</b>	<b>6,538</b>	<b>6,561</b>	<b>(23)</b>	(0%)	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>31,962</b>	<b>24,645</b>	<b>7,317</b>	23%	<b>F</b>
Materials and contract costs were significantly below budget. Comparing original budget to end year actuals showed that proposed capital expenditures did not occur in the year. Some of the larger projects not to be substantially commenced were the Marine Rescue Tower, Lennox Surf Club/Lake Ainsworth upgrade, Wollongbar sportsfields and water/wastewater projects.					
<b>Depreciation &amp; Amortisation</b>	<b>20,215</b>	<b>17,939</b>	<b>2,276</b>	11%	<b>F</b>
The large decrease in the depreciation expense predominantly relates to roads and transport assets, water infrastructure and wastewater infrastructure. Roads and transport assets were revalued as at 1 July 2014. Whilst the overall affect was an increment to asset values, the resulting depreciation fell significantly due to a reassessment of design lives which were extended to reflect changed timing of intervention treatments through the assets' lives. Water and wastewater infrastructure depreciation fell significantly as the unit costs of reticulation were updated which resulted in a decrement to asset values.					
<b>Other Expenses</b>	<b>4,974</b>	<b>7,845</b>	<b>(2,871)</b>	(58%)	<b>U</b>
Other expenses were \$2.9m above budget. Significant items within other expenses include contributions and donations from Council, which exceeded budget due to contributions associated with the 'Building Better Regional Cities' grants. Land sales exceeded expectations resulting in more contributions than anticipated.					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>13,193</b>	<b>(13,193)</b>	0%	<b>U</b>
The loss shown here is from Note 5 and is net of asset sale profits (see Net Gains from Disposal of Assets above), the actual loss on infrastructure was \$14.9m. Council does not budget for loss on infrastructure disposals.					

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	2,675	918	-	92	(1,412)	-	2,273	90,508	(92,781)	-	-
Parking	332	45	-	13	(14)	-	376	1,663	(1,972)	67	67
Open Space	211	601	-	16	(174)	(102)	552	8,172	(6,231)	2,493	2,427
Community Facilities	244	666	-	18	(139)	(358)	431	14,594	(12,481)	2,544	2,544
Community Facilities (old)	47	127	-	3	(91)	-	86	-	(47)	39	-
Heavy Vehicles	681	318	-	21	(406)	-	614	-	(275)	339	-
Wollongbar Expansion	195	249	-	12	(128)	-	328	2,605	(488)	2,445	-
<b>S94 Contributions - under a Plan</b>	<b>4,385</b>	<b>2,924</b>	<b>-</b>	<b>175</b>	<b>(2,364)</b>	<b>(460)</b>	<b>4,660</b>	<b>117,542</b>	<b>(114,275)</b>	<b>7,927</b>	<b>5,038</b>
<b>Total S94 Revenue Under Plans</b>	<b>4,385</b>	<b>2,924</b>	<b>-</b>	<b>175</b>	<b>(2,364)</b>	<b>(460)</b>	<b>4,660</b>				<b>5,038</b>
S64 Contributions	11,166	1,841	-	396	(2,273)	-	11,130				
<b>Total Contributions</b>	<b>15,551</b>	<b>4,765</b>	<b>-</b>	<b>571</b>	<b>(4,637)</b>	<b>(460)</b>	<b>15,790</b>	<b>117,542</b>	<b>(114,275)</b>	<b>7,927</b>	<b>5,038</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - ROADS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads (2002)	746	144	-	29	(128)	-	791	-	(791)	-	-
Roads (2010)	1,929	774	-	63	(1,284)	-	1,482	90,508	(91,990)	-	-
<b>Total</b>	<b>2,675</b>	<b>918</b>	<b>-</b>	<b>92</b>	<b>(1,412)</b>	<b>-</b>	<b>2,273</b>	<b>90,508</b>	<b>(92,781)</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN - OPEN SPACE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Ballina District	200	145	-	15	(4)	-	356	1,312	(1,668)	-	-
Lennox District	-	71	-	-	(37)	(29)	5	1,070	(1,282)	(207)	-
Plateau District	1	250	-	-	-	(73)	178	1,446	-	1,624	1,351
Wardell District	10	2	-	1	-	-	13	15	(28)	-	-
Regional	-	123	-	-	(123)	-	-	4,329	(3,253)	1,076	1,076
West Ballina	-	10	-	-	(10)	-	-	-	-	-	-
<b>Total</b>	<b>211</b>	<b>601</b>	<b>-</b>	<b>16</b>	<b>(174)</b>	<b>(102)</b>	<b>552</b>	<b>8,172</b>	<b>(6,231)</b>	<b>2,493</b>	<b>2,427</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - CAR PARKING

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Ballina	332	45	-	13	(14)	-	376	516	(892)	-	-
Lennox Head	-	-	-	-	-	-	-	1,147	(1,080)	67	67
<b>Total</b>	<b>332</b>	<b>45</b>	<b>-</b>	<b>13</b>	<b>(14)</b>	<b>-</b>	<b>376</b>	<b>1,663</b>	<b>(1,972)</b>	<b>67</b>	<b>67</b>

## CONTRIBUTION PLAN - COMMUNITY FACILITIES (OLD)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Ballina	-	118	-	-	(91)	-	27	-	-	27	-
Lennox Head	-	8	-	-	-	-	8	-	-	8	-
Alstonville/Wollongbar	-	1	-	-	-	-	1	-	-	1	-
Wardell	47	-	-	3	-	-	50	-	(47)	3	-
<b>Total</b>	<b>47</b>	<b>127</b>	<b>-</b>	<b>3</b>	<b>(91)</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>(47)</b>	<b>39</b>	<b>-</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - COMMUNITY FACILITIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Ballina District	192	97	-	15	-	-	304	2,843	(3,147)	-	-
Lennox District	-	30	-	-	-	(30)	-	1,772	(609)	1,163	1,163
Plateau District	47	70	-	3	-	-	120	876	(996)	-	-
Wardell District	5	2	-	-	-	-	7	26	(33)	-	-
Regional	-	467	-	-	(139)	(328)	-	9,077	(7,696)	1,381	1,381
<b>Total</b>	<b>244</b>	<b>666</b>	<b>-</b>	<b>18</b>	<b>(139)</b>	<b>(358)</b>	<b>431</b>	<b>14,594</b>	<b>(12,481)</b>	<b>2,544</b>	<b>2,544</b>

## CONTRIBUTION PLAN - HEAVY VEHICLES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Shire Wide	681	318	-	21	(406)	-	614	-	(275)	339	-
<b>Total</b>	<b>681</b>	<b>318</b>	<b>-</b>	<b>21</b>	<b>(406)</b>	<b>-</b>	<b>614</b>	<b>-</b>	<b>(275)</b>	<b>339</b>	<b>-</b>

## CONTRIBUTION PLAN - WOLLONGBAR URBAN EXPANSION AREA

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Link Road	120	221	-	7	(128)	-	220	2,225	-	2,445	-
Transport Works	75	28	-	5	-	-	108	380	(488)	-	-
<b>Total</b>	<b>195</b>	<b>249</b>	<b>-</b>	<b>12</b>	<b>(128)</b>	<b>-</b>	<b>328</b>	<b>2,605</b>	<b>(488)</b>	<b>2,445</b>	<b>-</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions (continued)

\$ '000

**S64 Contributions**

## Section 64 - Water

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset
		Cash	Non Cash				
Ballina	1,751	13	-	57	(500)	-	1,321
East Ballina	528	28	-	18	(100)	-	474
West Ballina	798	-	-	26	(101)	-	723
North Ballina	641	234	-	20	-	-	895
Lennox Head	3,070	65	-	99	(927)	-	2,307
Wardell	83	3	-	3	-	-	89
Alstonville	328	4	-	11	(100)	-	243
Wollongbar	56	1	-	2	-	-	59
Skennars Head	228	-	-	7	-	-	235
Cumbalum	204	4	-	7	(100)	-	115
WUEA	59	103	-	2	(36)	-	128
<b>Total</b>	<b>7,746</b>	<b>455</b>	<b>-</b>	<b>252</b>	<b>(1,864)</b>	<b>-</b>	<b>6,589</b>

## Section 64 - Sewer

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset
		Cash	Non Cash				
Ballina	-	46	-	-	-	-	46
East Ballina	-	67	-	-	-	-	67
North Ballina	181	513	-	8	(340)	-	362
Lennox Head	-	142	-	-	-	-	142
Wardell	33	-	-	1	-	-	34
Alstonville	1,416	4	-	59	-	-	1,479
Wollongbar	945	1	-	40	-	-	986
Cumbalum	-	14	-	-	-	-	14
WUEA	845	599	-	36	(69)	-	1,411
<b>Total</b>	<b>3,420</b>	<b>1,386</b>	<b>-</b>	<b>144</b>	<b>(409)</b>	<b>-</b>	<b>4,541</b>

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

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

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

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

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

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

### LIABILITIES NOT RECOGNISED (continued):

#### 2. Other Liabilities

##### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

##### (ii) S94 Plans

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

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

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

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

### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.



## Ballina Shire Council

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

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

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\$ '000

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##### **OTHER CONTINGENCIES**

##### **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 controlled and administered by the Lismore City Council. 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 the Financial Statements

for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities

\$ '000

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

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Controlled Entities (Subsidiaries)

*Note 19(a)*

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

##### Joint Ventures & Associates

*Note 19(b)*

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

##### Joint Operations

*Note 19(c)*

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

##### Unconsolidated Structured Entities

*Note 19(d)*

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

##### Subsidiaries, Joint Arrangements and Associates not recognised

*Note 19(e)*

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	(29)	(31)	25	25
<b>Total</b>	<b>(29)</b>	<b>(31)</b>	<b>25</b>	<b>25</b>

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities (continued)

\$ '000

##### (a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

##### (b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into it's consolidated Financial Statements.

##### (a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
North East Weight of Loads Group (NEWLOG)	Joint Venture	Equity	25	25
<b>Total Carrying Amounts - Material Joint Ventures and Associates</b>			<b>25</b>	<b>25</b>

##### (b) Details

Name of Entity	Principal Activity	Place of Business
North East Weight of Loads Group (NEWLOG)	Enforcement of load weights carried by heavy vehicles.	Ballina

##### (c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
North East Weight of Loads Group (NEWLOG)	n/a	n/a	13%	13%	13%	13%	11%	11%

##### (d) Summarised Financial Information for Joint Ventures & Associates

Statement of Financial Position	North East Weight of Loads Group (NEWLOG)	
	2015	2014
<b>Current Assets</b>		
Cash and Cash Equivalents	276	238
Other Current Assets	56	56
<b>Total Current Assets</b>	<b>332</b>	<b>294</b>
<b>Non-Current Assets</b>	<b>46</b>	<b>67</b>
<b>Current Liabilities</b>		
Payables	10	1
Provisions	178	173
<b>Total Current Liabilities</b>	<b>188</b>	<b>174</b>
<b>Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>190</b>	<b>187</b>

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities (continued)

\$ '000

##### (b) Joint Ventures and Associates (continued)

##### (d) Summarised Financial Information for Joint Ventures & Associates (continued)

	North East Weight of Loads Group (NEWLOG)	
	2015	2014
<b>Reconciliation of the Carrying Amount</b>		
<b>Opening Net Assets (1 July)</b>	187	231
Profit/(Loss) for the period	(214)	(231)
New Capital Contributions	217	187
<b>Closing Net Assets</b>	<b>190</b>	<b>187</b>
<b>Council's share of Net Assets (%)</b>	<b>13.4%</b>	<b>13.2%</b>
<b>Council's share of Net Assets (\$)</b>	<b>25</b>	<b>25</b>
<b>Statement of Comprehensive Income</b>		
Interest and investment revenue	9	10
Other revenue	73	89
Grants and contributions provided for operating purposes	179	173
Net loss from the disposal of assets	-	(2)
Employee benefits and on-costs	(344)	(345)
Materials and contracts	(31)	(32)
Depreciation	(22)	(24)
Other Expenses	(78)	(101)
<b>Profit/(Loss) from Continuing Operations</b>	<b>(214)</b>	<b>(232)</b>
<b>Total Comprehensive Income</b>	<b>(214)</b>	<b>(232)</b>
<b>Council's share of Income (%)</b>	<b>13.4%</b>	<b>13.2%</b>
<b>Council's share of Profit/(Loss) (\$)</b>	<b>(29)</b>	<b>(31)</b>
<b>Council's share of Comprehensive Income (\$)</b>	<b>(29)</b>	<b>(31)</b>

##### (c) Joint Operations

Council has no interest in any Joint Operations.

##### (d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

##### (e) Subsidiaries, Joint Arrangements & Associates not recognised

All Subsidiaries, Joint Arrangements and Associates have been recognised in this Financial Report.

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		634,748	634,638
a. Net Operating Result for the Year		(346)	110
<b>Balance at End of the Reporting Period</b>		<b>634,402</b>	<b>634,748</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		437,133	375,060
<b>Total</b>		<b>437,133</b>	<b>375,060</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		375,060	466,496
- Revaluations for the year	9(a)	62,073	15,394
- Correction of Prior Period Errors	20(c)	-	(106,830)
<b>- Balance at End of Year</b>		<b>437,133</b>	<b>375,060</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>437,133</b>	<b>375,060</b>

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

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors disclosed in this year's financial statements:</b>			
- Council has identified that the value of its water reticulation assets have been overstated as the depths at which they have been laid was not accurate. Restatement of the unit rate to reflect the correct depth of these pipes resulted in a reduction in the recorded written down replacement cost of these assets.		(45,313)	-
- Council has identified that the value of its wastewater reticulation assets have been overstated as the depths at which they have been laid was not accurate. Restatement of the unit rate to reflect the correct depth of these pipes resulted in a reduction in the recorded written down replacement cost of these assets.		(61,517)	-
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/13 (relating to adjustments for the 30/6/13 reporting year end and prior periods)		(106,830)	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>(106,830)</b>	<b>-</b>

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

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

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	3,092	13,004	24,730
User Charges & Fees	7,230	1,039	10,041
Interest & Investment Revenue	418	679	1,403
Other Revenues	-	463	4,013
Grants & Contributions provided for Operating Purposes	153	152	7,856
Grants & Contributions provided for Capital Purposes	1,100	2,131	12,768
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
<b>Total Income from Continuing Operations</b>	<b>11,993</b>	<b>17,468</b>	<b>60,811</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	1,763	3,219	15,453
Borrowing Costs	-	4,997	1,564
Materials & Contracts	1,348	5,651	17,646
Depreciation & Amortisation	1,479	2,314	14,146
Impairment	-	-	-
Other Expenses	6,172	329	1,344
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	21	12,198	974
<b>Total Expenses from Continuing Operations</b>	<b>10,783</b>	<b>28,708</b>	<b>51,127</b>
<b>Operating Result from Continuing Operations</b>	<b>1,210</b>	<b>(11,240)</b>	<b>9,684</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>1,210</b>	<b>(11,240)</b>	<b>9,684</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>1,210</b>	<b>(11,240)</b>	<b>9,684</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>110</b>	<b>(13,371)</b>	<b>(3,084)</b>

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

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

## Ballina Shire Council

## Notes to the Financial Statements

as at 30 June 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	9,094	12,826	(12,308)
Investments	-	-	51,287
Receivables	2,062	1,243	3,779
Inventories	-	-	1,407
Other	121	422	(355)
<b>Total Current Assets</b>	<b>11,277</b>	<b>14,491</b>	<b>43,810</b>
<b>Non-Current Assets</b>			
Investments	1,241	1,749	5,150
Receivables	137	172	112
Inventories	-	-	2,533
Infrastructure, Property, Plant & Equipment	68,999	196,722	809,504
Investment Property	-	-	21,282
Other	16	58	(74)
<b>Total Non-Current Assets</b>	<b>70,393</b>	<b>198,701</b>	<b>838,507</b>
<b>TOTAL ASSETS</b>	<b>81,670</b>	<b>213,192</b>	<b>882,317</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	162	6,249
Borrowings	-	2,793	3,793
Provisions	143	437	6,466
<b>Total Current Liabilities</b>	<b>143</b>	<b>3,392</b>	<b>16,508</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	61,582	19,400
Provisions	16	43	4,560
<b>Total Non-Current Liabilities</b>	<b>16</b>	<b>61,625</b>	<b>23,960</b>
<b>TOTAL LIABILITIES</b>	<b>159</b>	<b>65,017</b>	<b>40,468</b>
<b>Net Assets</b>	<b>81,511</b>	<b>148,175</b>	<b>841,849</b>
<b>EQUITY</b>			
Retained Earnings	39,088	96,711	498,603
Revaluation Reserves	42,423	51,464	343,246
<b>Total Equity</b>	<b>81,511</b>	<b>148,175</b>	<b>841,849</b>

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

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



## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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\$ '000

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

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

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

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

Accordingly, the "authorised for issue" date is 22/10/15.

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

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

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

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Tuckombil Quarry Remediation	2018	812	921
Stokers Quarry Remediation	2025	386	458
Sth cross tip (Ballina) Remediation	2019	2,597	2,435
<b>Balance at End of the Reporting Period</b>		<b>3,795</b>	<b>3,814</b>

10(a)

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

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

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

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

Balance at beginning of year	3,814	3,666
Amounts capitalised to new or existing assets:		
- Tip assets	96	64
- Quarry assets	-	16
Effect of a change in other calculation estimates used	(223)	(33)
Amortisation of discount (expensed to borrowing costs)	108	101
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>3,795</b>	<b>3,814</b>

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities (continued)

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\$ '000

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##### Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, 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.

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.

###### **Rehabilitation**

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets

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

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

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

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

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

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

2015	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>				
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	-	11,427	-	11,427
<b>Total Financial Assets</b>	<b>-</b>	<b>11,427</b>	<b>-</b>	<b>11,427</b>
<b>Investment Properties</b>				
Various	-	21,282	-	21,282
<b>Total Investment Properties</b>	<b>-</b>	<b>21,282</b>	<b>-</b>	<b>21,282</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>				
Plant & Equipment	-	-	6,671	6,671
Office Equipment	-	-	503	503
Furniture & Fittings	-	-	39	39
Operational Land	-	43,547	-	43,547
Community Land	-	-	110,326	110,326
Land Under Roads	-	-	13,085	13,085
Land Improvements - Non Depreciable	-	-	5,102	5,102
Land Improvements - Depreciable	-	-	5,965	5,965
Buildings - Non Specialised	-	6,354	-	6,354
Buildings - Specialised	-	-	55,660	55,660
Other Structures	-	-	11,064	11,064
Roads	-	-	425,965	425,965
Bridges	-	-	32,086	32,086
Footpaths	-	-	19,855	19,855
Bulk Earthworks (Non Depreciable)	-	-	1,572	1,572
Stormwater Drainage	-	-	70,956	70,956
Water Supply Network	-	-	64,411	64,411
Sewerage Network	-	-	188,549	188,549
Swimming Pools	-	-	1,535	1,535
Tip Remediation	-	-	489	489
Quarries Remediation	-	-	12	12
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>49,901</b>	<b>1,013,845</b>	<b>1,063,746</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>				
<b>Financial Assets</b>				
Investments - "Held for Trading"	-	11,456	-	11,456
<b>Total Financial Assets</b>	<b>-</b>	<b>11,456</b>	<b>-</b>	<b>11,456</b>
<b>Investment Properties</b>				
Various	-	18,404	-	18,404
<b>Total Investment Properties</b>	<b>-</b>	<b>18,404</b>	<b>-</b>	<b>18,404</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>				
Plant & Equipment	-	-	7,008	7,008
Office Equipment	-	-	639	639
Furniture & Fittings	-	-	44	44
Operational Land	-	43,799	-	43,799
Community Land	-	-	110,326	110,326
Land Under Roads	-	-	12,555	12,555
Land Improvements - Non Depreciable	-	-	5,102	5,102
Land Improvements - Depreciable	-	-	6,833	6,833
Buildings - Non Specialised	-	5,383	-	5,383
Buildings - Specialised	-	-	51,225	51,225
Other Structures	-	-	10,606	10,606
Roads	-	-	360,607	360,607
Bridges	-	-	29,456	29,456
Footpaths	-	-	20,215	20,215
Bulk Earthworks (Non Depreciable)	-	-	838	838
Stormwater Drainage	-	-	71,218	71,218
Water Supply Network	-	-	60,179	60,179
Sewerage Network	-	-	132,917	132,917
Swimming Pools	-	-	1,551	1,551
Tip Remediation	-	-	524	524
Quarries Remediation	-	-	16	16
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>49,182</b>	<b>881,859</b>	<b>931,041</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

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

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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

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

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

##### **Operational Land**

This asset class comprises all of Council's land classified as Operational land under the NSW Local Government Act 1993.

Council obtains its fair values for operational land from an external valuer every 3 to 5 years (last valuation being 2011) using predominantly Level 2 inputs.

Level 1 and Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration.

The key unobservable inputs to the valuation are the rate per square metre and the description of the land. There has been no change to the valuation process during the reporting period.

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##### **Buildings - Non-Specialised**

Non-specialised buildings were valued by Scott Fullerton Valuations Pty Ltd in 2011 using the "Market approach" utilising Level 1 and 2 inputs.

The properties fair values have been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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

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##### **Investment Property**

Council obtains valuations of its investment property on a bi-annual basis and reviews this at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The fair value of the investment property is determined by a qualified valuer who has experience in the location of the properties.

The last valuation was completed as at 30 June 2015 in-house by an experienced and qualified Council employee, Mr Paul Tsikleas, AAPI.

The valuations are based on the capitalisation of estimated net rental returns. The key unobservable input to the valuation is the price per square metre.

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##### **Plant and Equipment, Office Equipment, Furniture and Fittings**

Plant and equipment, office equipment and furniture and fittings are valued at cost but are disclosed at fair value in the notes.

## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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The carrying value of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable inputs to the valuation are the remaining useful life and residual value. There has been no change to the valuation process during the reporting period.

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##### Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

The Office of Local Government has determined that community land and controlled Crown land may be valued as follows: The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for land under clause 31 of AASB 116.

Valuations of all Council's Community land and Council controlled land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3.

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

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##### Land under Roads

Council has elected to recognise land under roads where the road was acquired on or after 1 July 2008. Land under roads have been valued using the square metre rates applicable for nearby or adjacent Community land having regard to the highest and best use for this land.

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

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##### Land Improvements- Depreciable and Non-Depreciable

This asset class comprises land improvements such as spectator mounds, mulched areas, streetscaping and landscaping.

These assets were valued in-house using the cost approach by experienced Council staff. The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors including but not limited to construction rates and industry construction cost benchmarks such as Rawlinson's Australian Construction handbook.

The unobservable Level 3 inputs used include gross replacement cost, asset condition, residual value and remaining useful life.

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

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## Ballina Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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##### **Buildings - Specialised and Other Structures**

Specialised buildings and other structures were valued by Scott Fullerton Valuations Pty Ltd in 2011 using the "Cost approach" utilising Level 1, 2 and 3 inputs.

The approach estimated the replacement cost of each building/other structure and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 1 and 2 input), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs.

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

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##### **Roads (including Bridges, Footpaths, Bulk Earthworks), Stormwater Drainage, Water Supply Network and Sewerage Network**

Roads are valued in-house by suitably qualified engineers and requires extensive professional judgement. All roads, stormwater, water supply and sewerage networks infrastructure assets are valued using Level 3 valuation inputs using the "Cost approach". Council staff completed the valuation of these assets internally using replacement cost approach and the last valuation was completed in 2015 for roads and stormwater drainage and 2012 for water and sewerage network assets.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence such as recently completed road constructions and industry construction cost data (Level 2), unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at Level 2, given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at Level 3, we have adopted a policy that all road, stormwater, water and sewerage infrastructure assets are deemed be valued at Level 3.

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

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##### **Tip and Quarries Remediation Assets**

It has been recognised that there will be significant costs associated with the closure and post closure management of tip and quarries sites.

Evaluation of costs for tips and quarries closure and post closure management is prepared internally. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements.

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



## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Community Land	Total
Adoption of AASB 13	7,560	775	49	120,754	129,138
Transfers from/(to) another asset class	(67)	-	-	-	(67)
Purchases (GBV)	1,528	-	-	-	1,528
Disposals (WDV)	(123)	-	-	-	(123)
Depreciation & Impairment	(1,890)	(136)	(5)	-	(2,031)
Revaluation Increments/ (Decrements)	-	-	-	(10,428)	(10,428)
<b>Closing Balance - 30/6/14</b>	<b>7,008</b>	<b>639</b>	<b>44</b>	<b>110,326</b>	<b>118,017</b>
Purchases (GBV)	1,465	-	-	-	1,465
Disposals (WDV)	(100)	-	-	-	(100)
Depreciation & Impairment	(1,702)	(136)	(5)	-	(1,843)
<b>Closing Balance - 30/6/15</b>	<b>6,671</b>	<b>503</b>	<b>39</b>	<b>110,326</b>	<b>117,539</b>
	Land Under Roads	Land Improve- ments	Buildings - Specialised	Other Structures	Total
Adoption of AASB 13	11,872	12,435	49,595	9,084	82,986
Transfers from/(to) another asset class	437	-	485	1,071	1,993
Purchases (GBV)	246	368	732	451	1,797
Disposals (WDV)	-	-	(203)	(39)	(242)
Depreciation & Impairment	-	(868)	(2,247)	(515)	(3,630)
Revaluation Increments/ (Decrements)	-	-	2,863	554	3,417
<b>Closing Balance - 30/6/14</b>	<b>12,555</b>	<b>11,935</b>	<b>51,225</b>	<b>10,606</b>	<b>86,321</b>
Transfers from/(to) another asset class	-	-	5,184	409	5,593
Purchases (GBV)	530	-	307	478	1,315
Disposals (WDV)	-	-	-	(130)	(130)
Depreciation & Impairment	-	(868)	(2,265)	(548)	(3,681)
Revaluation Increments/ (Decrements)	-	-	1,209	249	1,458
<b>Closing Balance - 30/6/15</b>	<b>13,085</b>	<b>11,067</b>	<b>55,660</b>	<b>11,064</b>	<b>90,876</b>

## Ballina Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Roads	Bridges	Footpaths	Bulk Earthworks	Total
Adoption of AASB 13	348,754	29,360	19,582	-	397,696
Transfers from/(to) another asset class	1,424	-	-	-	1,424
Purchases (GBV)	10,439	48	540	813	11,840
Disposals (WDV)	(3,323)	(386)	-	-	(3,709)
Depreciation & Impairment	(7,156)	(451)	(499)	-	(8,106)
Revaluation Increments/ (Decrements)	10,469	885	592	25	11,971
<b>Closing Balance - 30/6/14</b>	<b>360,607</b>	<b>29,456</b>	<b>20,215</b>	<b>838</b>	<b>411,116</b>
Transfers from/(to) another asset class	9,935	-	604	198	10,737
Purchases (GBV)	9,368	-	833	527	10,728
Disposals (WDV)	(2,943)	-	(65)	(851)	(3,859)
Depreciation & Impairment	(6,055)	(614)	(288)	-	(6,957)
Revaluation Increments/ (Decrements)	55,054	3,243	(1,444)	860	57,713
<b>Closing Balance - 30/6/15</b>	<b>425,966</b>	<b>32,085</b>	<b>19,855</b>	<b>1,572</b>	<b>479,478</b>
	Stormwater Drainage	Water Supply Network	Sewerage Network	Swimming Pools	Total
Adoption of AASB 13	69,747	59,421	129,785	1,551	260,504
Transfers from/(to) another asset class	105	(506)	(1,291)	-	(1,692)
Purchases (GBV)	990	302	1,657	-	2,949
Disposals (WDV)	(78)	(110)	(20)	-	(208)
Depreciation & Impairment	(1,654)	(1,793)	(2,490)	-	(5,937)
Revaluation Increments/ (Decrements)	2,108	2,865	5,276	-	10,249
<b>Closing Balance - 30/6/14</b>	<b>71,218</b>	<b>60,179</b>	<b>132,917</b>	<b>1,551</b>	<b>265,865</b>
Transfers from/(to) another asset class	219	2,564	62,689	-	65,472
Purchases (GBV)	1,545	2,222	3,936	-	7,703
Disposals (WDV)	(1)	(21)	(11,322)	-	(11,344)
Depreciation & Impairment	(1,425)	(1,420)	(2,161)	(16)	(5,022)
Revaluation Increments/ (Decrements)	(600)	887	2,490	-	2,777
<b>Closing Balance - 30/6/15</b>	<b>70,956</b>	<b>64,411</b>	<b>188,549</b>	<b>1,535</b>	<b>325,451</b>

## Ballina Shire Council

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

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Tip and Quarry Remediation	Total
Adoption of AASB 13	697	697
Purchases (GBV)	80	80
Depreciation & Impairment	(237)	(237)
<b>Closing Balance - 30/6/14</b>	<b>540</b>	<b>540</b>
Purchases (GBV)	96	96
Depreciation & Impairment	(135)	(135)
<b>Closing Balance - 30/6/15</b>	<b>501</b>	<b>501</b>

#### (5). Highest and best use

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



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

***Report on the Financial Statements***

We have audited the accompanying financial statements of Ballina Shire Council ("the Council"), which comprises the statement of financial position as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Councillors' and Management.

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

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

***Auditor's Responsibility***

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

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

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

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



## **Independence**

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

## **Opinion**

In our opinion:

- a) The Council's accounting records have been kept in accordance with the requirements of the *Local Government Act, 1993*, Chapter 13, Part 3, Division 2;
- b) The financial statements:
  - i. Have been prepared in accordance with the requirements of this Division;
  - ii. Are consistent with the Council's accounting records;
  - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2015, and of its performance and its cash flows for the year then ended; and
  - iv. Are in accordance with applicable Accounting Standards;
- c) All information relevant to the conduct of the audit has been obtained; and
- d) There are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.

## **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

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

Dated at Ballina this 22nd day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

K R FRANEY (Partner)  
Registered Company Auditor

# Ballina Shire Council

## Report to Council under s417 of the Local Government Act 1993

30 June 2015



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

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



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers

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

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

## 1. THE AUDITOR'S ROLE & RESPONSIBILITY

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

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial 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.

Our independent audit report is attached to each financial report.

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

### Reporting on the Conduct of the Audit

Section 417 (3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose financial report and other matters pertinent to the audit. Arising from the audit, there are a number of observations we wish to raise concerning the trends in Council's finances. These observations are set out below.



## 2. INCOME STATEMENT

### 2.1 Consolidated Operating Result

Council's consolidated deficit from all activities for 2015 was \$346,000. This compares to a surplus in 2014 of \$110,000. This result is summarised as follows:-

	2015 \$'000	2014 \$'000	2013 \$'000
Revenues from continuing operations	73,813	68,930	72,729
Expenses from continuing operations	(59,457)	(59,916)	(58,704)
Result from continuing operations before depreciation	14,356	9,014	14,025
Less: depreciation expense	(17,939)	(20,305)	(20,428)
<b>Operating Deficit After Depreciation &amp; Before Capital Revenue and Other Significant Items</b>	<b>(3,583)</b>	<b>(11,291)</b>	<b>(6,403)</b>
<i>Significant items impacting the operating result</i>			
Fair value gains and losses on investments	(29)	333	414
Fair value movement investment properties	460	-	(2,745)
Impairment of non-current assets	-	-	(935)
Gain on sale of financial assets	-	-	-
Reassessment of tip remediation costs	-	-	2,243
Gain / (Loss) on disposal of assets	(13,193)	(2,722)	(4,912)
Operating Result Before Capital Revenue	(16,345)	(13,680)	(12,338)
Capital grants and contributions	15,999	13,790	39,549
<b>(Deficit) / Surplus from all activities</b>	<b>(346)</b>	<b>110</b>	<b>27,211</b>

#### Operating Deficit After Depreciation & Before Capital Revenue and Other Significant Items

The consolidated deficit after depreciation and before capital revenue and other significant items has reduced by \$7.708m from \$11.291m in 2014 to \$3.583m in 2015. Some of the material factors influencing this reduction are as follows:

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
<b>Revenue</b>			
Ordinary Rates	578	578	Rate pegging increase.
Domestic Waste Annual Charges	(857)	(857)	Decrease in annual charges of 13-15%.
Sewerage Services Annual Charges	1,341	1,341	Increase in annual charges of 10%.
Waste Management Services (non-domestic)	1,242	1,242	Arising from the introduction of a new charge for Waste Management Landfill operations.
Interest and Investment Revenue	(950)	(950)	Generally lower interest levels and absence of any notable fair valuation adjustments.
Operating grants (Financial Assistance Grant)	1,918	1,918	Part of the 2014 financial assistance grant was received and recognised as revenue in the 2013 financial year. The 2015 grant is representative of Council's normalised funding.
Other Contributions for Roadworks	887	887	This relates to revenue under the roads to recovery program. In prior years, this was shown as capital income.
<b>Expenses</b>			
Employee Costs	724	(724)	Wage increases and minor increase in staff numbers.

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
Raw materials and consumables	(756)	756	Roads operating expenses decreased by approx. \$1m. The main contributor to this decrease is a change in accounting treatment relating to heavy patching and resealing. In prior years these works were recognised as an expense in the income statement however Council now considers the expenditure to be capital in nature.
Depreciation expense	(2,366)	2,366	Depreciation expense has been reduced as a result of: <ul style="list-style-type: none"> <li>• a reassessment of roads useful lives taking into account the changed asset management practices adopted by Council, and</li> <li>• reduced construction costs for water and sewer reticulation arising from the depth at which the assets are laid.</li> </ul>

## 2.2 Operating Result by Fund

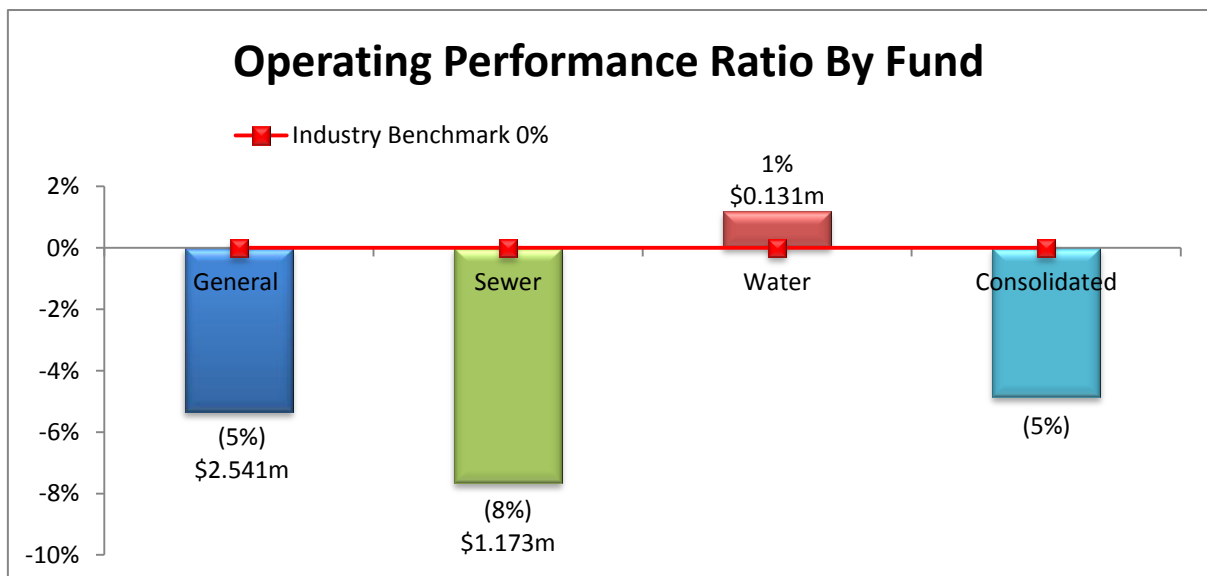
The consolidated operating result comprises the income and expenses of general, sewer and water funds. Note 21 to the financial statements provides the results of each fund on a gross basis.

2015	General \$'000	Water \$'000	Sewer \$'000
Revenues from continuing operations	47,583	10,893	15,337
Expenses from continuing operations	(35,978)	(9,283)	(14,196)
Result from continuing operations before depreciation	11,605	1,610	1,141
Less: depreciation expense	(14,146)	(1,479)	(2,314)
<b>Operating Result After Depreciation &amp; Before Capital Revenue and Other Significant Items</b>	<b>(2,541)</b>	<b>131</b>	<b>(1,173)</b>
<i>Significant items impacting the operating result</i>			
Fair value gains and losses on investments	(29)	-	-
Fair value movement investment properties	460	-	-
Loss on disposal of assets	(974)	(21)	(12,198)
<b>Operating Result Before Capital Revenue</b>	<b>(3,084)</b>	<b>110</b>	<b>(13,371)</b>
Capital grants and contributions	12,768	1,100	2,131
<b>Surplus/(Deficit) from all activities</b>	<b>9,684</b>	<b>1,210</b>	<b>(11,240)</b>

### Benchmarking Operating Performance

A key performance indicator for local government is the Operating Performance ratio.

This ratio measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue). The benchmark is greater than 0%.



The table above indicates that Council's General Fund has an operating deficit after depreciation of \$2.541million. This means that it needs to generate an additional surplus of \$2.541million to fund the depreciation on its assets.

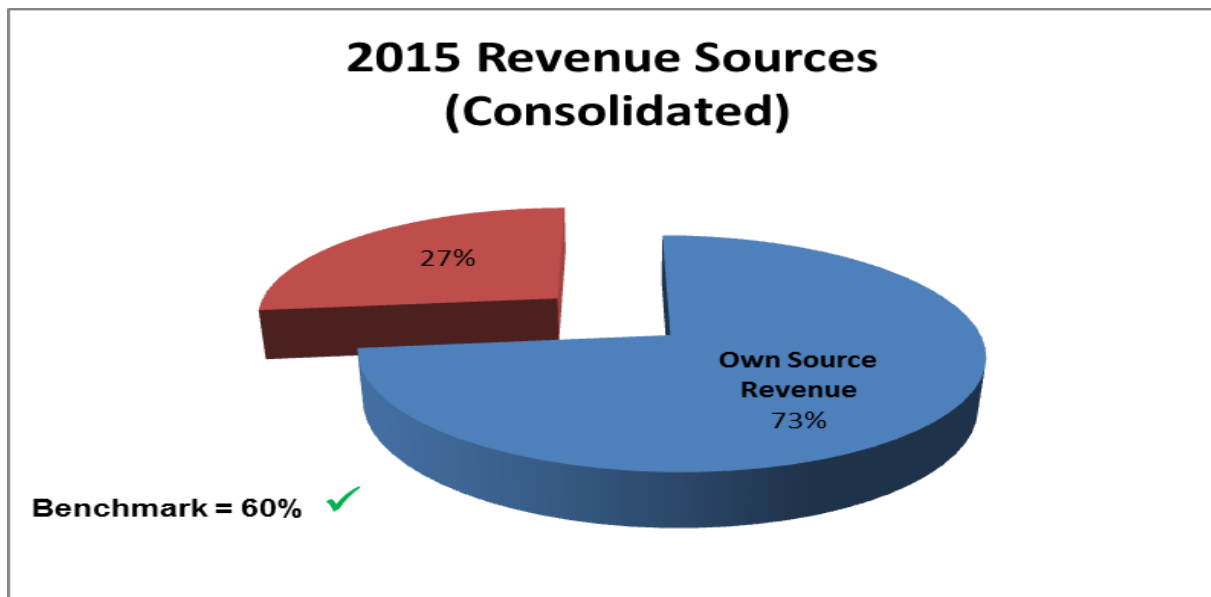
### 2.3 Capital Grants & Contributions

The table below provides an understanding of the nature and quantum of capital grants and contributions received during the financial year.

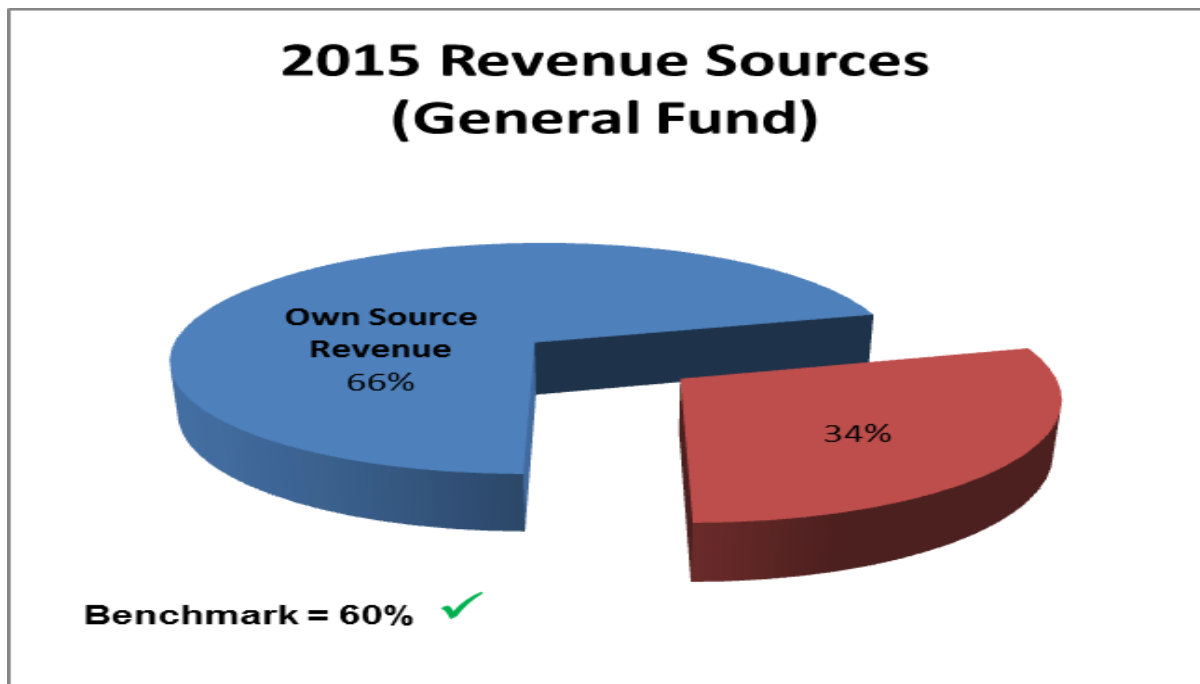
2015		Roads \$'000	Sewer \$'000	Water \$'000	Other \$'000	Total \$'000
Capital Grants		-	-	-	1,190	1,190
Capital Contributions						
	Cash	2,209	1,386	455	4,041	8,091
	In-Kind	5,664	745	309	-	6,718
		<u>7,873</u>	<u>2,131</u>	<u>764</u>	<u>5,231</u>	<u>15,999</u>

Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as (non-cash) asset dedications received by Council on the finalisation of a development.

Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources. The graph below illustrates that Council sources 73% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds industry benchmarks.



General Fund revenue sources also exceed industry benchmarks.



### 3. STATEMENT OF FINANCIAL POSITION

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

	2015 \$'000	2014 \$'000	2013 \$'000
<b>Assets</b>			
Current Assets	69,578	69,413	89,691
Non-Current Assets	1,107,601	1,051,667	1,021,461
<b>Total Assets</b>	<b>1,177,179</b>	<b>1,121,080</b>	<b>1,111,152</b>
<b>Liabilities</b>			
Current Liabilities	20,043	22,802	25,184
Non-Current Liabilities	85,601	88,470	91,664
<b>Total Liabilities</b>	<b>105,644</b>	<b>111,272</b>	<b>116,848</b>
Equity	1,071,535	1,009,808	994,304

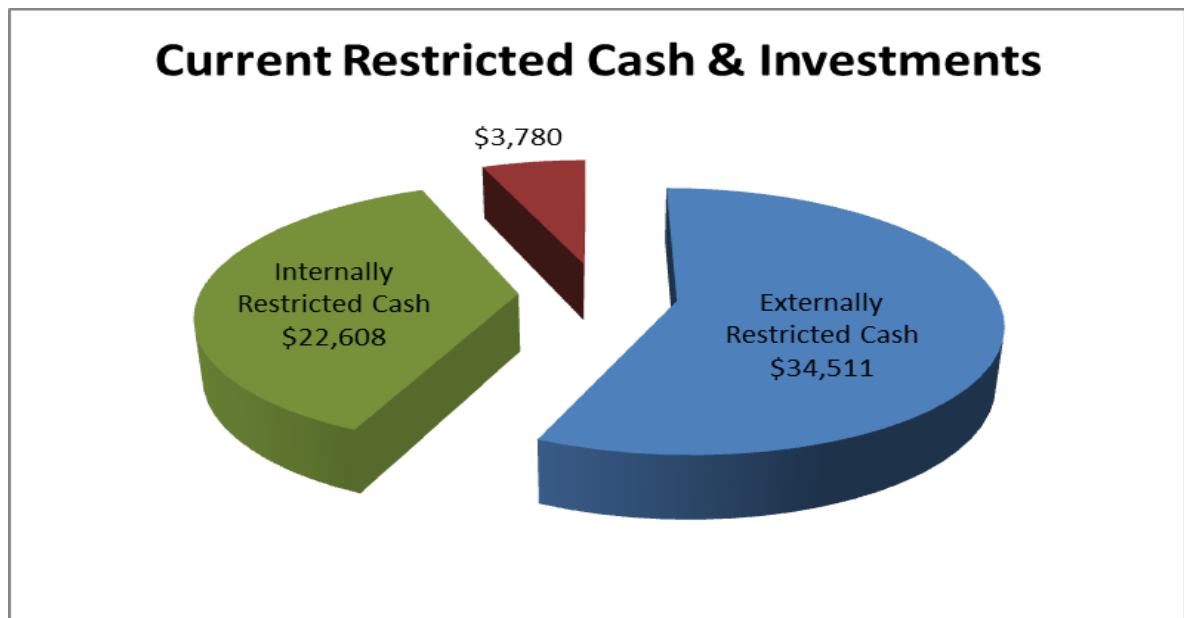
We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2015 together with related Office of Local Government benchmark data.

### 3.1 Current Assets

#### 3.1.1 Cash & Investments

Included in Council's net current assets are cash and investments totalling \$60.9million at 30 June 2015. Council's cash and investments are restricted in their use as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
<b>Externally Restricted</b> <i>Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications.</i>	34,511	37,436	56,000
<b>Internally Restricted</b> <i>Money set aside for special projects via Council resolution.</i>	22,608	18,318	21,694
<b>Unrestricted</b> <i>Funds forming part of working capital used for day-to-day operations.</i>	3,780	3,907	1,566
<b>Total Cash &amp; Investments</b>	60,899	59,661	79,260



#### Internally Restricted Cash

Internal reserves have remained relatively static over the past three years. The table below illustrates Council's efforts to fund important projects and create reserves to assist absorption of any unforeseen financial shocks. Carry-over works remains high as a result of numerous factors, including the request for large government funded projects not anticipated or budgeted by Council.

	2015 \$'000	2014 \$'000	2013 \$'000
<b>Capital Works</b>			
Carry-over works	9,277	7,518	9,466
Quarries	1,263	1,698	1,751
Landfill and resource management	2,666	1,534	1,368
<b>Investing Activities</b>			
Land development	3,236	5,807	6,220
Rental properties refurbishment	1,744	1,571	1,624
Employee Leave Entitlements	2,509	1,969	2,008
Unexpended Federal Assistance Grant	-	-	1,789
Other	4,053	3,257	2,354
<b>Total</b>	<b>24,748</b>	<b>23,354</b>	<b>26,580</b>

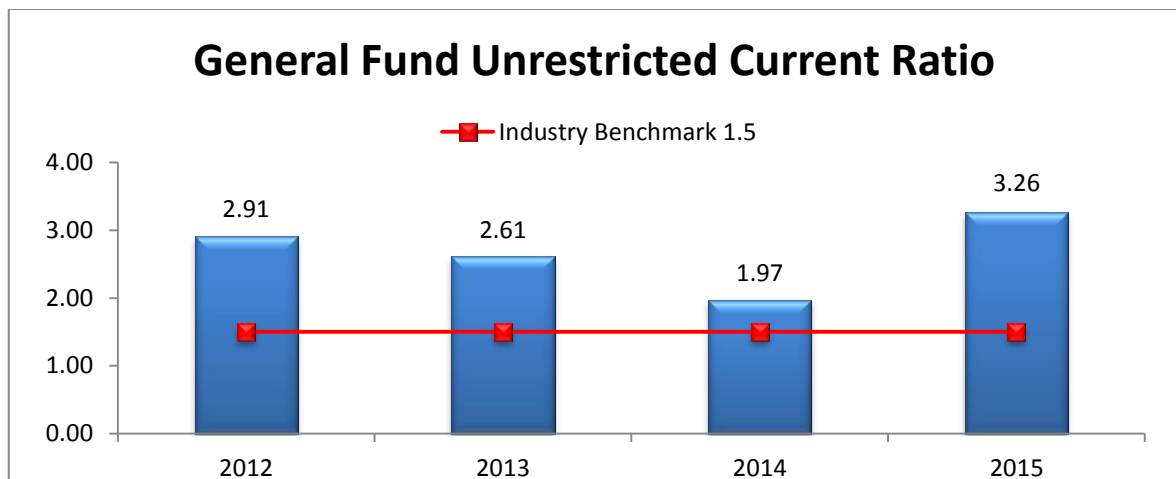
### 3.1.2 Liquidity

Council's unrestricted net current asset position provides a measure of the organisation's capacity / liquidity to meet its commitments from current assets net of externally restricted assets and liabilities that are not available for day-to-day operational activities.

	2015 \$'000	2014 \$'000	2013 \$'000
Unrestricted Net Current Assets	21,831	13,853	18,374

#### Unrestricted Current Ratio

The unrestricted net current asset position is measured by the unrestricted current ratio. The Office of Local Government and NSW Treasury consider that this ratio should be in the range of 1.5 – 2.0.





The unrestricted current ratio illustrates that, at balance date 2015, Council has \$3.26 in liquid current assets for every \$1 of current liabilities. When compared to industry benchmarks, this ratio is satisfactory.

## 3.2 Non-Current Assets

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

The largest asset or liability appearing on Council's statement of financial position is 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 of \$1.075billion.

2015	Cost to Replace \$'000	WDV \$'000	Dep'n Expense \$'000	WDV as a % of Cost %	Dep'n Expense as a % of Cost %
Plant & Equipment Operational & Community Land	20,324	7,213	1,843	35%	9%
Land Under Roads	153,873	153,873	-	100%	
Land Improvements	13,085	13,085	-	100%	
Buildings and Other Structures	21,005	11,067	868	53%	4%
	124,723	74,613	3,130	60%	3%
<b>Infrastructure</b>					
Roads, Bridges & Footpaths	581,911	477,825	6,957	82%	1%
Roads Bulk Earthworks	1,653	1,653	-	100%	
Stormwater Drainage	111,539	70,956	1,425	64%	1%
Water Supply Infrastructure	107,447	64,411	1,420	60%	1%
Sewer Supply Infrastructure	240,362	188,549	2,161	78%	1%
Work in Progress	11,479	11,479	-	100%	
	<u>1,387,401</u>	<u>1,074,724</u>	<u>17,804</u>		

### Council Constructed / Purchased Additions

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

	2015 \$'000	2014 \$'000
<i>Infrastructure Dedications</i>		
Developer Infrastructure Dedications	6,718	2,654
<i>Council Constructed / Purchased Assets</i>		
Land and Buildings	2,457	2,091
Plant and Equipment	1,465	1,528
Roads and Drainage	6,609	11,046
Water & Sewerage Network	5,104	1,089
Work in Progress	6,432	20,882
	<u>28,785</u>	<u>39,290</u>
Consisting of:		
Asset Renewals - Buildings & Infrastructure	10,788	15,523
Dedicated Assets	6,718	2,654
New Assets	11,279	21,113
	<u>28,785</u>	<u>39,290</u>

### 3.1.4 Asset Management Performance Indicators

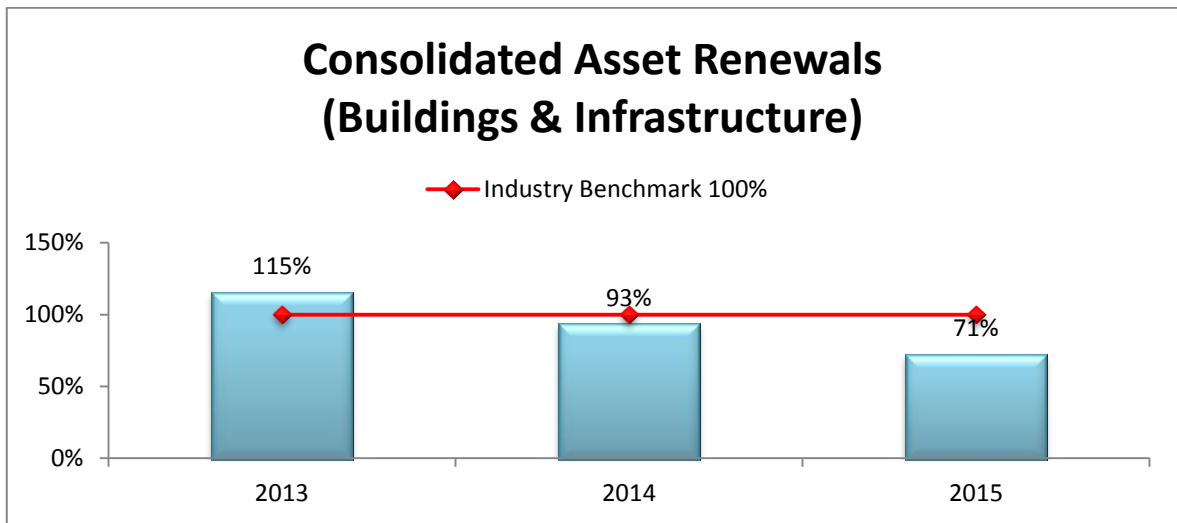
The Office of Local Government has introduced some ratios designed to measure the effectiveness of asset management activities. These ratios are not subject to audit.

#### **Buildings & Infrastructure Renewals Ratio**

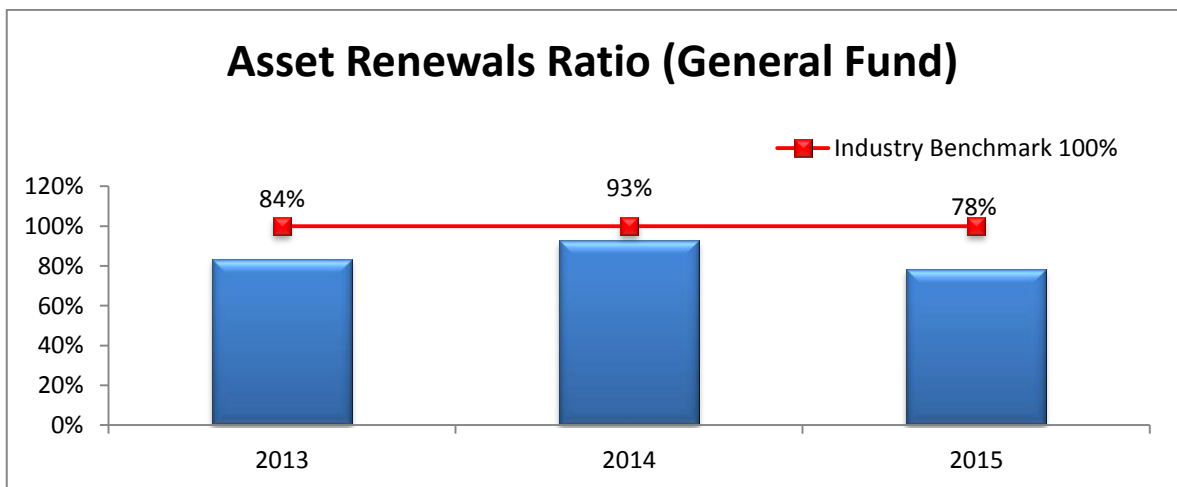
Assessing the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating (being consumed) is measured using the buildings and infrastructure renewals ratio.

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 or adding capacity to existing assets. Industry benchmarking recommends that asset renewals equate to the related depreciation expense or be in the range of 90-100%.

On a consolidated basis, Council is renewing assets at the rate they are depreciating and therefore satisfying the asset renewal industry benchmarks.



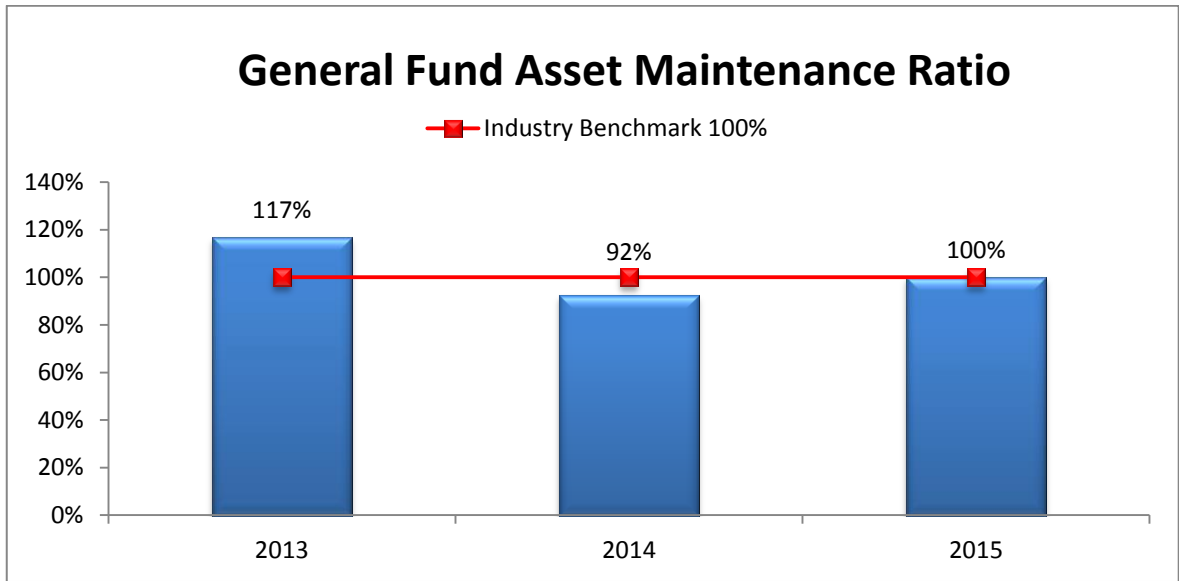
Whilst the above graph shows the consolidated asset renewals ratio trending downwards it is important to understand that the “lumpy” renewals programme for water and sewer infrastructure can significantly influence the outcome. The graph below illustrates the General Fund building and infrastructure renewals ratio over the past three years and needs to lift to satisfy industry benchmarks.



#### **Asset Maintenance Ratio**

This ratio compares actual versus required annual asset maintenance. Actual versus estimated required maintenance to keep asset conditions at a satisfactory standard over the past three years is summarised as follows:

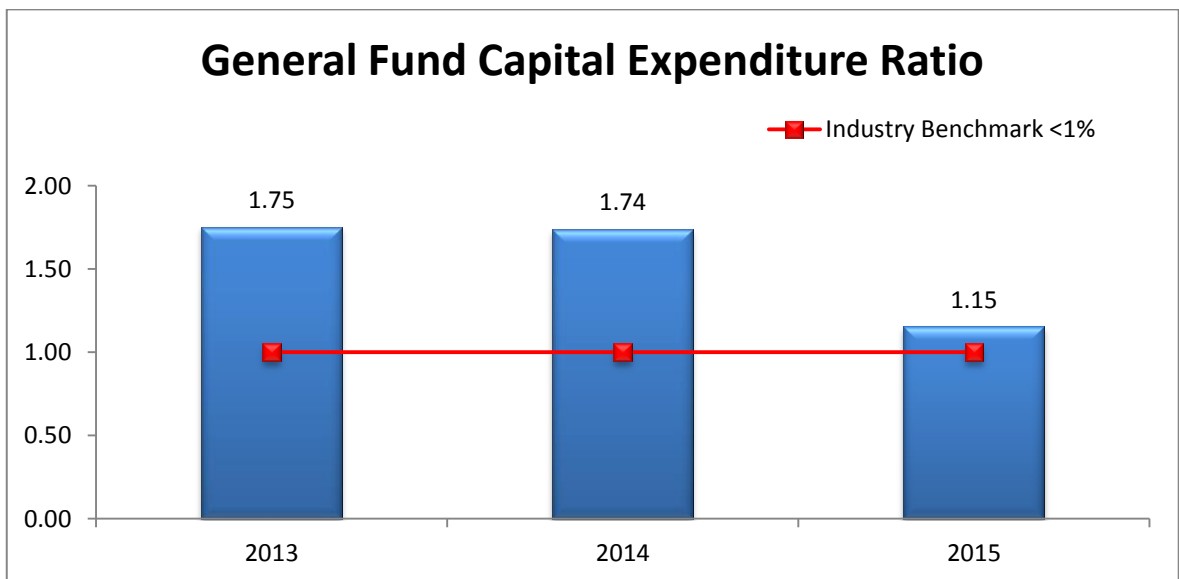
Asset Maintenance (Consolidated)	2015 \$'000	2014 \$'000	2013 \$'000
Required annual maintenance	7,224	8,079	8,112
Actual annual maintenance	7,224	7,680	9,978



A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop its infrastructure maintenance backlog from growing. Over the past three years, Council has collectively satisfied the asset maintenance ratio which means that assets should reach their estimated useful lives (except for natural disasters and other events which may impair an asset).

#### **Capital Expenditure Ratio**

This ratio indicates the extent to which Council is forecasting to expand its asset base with capital expenditure spent on new assets as well as replacement and renewal of existing assets. The benchmark for this ratio is greater than 100%. Council is exceeding this ratio in General Fund.



## Asset Management

Among other things, Council's function is to manage assets. Infrastructure, property, plant and equipment represent the largest asset group on the Council's Statement of Financial Position. 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 NSW Office of Local Government in 2013 identified Ballina Shire Council as having weak infrastructure management practices.

Council is making progress on improving its asset management practices however more work is required to ensure asset management is effectively and efficiently conducted. The financial reporting and auditing processes experienced delays arising from the 2015 asset revaluation process. Council is investigating whether it has sufficient asset management resources.

## Asset Revaluations 2015

During the 2015 financial year Council conducted a full revaluation of its transport and stormwater assets. The revaluation included assessing asset conditions, useful lives and the cost of replacing each asset. The revaluation has increased the carrying value of transport and stormwater assets by \$57.113million.

## Water and Sewer Infrastructure Adjustment 2015

Council performs an annual assessment of fair value and useful lives. When conducting this process Council identified that the depth of laying sewer and water reticulation was overstated. An adjustment to the carrying value of sewer and water reticulation has been processed to the 2015 financial report as a prior period error totalling \$106.830million.

## 3.3 Liabilities

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

Council's loan liability represents 83% of total liabilities at 30 June 2015. We provide discussion on this balance below.

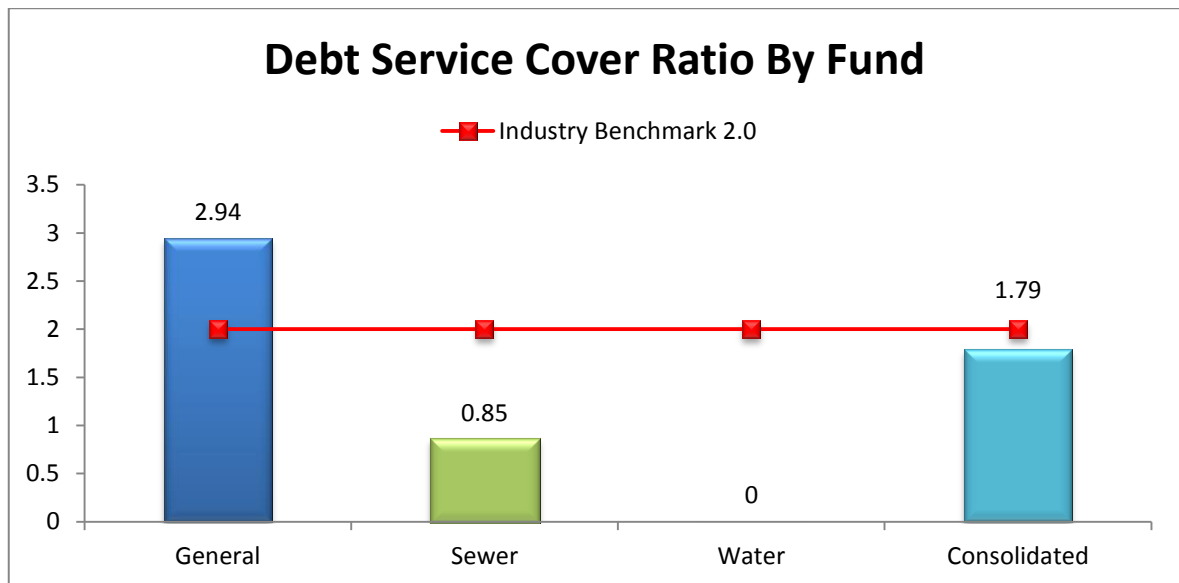
### 3.3.1 Loans Liability

	2015 \$'000	2014 \$'000	2013 \$'000
Current Loan Liability	6,586	8,051	7,950
Non-Current Loan Liability	80,982	83,902	87,186
<b>Total Loan Liability</b>	<b>87,568</b>	<b>91,953</b>	<b>95,136</b>
<b>By Fund</b>			
General Fund	23,193	25,739	27,621
Sewer Fund	64,375	66,214	67,515
Water Fund	-	-	-
<b>Total Loan Liability</b>	<b>87,568</b>	<b>91,953</b>	<b>95,136</b>

Total borrowings have remained relatively static when compared to 2014. In 2015 Council borrowed \$725,000 however repaid \$5.11m. The Office of Local Government has developed the following benchmark relating to borrowing:

#### *Debt Service Cover Ratio*

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



This graph indicates that Council needs to generate more cash to support its current debt repayment obligations in sewer fund. Water fund is debt free.

## 4. OTHER MATTERS

### 4.1 Internal Control Environment

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion. We have issued a separate report to Council which identifies internal control weaknesses and other audit observations arising from the audit engagement.

### 4.2 Audit of Asset Management Information

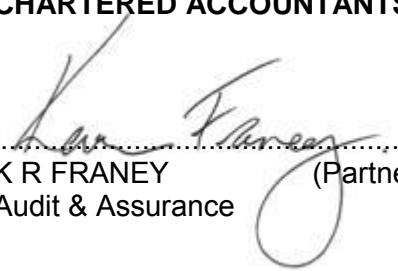
In 2016 Council's special schedule 7 will be subject to independent audit. Special schedule 7 contains asset management ratios, costs to bring assets to a satisfactory standard and information relating to actual and required maintenance expenditure levels. As this information has not been subject to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

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

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

Yours faithfully

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

  
K R FRANEY (Partner)  
Audit & Assurance

22 October 2015

# Ballina Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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Serving the community of today while  
preparing for the challenges of tomorrow





## Ballina Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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#### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

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## Ballina Shire Council

### Special Purpose Financial Statements for the financial year ended 30 June 2015

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

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 22 October 2015.**




Cr David Wright  
MAYOR



Cr Susan Meehan  
COUNCILLOR



Paul Hickey  
GENERAL MANAGER



Peter Morgan  
RESPONSIBLE ACCOUNTING OFFICER

## Ballina Shire Council

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

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	3,092	2,860
User charges	6,432	6,591
Fees	798	673
Interest	418	413
Grants and contributions provided for non capital purposes	153	521
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>10,893</b>	<b>11,058</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,763	1,726
Borrowing costs	-	-
Materials and contracts	1,348	1,452
Depreciation and impairment	1,479	1,859
Water purchase charges	5,720	5,419
Loss on sale of assets	21	111
Calculated taxation equivalents	34	34
Debt guarantee fee (if applicable)	-	-
Other expenses	452	512
<b>Total expenses from continuing operations</b>	<b>10,817</b>	<b>11,113</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>76</b>	<b>(55)</b>
Grants and contributions provided for capital purposes	1,100	638
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,176</b>	<b>583</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,176</b>	<b>583</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(23)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,153</b>	<b>583</b>
plus Opening Retained Profits	37,912	37,329
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	34	34
- Debt guarantee fees	-	-
- Corporate taxation equivalent	23	-
less:		
- Tax Equivalent Dividend paid	(34)	(34)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>39,088</b>	<b>37,912</b>
<b>Return on Capital %</b>	<b>0.11%</b>	<b>-0.08%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>55</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,153	583
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>1,153</b>	<b>583</b>
<b>Potential Dividend calculated from surplus</b>	<b>577</b>	<b>292</b>

## Ballina Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	13,004	11,703
User charges	892	938
Liquid Trade Waste charges	147	93
Fees	-	32
Interest	679	969
Grants and contributions provided for non capital purposes	152	151
Profit from the sale of assets	-	6
Other income	463	550
<b>Total income from continuing operations</b>	<b>15,337</b>	<b>14,442</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,219	3,200
Borrowing costs	4,997	5,161
Materials and contracts	5,651	4,614
Depreciation and impairment	2,314	2,643
Loss on sale of assets	12,198	-
Calculated taxation equivalents	26	20
Debt guarantee fee (if applicable)	675	669
Other expenses	329	1,401
<b>Total expenses from continuing operations</b>	<b>29,409</b>	<b>17,708</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(14,072)</b>	<b>(3,266)</b>
Grants and contributions provided for capital purposes	2,131	2,014
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(11,941)</b>	<b>(1,252)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(11,941)</b>	<b>(1,252)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(11,941)</b>	<b>(1,252)</b>
plus Opening Retained Profits	107,971	108,554
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	26	20
- Debt guarantee fees	675	669
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(20)	(20)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>96,711</b>	<b>107,971</b>
<b>Return on Capital %</b>	<b>-4.6%</b>	<b>0.93%</b>
<b>Subsidy from Council</b>	<b>9,075</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(11,941)	(1,252)
less: Capital grants and contributions (excluding developer contributions)	-	151
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Ballina Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Quarry		Airport	
	Category 2		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	252	350	4,710	4,546
Fees	-	-	-	-
Interest	47	63	-	72
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	224	-	-	-
<b>Total income from continuing operations</b>	<b>523</b>	<b>413</b>	<b>4,710</b>	<b>4,618</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	-	-	617	651
Borrowing costs	43	17	502	554
Materials and contracts	175	43	2,498	2,368
Depreciation and impairment	10	80	771	761
Loss on sale of assets	-	-	-	2,075
Calculated taxation equivalents	24	26	8	110
Debt guarantee fee (if applicable)	-	-	92	-
Other expenses	-	-	-	-
<b>Total expenses from continuing operations</b>	<b>252</b>	<b>166</b>	<b>4,488</b>	<b>6,519</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>271</b>	<b>247</b>	<b>222</b>	<b>(1,901)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>271</b>	<b>247</b>	<b>222</b>	<b>(1,901)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>271</b>	<b>247</b>	<b>222</b>	<b>(1,901)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(81)	(74)	(67)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>190</b>	<b>173</b>	<b>155</b>	<b>(1,901)</b>
plus Opening Retained Profits	1,141	1,291	10,613	12,404
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	-	359	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	24	26	8	110
- Debt guarantee fees	-	-	92	-
- Corporate taxation equivalent	81	74	67	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(558)	(423)	-	-
<b>Closing Retained Profits</b>	<b>878</b>	<b>1,141</b>	<b>11,294</b>	<b>10,613</b>
<b>Return on Capital %</b>	<b>21.9%</b>	<b>18.4%</b>	<b>1.96%</b>	<b>-4.57%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>1</b>	<b>392</b>	<b>2,158</b>

## Ballina Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Wigmore Arcade		Land Development	
	Category 2		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	280	335	3,054	1,259
Fees	-	-	-	-
Interest	2	2	110	181
Grants and contributions provided for non capital purposes	-	54	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	840	-
<b>Total income from continuing operations</b>	<b>282</b>	<b>391</b>	<b>4,004</b>	<b>1,440</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	-	-	-	-
Borrowing costs	-	-	-	-
Materials and contracts	202	293	1,754	456
Depreciation and impairment	-	-	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	98	57	181	396
Debt guarantee fee (if applicable)	-	-	-	-
Fair Value Adjustment on Investment Property	1,014	-	-	50
Other expenses	-	-	-	-
<b>Total expenses from continuing operations</b>	<b>1,314</b>	<b>350</b>	<b>1,935</b>	<b>902</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,032)</b>	<b>41</b>	<b>2,069</b>	<b>538</b>
Grants and contributions provided for capital purposes	1,670	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>638</b>	<b>41</b>	<b>2,069</b>	<b>538</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>638</b>	<b>41</b>	<b>2,069</b>	<b>538</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(12)	(621)	(161)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>638</b>	<b>29</b>	<b>1,448</b>	<b>377</b>
plus Opening Retained Profits	5,167	5,078	14,844	15,502
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	98	59	181	396
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	12	621	161
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(75)	(11)	(2,701)	(1,592)
<b>Closing Retained Profits</b>	<b>5,828</b>	<b>5,167</b>	<b>14,393</b>	<b>14,844</b>
Return on Capital %	-17.9%	0.8%	n/a	n/a
Subsidy from Council	1,206	99	-	-

## Ballina Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Landfill and Resource Recovery		Private Works	
	Category 1		Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	7,041	6,653	189	248
Fees	-	-	-	-
Interest	85	54	-	-
Grants and contributions provided for non capital purposes	126	146	-	-
Profit from the sale of assets	-	-	-	-
Other income	96	-	-	-
<b>Total income from continuing operations</b>	<b>7,348</b>	<b>6,853</b>	<b>189</b>	<b>248</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	765	812	-	-
Borrowing costs	232	300	-	-
Materials and contracts	3,631	4,264	173	222
Depreciation and impairment	1,213	1,298	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	18	68	-	-
Debt guarantee fee (if applicable)	11	-	-	-
Other expenses	161	-	-	-
<b>Total expenses from continuing operations</b>	<b>6,031</b>	<b>6,742</b>	<b>173</b>	<b>222</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>1,317</b>	<b>111</b>	<b>16</b>	<b>26</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,317</b>	<b>111</b>	<b>16</b>	<b>26</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,317</b>	<b>111</b>	<b>16</b>	<b>26</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(395)	(33)	(5)	(8)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>922</b>	<b>78</b>	<b>11</b>	<b>18</b>
plus Opening Retained Profits	1,005	876	-	-
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	18	68	-	-
- Debt guarantee fees	11	-	-	-
- Corporate taxation equivalent	395	33	5	8
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(178)	(50)	(16)	(26)
<b>Closing Retained Profits</b>	<b>2,173</b>	<b>1,005</b>	<b>-</b>	<b>-</b>
<b>Return on Capital %</b>	<b>16.7%</b>	<b>4.2%</b>	<b>n/a</b>	<b>n/a</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Ballina Shire Council

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

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	9,094	9,662
Investments	-	-
Receivables	2,062	2,095
Inventories	-	-
Other	121	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>11,277</b>	<b>11,757</b>
<b>Non-Current Assets</b>		
Investments	1,241	1,240
Receivables	137	164
Inventories	-	-
Infrastructure, property, plant and equipment	68,999	66,173
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	16	-
<b>Total non-Current Assets</b>	<b>70,393</b>	<b>67,577</b>
<b>TOTAL ASSETS</b>	<b>81,670</b>	<b>79,334</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	143	124
<b>Total Current Liabilities</b>	<b>143</b>	<b>124</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	16	-
<b>Total Non-Current Liabilities</b>	<b>16</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>159</b>	<b>124</b>
<b>NET ASSETS</b>	<b>81,511</b>	<b>79,210</b>
<b>EQUITY</b>		
Retained earnings	39,088	37,912
Revaluation reserves	42,423	41,298
Council equity interest	81,511	79,210
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>81,511</b>	<b>79,210</b>



## Ballina Shire Council

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

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	12,826	18,057
Investments	-	-
Receivables	1,243	1,335
Inventories	-	-
Other	422	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>14,491</b>	<b>19,392</b>
<b>Non-Current Assets</b>		
Investments	1,749	519
Receivables	172	190
Inventories	-	-
Infrastructure, property, plant and equipment	196,722	203,069
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	58	-
<b>Total non-Current Assets</b>	<b>198,701</b>	<b>203,778</b>
<b>TOTAL ASSETS</b>	<b>213,192</b>	<b>223,170</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	162	83
Interest bearing liabilities	2,793	2,495
Provisions	437	452
<b>Total Current Liabilities</b>	<b>3,392</b>	<b>3,030</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	61,582	63,719
Provisions	43	-
<b>Total Non-Current Liabilities</b>	<b>61,625</b>	<b>63,719</b>
<b>TOTAL LIABILITIES</b>	<b>65,017</b>	<b>66,749</b>
<b>NET ASSETS</b>	<b>148,175</b>	<b>156,421</b>
<b>EQUITY</b>		
Retained earnings	96,711	107,971
Revaluation reserves	51,464	48,450
Council equity interest	148,175	156,421
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>148,175</b>	<b>156,421</b>

## Ballina Shire Council

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

as at 30 June 2015

	Quarry		Airport	
	Category 2		Category 1	
\$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,263	1,698	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	12	16	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>1,275</b>	<b>1,714</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,431	1,435	36,941	29,505
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>1,431</b>	<b>1,435</b>	<b>36,941</b>	<b>29,505</b>
<b>TOTAL ASSETS</b>	<b>2,706</b>	<b>3,149</b>	<b>36,941</b>	<b>29,505</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	1,198	1,379	164	139
<b>Total Current Liabilities</b>	<b>1,198</b>	<b>1,379</b>	<b>164</b>	<b>139</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	9,761	9,750
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>9,761</b>	<b>9,750</b>
<b>TOTAL LIABILITIES</b>	<b>1,198</b>	<b>1,379</b>	<b>9,925</b>	<b>9,889</b>
<b>NET ASSETS</b>	<b>1,508</b>	<b>1,770</b>	<b>27,016</b>	<b>19,616</b>
<b>EQUITY</b>				
Retained earnings	878	1,141	11,294	10,613
Revaluation reserves	630	629	15,722	9,003
Council equity interest	<b>1,508</b>	<b>1,770</b>	<b>27,016</b>	<b>19,616</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>1,508</b>	<b>1,770</b>	<b>27,016</b>	<b>19,616</b>

## Ballina Shire Council

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

as at 30 June 2015

\$ '000	Wigmore Arcade		Land Development	
	Category 2		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	68	63	2,537	3,778
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>68</b>	<b>63</b>	<b>2,537</b>	<b>3,778</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	5,436	5,486
Infrastructure, property, plant and equipment	5,760	5,104	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	6,420	5,580
<b>Total Non-Current Assets</b>	<b>5,760</b>	<b>5,104</b>	<b>11,856</b>	<b>11,066</b>
<b>TOTAL ASSETS</b>	<b>5,828</b>	<b>5,167</b>	<b>14,393</b>	<b>14,844</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>5,828</b>	<b>5,167</b>	<b>14,393</b>	<b>14,844</b>
<b>EQUITY</b>				
Retained earnings	5,828	5,167	14,393	14,844
Revaluation reserves	-	-	-	-
Council equity interest	<b>5,828</b>	<b>5,167</b>	<b>14,393</b>	<b>14,844</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>5,828</b>	<b>5,167</b>	<b>14,393</b>	<b>14,844</b>

## Ballina Shire Council

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

as at 30 June 2015

\$ '000	Landfill and Resource Recovery Category 1		Private Works Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3,563	2,332	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	6	10	-	-
Other	490	525	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>4,059</b>	<b>2,867</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	9,293	9,752	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>9,293</b>	<b>9,752</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>13,352</b>	<b>12,619</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	1,209	1,053	-	-
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>1,209</b>	<b>1,053</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	1,294	2,585	-	-
Provisions	2,597	2,436	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>3,891</b>	<b>5,021</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>5,100</b>	<b>6,074</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>8,252</b>	<b>6,545</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>				
Retained earnings	2,173	1,005	-	-
Revaluation reserves	6,079	5,540	-	-
Council equity interest	8,252	6,545	-	-
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>8,252</b>	<b>6,545</b>	<b>-</b>	<b>-</b>

## Ballina Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	14
2	Water Supply Business Best Practice Management disclosure requirements	17
3	Sewerage Business Best Practice Management disclosure requirements	19

## Ballina Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Water Supplies

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

##### b. Sewerage Service

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

##### c. 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.

##### d. Airport

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

##### Category 2

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

##### e. Quarries

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

##### f. Wigmore Arcade

The provision of attractive and competitive shopping centre in central Ballina

## Ballina Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

##### g. 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.

##### h. Private Works

Various works conducted on private land.

##### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

##### (i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

##### Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No

## Ballina Shire Council

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

#### Note 1. Significant Accounting Policies

adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

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

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

##### (ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

---

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15. The exception to this rule is the monopoly businesses of Water & Sewerage where Council's adopted rate of return is nil.

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

##### (iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.



## Ballina Shire Council

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

#### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2015

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	34,000
(ii)	No of assessments multiplied by \$3/assessment	46,317
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	34,000
(iv)	Amounts actually paid for Tax Equivalents	34,000

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	576,600
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	429,170
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	1,735,874

2015 Surplus	1,153,200	2014 Surplus	583,000	2013 Surplus	(326)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	429,170
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

##### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	yes
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	yes
	- Complying charges [Item 2(b) in Table 1]	yes
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	yes
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	yes
(iii)	Sound Water Conservation and Demand Management implemented	yes
(iv)	Sound Drought Management implemented	yes
(v)	Complete Performance Reporting Form (by 15 September each year)	yes
(vi)	a. Integrated Water Cycle Management Evaluation	yes
	b. Complete and implement Integrated Water Cycle Management Strategy	yes

## Ballina Shire Council

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

#### Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

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

##### National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	11,575
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	66.23%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	68,848
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,258
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	3,081
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.21%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Ballina Shire Council

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

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2015

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	701,000
(ii)	No of assessments multiplied by \$3/assessment	45,516
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	45,516
(iv)	Amounts actually paid for Tax Equivalents	20,000

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	409,644
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(13,044,848)

2015 Surplus	(11,941,000)	2014 Surplus	(1,101,000)	2013 Surplus	(2,848)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

##### 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	yes
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	yes
	(b) Non Residential [Item 2(c) in Table 1]	yes
	(c) Trade Waste [Item 2(d) in Table 1]	yes
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	yes
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	yes
(iii)	Complete Performance Reporting Form (by 15 September each year)	yes
(iv)	a. Integrated Water Cycle Management Evaluation	yes
	b. Complete and implement Integrated Water Cycle Management Strategy	yes

## Ballina Shire Council

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

#### Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

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

##### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	16,795
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	196,454
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	9,125
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	5,139
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	2.72%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	16,151
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.89%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	8,220
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	2.33%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Ballina Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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


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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	16.91%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">6,194</span> Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: <span style="border: 1px solid black; padding: 2px;">3,906</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		2
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(10,138)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	305

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



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

***Report on the Financial Statements***

We have audited the accompanying financial statements, being special purpose financial statements, of Ballina Shire Council ("the Council"), which comprises the statement of financial position as at 30 June 2015, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

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

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

***Auditor's Responsibility***

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

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

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

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



### **Independence**

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

### **Opinion**

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

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
  - i. Are consistent with the Council's accounting records;
  - ii. Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2015 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

### **Basis of Accounting**


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

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

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

Dated at Ballina this 22nd day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

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

# Ballina Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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Serving the community of today while  
preparing for the challenges of tomorrow





# Ballina Shire Council

## Special Schedules

for the financial year ended 30 June 2015

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

#### Background

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

## Ballina Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>817</b>	-	-	<b>(817)</b>
<b>Administration</b>	<b>4,134</b>	<b>1,489</b>	<b>3,062</b>	<b>417</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	457	182	-	(275)
Beach Control	273	-	-	(273)
Animal Control	79	108	-	29
Other	443	206	-	(237)
<b>Total Public Order &amp; Safety</b>	<b>1,252</b>	<b>496</b>	<b>-</b>	<b>(756)</b>
<b>Health</b>	<b>1,172</b>	<b>238</b>	<b>-</b>	<b>(934)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	111	-	-	(111)
Other Environmental Protection	647	8	-	(639)
Solid Waste Management	8,420	9,788	-	1,368
Street Cleaning	380	-	-	(380)
Drainage	1,708	284	1,472	48
<b>Total Environment</b>	<b>11,266</b>	<b>10,080</b>	<b>1,472</b>	<b>286</b>
<b>Community Services and Education</b>				
Administration & Education	1,251	197	-	(1,054)
Children's Services	290	-	-	(290)
<b>Total Community Services &amp; Education</b>	<b>1,541</b>	<b>197</b>	<b>-</b>	<b>(1,344)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	296	403	-	107
Public Conveniences	359	-	-	(359)
Street Lighting	506	-	-	(506)
Town Planning	2,273	565	-	(1,708)
Other Community Amenities	160	-	-	(160)
<b>Total Housing and Community Amenities</b>	<b>3,594</b>	<b>968</b>	<b>-</b>	<b>(2,626)</b>
<b>Water Supplies</b>	<b>10,387</b>	<b>10,397</b>	<b>1,094</b>	<b>1,104</b>
<b>Sewerage Services</b>	<b>27,892</b>	<b>14,880</b>	<b>2,109</b>	<b>(10,903)</b>

## Ballina Shire Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	1,546	136	-	(1,410)
Museums	15	-	-	(15)
Art Galleries	259	72	-	(187)
Community Centres and Halls	1,035	194	180	(661)
Sporting Grounds and Venues	996	86	1,036	126
Swimming Pools	714	354	-	(360)
Parks & Gardens, Lakes	2,700	439	-	(2,261)
Other Sport and Recreation	129	-	1,155	1,026
<b>Total Recreation and Culture</b>	<b>7,394</b>	<b>1,281</b>	<b>2,371</b>	<b>(3,742)</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	709	1,179	-	470
Other Mining, Manufacturing & Construction	4	252	-	248
<b>Total Mining, Manufacturing and Const.</b>	<b>713</b>	<b>1,431</b>	<b>-</b>	<b>718</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	10,905	1,062	4,073	(5,770)
Urban Roads - Regional	289	-	-	(289)
Sealed Rural Roads (SRR) - Local	740	-	-	(740)
Sealed Rural Roads (SRR) - Regional	285	-	-	(285)
Unsealed Rural Roads (URR) - Local	663	-	-	(663)
Bridges on UR - Local	142	-	-	(142)
Parking Areas	19	-	-	(19)
Footpaths	613	-	1,620	1,007
Aerodromes	4,320	4,710	-	390
Other Transport & Communication	868	1,554	198	884
<b>Total Transport and Communication</b>	<b>18,844</b>	<b>7,326</b>	<b>5,891</b>	<b>(5,627)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	254	432	-	178
Other Economic Affairs	1,358	2,590	-	1,232
<b>Total Economic Affairs</b>	<b>1,612</b>	<b>3,022</b>	<b>-</b>	<b>1,410</b>
<b>Totals – Functions</b>	<b>90,618</b>	<b>51,805</b>	<b>15,999</b>	<b>(22,814)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>22,468</b>		<b>22,468</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>90,618</b>	<b>74,273</b>	<b>15,999</b>	<b>(346)</b>

(1) As reported in the Income Statement

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

## Ballina Shire Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-								
Treasury Corporation	1,285	6,725	<b>8,010</b>	-	1,285	-	-	-	1,335	5,390	<b>6,725</b>
Other State Government	-	-	-								
Public Subscription	-	-	-								
Financial Institutions	6,766	78,949	<b>85,715</b>	725	4,296	-	-	5,981	5,251	76,893	<b>82,144</b>
Other	-	-	-								
<b>Total Loans</b>	<b>8,051</b>	<b>85,674</b>	<b>93,725</b>	<b>725</b>	<b>5,581</b>	<b>-</b>	<b>-</b>	<b>5,981</b>	<b>6,586</b>	<b>82,283</b>	<b>88,869</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-								
Government Advances	-	-	-								
Finance Leases	-	-	-								
Deferred Payments	-	-	-								
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>8,051</b>	<b>85,674</b>	<b>93,725</b>	<b>725</b>	<b>5,581</b>	<b>-</b>	<b>-</b>	<b>5,981</b>	<b>6,586</b>	<b>82,283</b>	<b>88,869</b>

Notes: Excludes (i) Internal Loans &amp; (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Ballina Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,888	1,843
b. Engineering and Supervision	299	277
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	173	192
d. Maintenance expenses	447	349
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	78	63
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	46	58
h. Energy costs	48	55
i. Maintenance expenses	-	-
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	129	154
k. Chemical costs	-	-
l. Maintenance expenses	3	-
<b>- Other</b>		
m. Operation expenses	28	217
n. Maintenance expenses	399	470
o. Purchase of water	5,720	5,419
<b>3. Depreciation expenses</b>		
a. System assets	1,440	1,810
b. Plant and equipment	39	49
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	25	12
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	34	34
<b>5. Total expenses</b>	<b>10,796</b>	<b>11,002</b>

## Ballina Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	2,424	2,236
b. Usage charges	4,755	4,776
<b>7. Non-residential charges</b>		
a. Access (including rates)	668	624
b. Usage charges	1,677	1,815
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	418	413
<b>10. Other income</b>	798	673
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	153	152
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	455	430
b. Developer provided assets	309	208
c. Other contributions	336	369
<b>13. Total income</b>	<b>11,993</b>	<b>11,696</b>
<b>14. Gain (or loss) on disposal of assets</b>	(21)	(111)
<b>15. Operating Result</b>	<b>1,176</b>	<b>583</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	1,176	583

## Ballina Shire Council

### Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	1,709	-
b. New Assets for Growth	840	387
c. Renewals	532	1,646
d. Plant and equipment	-	67
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>3,081</b>	<b>2,100</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	7	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>7</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	13,629	13,429
b. Residential (unoccupied, ie. vacant lot)	281	302
c. Non-residential (occupied)	1,494	1,475
d. Non-residential (unoccupied, ie. vacant lot)	35	41
<b>25. Number of ETs for which developer charges were received</b>	128 ET	125 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 275,815	\$ 274,123

## Ballina Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			<input type="text" value="-"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is <b>not</b> 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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	5,798	791	6,589
b. Special purpose grants	-	-	-
c. Accrued leave	121	16	137
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,296	450	3,746
<b>31. Receivables</b>			
a. Specific purpose grants	3	-	3
b. Rates and Availability Charges	325	21	346
c. User Charges	1,635	104	1,739
d. Other	99	12	111
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	68,848	68,848
b. Plant and equipment	-	151	151
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>11,277</b>	<b>70,393</b>	<b>81,670</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	-	-	-
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	143	16	159
<b>40. Total liabilities</b>	<b>143</b>	<b>16</b>	<b>159</b>
<b>41. NET ASSETS COMMITTED</b>	<b>11,134</b>	<b>70,377</b>	<b>81,511</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			39,088
<b>43. Asset revaluation reserve</b>			42,423
<b>44. TOTAL EQUITY</b>			<b>81,511</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			112,414
<b>46. Accumulated current cost</b> depreciation of system assets			(43,566)
<b>47. Written down current cost</b> of system assets			<b>68,848</b>

## Ballina Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	3,012	3,288
b. Engineering and Supervision	622	586
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	542	464
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	114	118
d. Energy costs	357	343
e. Maintenance expenses	1,078	1,075
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,634	1,498
g. Chemical costs	-	-
h. Energy costs	948	933
i. Effluent Management	-	-
j. Biosolids Management	138	198
k. Maintenance expenses	425	259
<b>- Other</b>		
l. Operation expenses	136	141
m. Maintenance expenses	119	142
<b>3. Depreciation expenses</b>		
a. System assets	2,246	2,580
b. Plant and equipment	68	63
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4,997	5,161
b. Revaluation Decrements	-	-
c. Other expenses	74	170
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	20	20
<b>5. Total expenses</b>	<b>16,530</b>	<b>17,039</b>

## Ballina Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	11,417	10,233
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,587	1,436
b. Usage charges	892	938
<b>8. Trade Waste Charges</b>		
a. Annual Fees	37	34
b. Usage charges	87	93
c. Excess mass charges	23	32
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	6	-
<b>10. Interest income</b>	673	969
<b>11. Other income</b>	463	550
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	152	151
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	1,386	1,352
b. Developer provided assets	745	662
c. Other contributions	-	-
<b>14. Total income</b>	<u>17,468</u>	<u>16,450</u>
<b>15. Gain (or loss) on disposal of assets</b>	(12,198)	6
<b>16. Operating Result</b>	<u>(11,260)</u>	<u>(583)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(11,260)	(583)

## Ballina Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,796	6,783
c. Renewals	1,231	1,909
d. Plant and equipment	112	102
<b>18. Repayment of debt</b>		
a. Loans	2,188	2,385
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>7,327</b>	<b>11,179</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	22	35
<b>22. Borrowing utilised</b>		
a. Loans	-	690
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>22</b>	<b>725</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	13,259	13,085
b. Residential (unoccupied, ie. vacant lot)	460	455
c. Non-residential (occupied)	1,418	1,412
d. Non-residential (unoccupied, ie. vacant lot)	35	41
<b>26. Number of ETs for which developer charges were received</b>	181 ET	181 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 277,424	\$ 275,869

## Ballina Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies  
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)			<input type="text" value="-"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Ballina Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	3,996	545	4,541
b. Special purpose grants	-	-	-
c. Accrued leave	422	58	480
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,830	1,204	10,034
<b>32. Receivables</b>			
a. Specific purpose grants	3	-	3
b. Rates and Availability Charges	437	28	465
c. User Charges	623	40	663
d. Other	180	104	284
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	196,454	196,454
b. Plant and equipment	-	268	268
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>14,491</b>	<b>198,701</b>	<b>213,192</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	162	-	162
<b>39. Borrowings</b>			
a. Loans	2,793	61,582	64,375
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	437	43	480
<b>41. Total Liabilities</b>	<b>3,392</b>	<b>61,625</b>	<b>65,017</b>
<b>42. NET ASSETS COMMITTED</b>	<b>11,099</b>	<b>137,076</b>	<b>148,175</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			96,711
<b>44. Asset revaluation reserve</b>			51,464
<b>45. TOTAL EQUITY</b>			<b>148,175</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			250,378
<b>47. Accumulated current cost</b> depreciation of system assets			(53,924)
<b>48. Written down current cost</b> of system assets			<b>196,454</b>

## Ballina Shire Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

#### Notes:

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

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

## Ballina Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Buildings</b>										
	Council Offices / Administration Centres	195	89	89	6,857	73%	26%	1%	0%	0%
	Council Works Depot	73	146	146	4,858	90%	8%	2%	0%	0%
	Council Public Halls	51	30	30	1,171	28%	45%	27%	0%	0%
	Libraries	3	20	20	3,716	100%	0%	0%	0%	0%
	Dwellings	107	11	11	915	39%	43%	18%	0%	0%
	Airport	77	121	121	5,093	95%	5%	0%	0%	0%
	Shops/Offices	109	137	137	3,880	75%	22%	3%	0%	0%
	Community Centres	16	83	83	14,819	92%	8%	0%	0%	0%
	Childcare Centres	4	-	-	2,016	42%	54%	4%	0%	0%
	Waste Centre	3	167	167	2,147	100%	0%	0%	0%	0%
	Amenities/Toilets	77	280	280	16,542	81%	17%	2%	0%	0%
	<b>sub total</b>	<b>715</b>	<b>1,084</b>	<b>1,084</b>	<b>62,014</b>	<b>83.1%</b>	<b>15.0%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other Structures</b>										
	Other Structures	432	24	24	11,064	65%	14%	11%	10%	0%
	<b>sub total</b>	<b>432</b>	<b>24</b>	<b>24</b>	<b>11,064</b>	<b>65.0%</b>	<b>14.0%</b>	<b>11.0%</b>	<b>10.0%</b>	<b>0.0%</b>
<b>Roads</b>										
	Sealed Roads	606	1,396	1,396	354,552	80%	17%	3%	0%	0%
	Unsealed Roads	216	662	662	32,561	41%	1%	0%	58%	0%
	Bridges	599	142	142	31,725	81%	11%	8%	0%	0%
	Footpaths / Cycleways	43	131	131	19,873	68%	31%	1%	0%	0%
	Kerb and Gutter	21	-	-	25,323	72%	28%	0%	0%	0%
	Road Furniture	23	139	139	15,444	88%	10%	2%	0%	0%
	<b>sub total</b>	<b>1,508</b>	<b>2,470</b>	<b>2,470</b>	<b>479,478</b>	<b>76.8%</b>	<b>16.5%</b>	<b>2.9%</b>	<b>3.9%</b>	<b>0.0%</b>



## Ballina Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Water Supply Network</b>	Treatment Plants	6	12	12	3,215	57%	42%	1%	0%	0%
	Water Connections	160	344	344	950	60%	39%	0%	0%	1%
	Reservoirs	328	78	78	11,158	40%	25%	25%	10%	0%
	Pipelines	1,301	447	447	48,507	40%	58%	1%	0%	1%
	Pumping Station/s	1	37	37	581	62%	26%	12%	0%	0%
	<b>sub total</b>	<b>1,796</b>	<b>918</b>	<b>918</b>	<b>64,411</b>	<b>41.3%</b>	<b>50.9%</b>	<b>5.2%</b>	<b>1.7%</b>	<b>0.8%</b>
<b>Sewerage Network</b>	Mains	101	542	542	80,160	93%	6%	1%	0%	0%
	Pumping Station/s	60	1,111	1,111	30,280	57%	31%	11%	1%	0%
	Treatment	1,527	563	563	73,864	91%	8%	1%	0%	0%
	Recycled Water	-	76	76	4,245	100%	0%	0%	0%	0%
	<b>sub total</b>	<b>1,688</b>	<b>2,292</b>	<b>2,292</b>	<b>188,549</b>	<b>86.6%</b>	<b>10.7%</b>	<b>2.6%</b>	<b>0.2%</b>	<b>0.0%</b>
<b>Stormwater Drainage</b>	Outfalls	4	-	-	175	39%	44%	15%	2%	0%
	Pollution Control	-	39	39	1,096	93%	7%	0%	0%	0%
	Reticulation - Pipe	7	249	249	48,277	63%	37%	0%	0%	0%
	Reticulation - Pit	8	-	-	15,770	58%	42%	0%	0%	0%
	Culverts	160	-	-	5,638	30%	54%	16%	0%	0%
	<b>sub total</b>	<b>179</b>	<b>288</b>	<b>288</b>	<b>70,956</b>	<b>59.7%</b>	<b>39.0%</b>	<b>1.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open Space/ Recreational Assets</b>	Swimming Pools	77	148	148	1,535	0%	1%	99%	0%	0%
	<b>sub total</b>	<b>77</b>	<b>148</b>	<b>148</b>	<b>1,535</b>	<b>0.0%</b>	<b>1.0%</b>	<b>99.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Ballina Shire Council

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

as at 30 June 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	<b>TOTAL - ALL ASSETS</b>	<b>6,395</b>	<b>7,224</b>	<b>7,224</b>	<b>878,007</b>	<b>75.1%</b>	<b>19.4%</b>	<b>3.0%</b>	<b>2.4%</b>	<b>0.1%</b>

**Notes:**

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

## Ballina Shire Council

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

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>				
Asset Renewals				
<u>(Building, Infrastructure &amp; Other Structures) <sup>(1)</sup></u>	<u>10,788</u>	<b>71.48%</b>	93.00%	115.00%
Depreciation, Amortisation & Impairment	<u>15,093</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>6,395</u>	<b>0.72%</b>	0.28%	1.70%
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>882,319</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>7,224</u>	<b>1.00</b>	0.95	1.23
Required Asset Maintenance	<u>7,224</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>13,196</u>	<b>0.74</b>	1.81	2.69
Annual Depreciation	<u>17,939</u>			

## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(2)</sup> Written Down Value

## Ballina Shire Council

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

\$ '000	Water 2015	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>			
Asset Renewals (Building, Infrastructure & Other Structures) <sup>(2)</sup>	<b>36.94%</b>	<b>54.81%</b>	<b>78.40%</b>
Depreciation, Amortisation & Impairment			
prior period:	90.94%	73.99%	92.88%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>2.79%</b>	<b>0.90%</b>	<b>0.46%</b>
prior period:	0.59%	0.18%	0.26%
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance			
Required Asset Maintenance	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
prior period:	1.00	1.00	0.92
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure			
Annual Depreciation	<b>2.07</b>	<b>-2.67</b>	<b>1.15</b>
prior period:	0.74	2.96	1.74

**Notes**

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

(2) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

(3) Written Down Value

## Ballina Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	17,625	18,231
Plus or minus Adjustments <sup>(2)</sup>	b	104	71
<b>Notional General Income</b>	c = (a + b)	<u>17,729</u>	<u>18,302</u>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	5.41%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	990
or plus Rate peg amount	i = c x e	408	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<u>18,137</u>	<u>19,292</u>
plus (or minus) last year's Carry Forward Total	l	(27)	(53)
less Valuation Objections claimed in the previous year	m	-	(67)
<b>sub-total</b>	n = (l + m)	<u>(27)</u>	<u>(120)</u>
<b>Total Permissible income</b>	o = k + n	<u>18,111</u>	<u>19,172</u>
less Notional General Income Yield	p	18,231	19,183
<b>Catch-up or (excess) result</b>	q = o - p	<u>(120)</u>	<u>(11)</u>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	67	11
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<u>(53)</u>	<u>0</u>

**Notes**

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



Thomas Noble & Russell  
Accountants | Auditors | Business Advisers

**BALLINA SHIRE COUNCIL  
SPECIAL SCHEDULE NO 9  
INDEPENDENT AUDITOR'S REPORT**

**REPORT ON SPECIAL SCHEDULE NO 9**

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

**Responsibility of Council for Special Schedule No. 9**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

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

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

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

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

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## **Independence**

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

## **Audit Opinion**

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

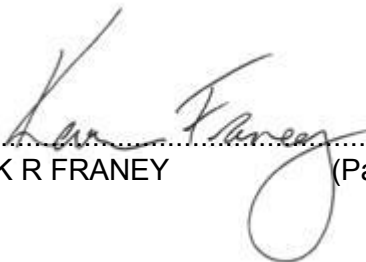
## **Basis of Accounting**

Without modifying our opinion, we advise that Special Schedule No. 9 has been prepared for distribution to the NSW Office of Local Government for the purposes of confirming that Council's reconciliation of its total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Dated at Lismore this 26th day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

Per:

  
.....  
K R FRANEY (Partner)