

Nambucca Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

“Nambucca Valley ~ Living at its best”



Nambucca 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 Nambucca Shire Council.
 - (ii) Nambucca 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 24 September 2015. Council has the power to amend and reissue these financial statements.
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Nambucca 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 24 September 2015



Rhonda Hoban
MAYOR


John Ainsworth
COUNCILLOR

Michael Coulter
GENERAL MANAGER



Craig Doolan
RESPONSIBLE ACCOUNTING OFFICER

Nambucca Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
17,699	Rates & Annual Charges	3a	17,485	16,963
5,977	User Charges & Fees	3b	6,055	5,620
1,472	Interest & Investment Revenue	3c	1,589	2,246
547	Other Revenues	3d	637	474
10,940	Grants & Contributions provided for Operating Purposes	3e,f	11,504	6,101 ²
1,180	Grants & Contributions provided for Capital Purposes	3e,f	10,016	9,882
Other Income:				
843	Net gains from the disposal of assets	5	-	-
38,658	Total Income from Continuing Operations		47,286	41,286
Expenses from Continuing Operations				
10,561	Employee Benefits & On-Costs	4a	10,212	9,559
2,893	Borrowing Costs	4b	2,996	2,833
13,765	Materials & Contracts	4c	9,527	9,699
10,167	Depreciation & Amortisation	4d	9,832	10,083
3,049	Other Expenses	4e	6,276	3,191
	Net Losses from the Disposal of Assets	5	1,642	115
40,435	Total Expenses from Continuing Operations		40,485	35,480
(1,777)	Operating Result from Continuing Operations		6,801	5,806
(1,777)	Net Operating Result for the Year		6,801	5,806
(1,777)	Net Operating Result attributable to Council		6,801	5,806
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(2,957)			(3,215)	(4,076)

¹ Original Budget as approved by Council – refer Note 16² 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 16

Nambucca Shire Council

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

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		6,801	5,806
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	27,748	4,258
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(128)	(19)
Other Movements in reserves	20b (ii)	(825)	(83)
Total Items which will not be reclassified subsequently to the Operating Result		26,795	4,156
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		26,795	4,156
Total Comprehensive Income for the Year		33,596	9,962
Total Comprehensive Income attributable to Council		33,596	9,962
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Nambucca Shire Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	8,660	6,013
Investments	6b	25,262	31,752
Receivables	7	7,743	6,608
Inventories	8	1,465	1,237
Other	8	34	117
Total Current Assets		43,164	45,727
Non-Current Assets			
Inventories	8	21	21
Infrastructure, Property, Plant & Equipment	9	418,986	335,544
Intangible Assets	25	208	-
Total Non-Current Assets		419,215	335,565
TOTAL ASSETS		462,379	381,292
LIABILITIES			
Current Liabilities			
Payables	10	4,214	1,749
Borrowings	10	2,864	2,611
Provisions	10	3,819	3,678
Total Current Liabilities		10,897	8,038
Non-Current Liabilities			
Payables	10	390	415
Borrowings	10	44,393	44,712
Provisions	10	540	514
Total Non-Current Liabilities		45,323	45,641
TOTAL LIABILITIES		56,220	53,679
Net Assets		406,159	327,613
EQUITY			
Retained Earnings	20	292,150	240,399
Revaluation Reserves	20	114,009	87,214
Council Equity Interest		406,159	327,613
Total Equity		406,159	327,613

Nambucca Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		240,399	87,214	327,613	-	327,613
a. Correction of Prior Period Errors	20 (c)	44,125	-	44,125	-	44,125
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		284,524	87,214	371,738	-	371,738
c. Net Operating Result for the Year		6,801		6,801	-	6,801
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		27,748	27,748		27,748
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		(128)	(128)		(128)
Other Comprehensive Income		-	27,620	27,620	-	27,620
Total Comprehensive Income (c&d)		6,801	27,620	34,421	-	34,421
e. Distributions to/(Contributions from) Non-controlling Interests				-	-	-
f. Transfers between Equity		- 825	(825)	-	-	-
Equity - Balance at end of the reporting period		292,150	114,009	406,159	-	406,159

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		234,510	83,058	317,568	-	317,568
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		234,510	83,058	317,568	-	317,568
c. Net Operating Result for the Year		5,806	-	5,806	-	5,806
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,258	4,258	-	4,258
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(19)	(19)	-	(19)
Other Comprehensive Income		-	4,239	4,239	-	4,239
Total Comprehensive Income (c&d)		5,806	4,239	10,045	-	10,045
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		83	(83)	-	-	-
Equity - Balance at end of the reporting period		240,399	87,214	327,613	-	327,613

Nambucca Shire Council

Statement of Cash Flows
for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
<u>Receipts:</u>				
17,699	Rates & Annual Charges		17,412	16,937
5,977	User Charges & Fees		6,233	5,505
1,472	Investment & Interest Revenue Received		1,424	1,855
12,120	Grants & Contributions		17,789	15,881
	Bonds, Deposits & Retention amounts received		119	-
547	Other		4,106	4,592
<u>Payments:</u>				
(10,182)	Employee Benefits & On-Costs		(10,068)	(9,569)
(13,765)	Materials & Contracts		(7,199)	(12,515)
(2,893)	Borrowing Costs		(2,611)	(2,371)
	Bonds, Deposits & Retention amounts refunded		-	(226)
(3,049)	Other		(6,499)	(7,759)
<u>7,926</u>	Net Cash provided (or used in) Operating Activities	11 b	<u>20,706</u>	<u>12,330</u>
Cash Flows from Investing Activities				
<u>Receipts:</u>				
2,418	Sale of Investment Securities		-	-
905	Sale of Real Estate Assets		-	97
134	Sale of Infrastructure, Property, Plant & Equipment		176	11
<u>Payments:</u>				
	Purchase of Investment Securities		6,812	(689)
(12,573)	Purchase of Infrastructure, Property, Plant & Equipment		(24,391)	(29,885)
	Purchase of Real Estate Assets		(228)	(5)
<u>(9,116)</u>	Net Cash provided (or used in) Investing Activities		<u>(17,631)</u>	<u>(30,471)</u>
Cash Flows from Financing Activities				
<u>Receipts:</u>				
3,695	Proceeds from Borrowings & Advances		2,263	11,455
<u>Payments:</u>				
(2,686)	Repayment of Borrowings & Advances		(2,691)	(2,518)
<u>1,009</u>	Net Cash Flow provided (used in) Financing Activities		<u>(428)</u>	<u>8,937</u>
<u>(181)</u>	Net Increase/(Decrease) in Cash & Cash Equivalents		<u>2,647</u>	<u>(9,204)</u>
45,835	plus: Cash & Cash Equivalents - beginning of year	11 a	6,013	15,217
<u>45,654</u>	Cash & Cash Equivalents - end of the year	11 a	<u>8,660</u>	<u>6,013</u>

Additional Information:

plus: Investments on hand - end of year 10 25,262 31,752

Total Cash, Cash Equivalents & Investments 33,922 37,765

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Nambucca Shire Council

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

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

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,

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- (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 infrastructure, property, plant and equipment.
- (ii) 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.

(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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

Interest and Rents

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

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).

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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

- General Purpose Operations
- Water Supply
- Sewerage Service

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- Section 355 Committees of Management

The (i) total income and expenditure from continuing operations and (ii) the net assets held by these excluded Committees & Operations is as follows:

Total income from continuing operations	\$165,666
Total expenditure from continuing operations	\$166,109
Total net assets held (i.e. Equity)	\$42,463

Note:

Where actual figures are not known, best estimates have been applied.

(ii) The Trust Fund

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

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

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 Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(d) Leases

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

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

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

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

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents

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

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & 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,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

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".

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 sheet date.

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council'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.

(iv) Available-for-sale financial assets

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

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

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no 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

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

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

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

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

When securities classified as **"available-for-sale"** are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

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

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

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (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. managed funds, CDOs, and equity linked notes), 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 the balance sheet date.

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

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding Rates & 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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

A provision for impairment (ie an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

(j) Infrastructure, Property, Plant and Equipment (I,PP&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,PP&E were stated at their Fair Value;

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**
(Internal Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Other Structures**
(Internal Valuation)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Bulk Earthworks** Internal Valuation)

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- **Stormwater Drainage** (Internal Valuation)
- **Water and Sewerage Networks**
(External Valuation)
- **Swimming Pools**
(Internal Valuation)
- **Other Open Space/Recreational Assets**
(Internal Valuation)
- **Other Infrastructure**
(Internal Valuation)
- **Other Assets**
(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 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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	> \$20,000
- renovations	> \$20,000
Other Structures	> \$20,000

Water & Sewer Assets

Reticulation, Treatment Works	Capitalise
Mains, Reservoirs, Pump Stations	Capitalise

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction & reconstruction	Capitalise
Reseal/Re-sheet & major repairs	> \$20,000
Bridge construction & reconstruction	> \$20,000

Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000
Other Infrastructure	> \$10,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

- Office Equipment	3 to 15 years
- Office furniture	5 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	12 years
- Other plant and equipment	12 years

Other Equipment

- Bush Fire Equipment	5 years
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Buildings

- Buildings: Operating	15 to 60 years
- Buildings: Community	20 to 60 years

Water Supply

- Headworks/Bores	30 years
- Mains	80 years
- Reservoirs	100 years
- Pump Stations	40 years
- Water Treatment Plant	50 years
- Dams	100 years

Sewer Supply

- Reticulation	70 years
- Rising Mains	70 years
- Treatment Works	40 years
- Pump Stations	60 years
- Effluent Pumping Station	60 years

Stormwater Assets

- Drains	85 to 106 years
- Culverts	80 years

Transportation Assets

- Sealed Roads	18 to 120 years
- Unsealed roads	19 to 84 years
- Bridges	21 to 95 years
- Footpaths	85 to 127 years
- Kerb and Gutter	60 to 84 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	60 to 65 years
- Other Open Space/Recreational Assets	5 to 60 years
- Other Infrastructure	15 to 100 years

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

Council has elected 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

Land Easements – Water Storage Dam

These costs are recognised at cost. The assets are periodically reviewed and are considered to have an indefinite life.

(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.

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) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) 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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 sheet date and the cost is charged to the income statement.

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

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

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,PP&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.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 (other than goodwill) 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 balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(t) Borrowing costs

Borrowing costs are expensed.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of

time that is required to complete and prepare the asset for its intended use or sale.

(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;
- 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.

Nambucca Shire Council

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

Note 1. Summary of Significant Accounting Policies

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 in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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 February 2013.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 370,645.

The amount of additional contributions included in the total employer contribution advised above is \$160,498.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$178,200 as at 30 June 2015.

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.

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 Balance Sheet are stated inclusive of any applicable GST.

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

Nambucca Shire Council

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

Note 1. Summary of Significant Accounting Policies

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.

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).

Not applicable to Local Government per se;

None

Nambucca Shire Council

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

Note 1. Summary of Significant Accounting Policies

(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.

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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	9	700	505	632	(700)	(505)	(623)	-	67	-	-
Administration	41	372	254	2,694	3,893	401	(2,653)	(3,521)	(147)	40	3	17,075	12,450
Public Order & Safety	407	485	337	731	1,172	1,200	(324)	(687)	(863)	342	291	3,064	3,040
Health	150	173	158	98	228	221	52	(55)	(63)			49	57
Environment	5,061	5,504	5,720	5,264	6,382	5,324	(203)	(878)	396	361	420	28,789	13,819
Community Services & Education	198	303	402	390	423	627	(192)	(120)	(225)	303	106	1,162	1,176
Housing & Community Amenities	430	371	105	1,718	1,476	1,422	(1,288)	(1,105)	(1,317)		150	1,581	1,564
Water Supplies	5,773	6,505	13,348	5,539	4,837	4,398	234	1,668	8,950	743	8,245	107,484	105,921
Sewerage Services	4,706	5,078	4,705	4,803	4,670	4,905	(97)	408	(200)		75	81,615	82,208
Recreation & Culture	214	1,320	515	2,993	3,383	3,187	(2,779)	(2,063)	(2,672)	1,036	168	35,052	37,211
Mining, Manufacturing & Construction	98	169	140	121	373	312	(23)	(204)	(172)				
Transport & Communication	7,818	13,573	3,455	15,127	12,691	12,324	(7,309)	882	(8,869)	760	1,117	185,595	122,831
Economic Affairs	762	102	75	257	452	527	505	(350)	(452)	1	157	913	1,015
Total Functions & Activities	25,658	33,955	29,223	40,435	40,485	35,480	(14,777)	(6,530)	(6,257)	3,586	10,799	462,379	381,292
General Purpose Income ¹	13,000	13,331	12,063			-	13,000	13,331	12,063	4,098	2,282		-
Operating Result from Continuing Operations	38,658	47,286	41,286	40,435	40,485	35,480	(1,777)	6,801	5,806	7,684	13,081	462,379	381,292

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

Nambucca Shire Council

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

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

Administration, youth services, other family and children, aged and disabled, 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, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Nambucca Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		6,721	6,484
Farmland		821	789
Business		1,013	989
Total Ordinary Rates		8,555	8,262
Special Rates			
Environmental		356	349
Total Special Rates		356	349
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		3,409	3,398
Water Supply Services		865	677
Sewerage Services		3,345	3,317
Drainage		142	140
Waste Management Services (non-domestic)		813	820
Total Annual Charges		8,574	8,352
TOTAL RATES & ANNUAL CHARGES		17,485	16,963

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Nambucca Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,614	3,560
Sewerage Services		751	806
Waste Management Services (non-domestic)		813	499
Library		4	4
Other		9	15
Total User Charges		5,191	4,884
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		164	133
Planning & Building Regulation		196	177
Private Works - Section 67		73	61
Regulatory/ Statutory Fees		233	177
Section 149 Certificates (EPA Act)		49	49
Section 603 Certificates		34	35
Septic Tank Income		28	18
Total Fees & Charges - Statutory/Regulatory		777	650
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Cemeteries		87	86
Total Fees & Charges - Other		87	86
TOTAL USER CHARGES & FEES		6,055	5,620

Nambucca Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		78	141
- Interest earned on Investments (interest & coupon payment income)		1,189	1,660
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		322	445
TOTAL INTEREST & INVESTMENT REVENUE		1,589	2,246

Interest Revenue is attributable to:**Unrestricted Investments/Financial Assets:**

Overdue Rates & Annual Charges (General Fund)	78	141
General Council Cash & Investments	847	1,373

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	49	75
- Section 64	194	289
Water Fund Operations	470	453
Sewerage Fund Operations	182	249
Domestic Waste Management operations	16	10

Restricted Investments/Funds - Internal:

Internally Restricted Assets	(247)	(344)
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Total Interest & Investment Revenue Recognised	1,589	2,246
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(d) Other Revenues

Fines - Parking	49	16
Fines - Other	17	18
Legal Fees Recovery - Rates & Charges (Extra Charges)	4	4
Legal Fees Recovery - Other	30	-
Administration	3	3
Bank Merchant Service Fees	16	28
Diesel Rebate	45	40
Environmental Services	15	14
Insurance - Premium Rebates	97	70
Lease Rentals	299	246
Libraries	6	6
Road Closure/Compulsory Acquisition	16	19
Sales - General	5	3
Special Meter Reading Fees	3	3
Tourism	20	-
Other	12	4
TOTAL OTHER REVENUE	637	474

Nambucca Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,505	1,231	-	-
Financial Assistance - Local Roads Component	1,139	562	-	-
Pensioners' Rates Subsidies - General Component	454	489	-	-
Total General Purpose	4,098	2,282	-	-

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

Specific Purpose				
Water Supplies	-	-	743	8,157
Bushfire & Emergency Services	274	291	-	-
Community Care	184	287	-	-
Community Centres	16	-	-	-
Cycleways	-	-	103	567
Economic Development	2	-	-	-
Employment & Training Programs	119	114	-	-
Environmental Protection	105	228	-	-
Household Problem Waste	-	-	-	156
Library	63	62	-	-
LIRS Subsidy	106	67	-	-
Museums	-	5	-	-
Noxious Weeds	172	212	-	-
Public Halls	-	2	-	-
Recreation & Culture	50	99	908	-
Street Lighting	19	19	-	-
Transport (Roads to Recovery)	531	531	-	-
Other - Better Waste & Recycling	84	-	-	-
Other- Responsible Pet Ownership	15	-	-	-
Other- Reimbursement - Insurance	33	-	-	-
Other- Foreshore/Beach	-	-	53	-
Other	6	2	-	-
Total Specific Purpose	1,779	1,919	1,807	8,880
Total Grants	5,877	4,201	1,807	8,880

Grant Revenue is attributable to:

- Commonwealth Funding	4,341	1,787	743	8,157
- State Funding	1,442	2,347	1,064	723
- Other Funding	94	67	-	-
	5,877	4,201	1,807	8,880

Nambucca Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Nil				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	99	88
S 94A - Fixed Development Consent Levies	-	-	140	145
S 64 - Water Supply Contributions	-	-	382	140
S 64 - Sewerage Service Contributions	-	-	354	91
Total Developer Contributions	17	-	975	464
Other Contributions:				
Kerb & Gutter	-	1	-	-
Libraries	1	3	-	-
Recreation & Culture	10	5	-	12
RMS Contributions (Regional Roads, Block Grant)	1,686	1,750	4,891	186
Sewerage (excl. Section 64 contributions)	-	-	8	4
Subdivider Dedications	-	-	2,301	223
Water Supplies (excl. Section 64 contributions)	-	-	34	113
Other - Landslip Restoration	3,900	141	-	-
Other - Water & Sewer Cont. to Works Depot	29	-	-	-
Other - Environmental Protection	1	-	-	-
Total Other Contributions	5,627	1,900	7,234	538
Total Contributions	5,627	1,900	8,209	1,002
TOTAL GRANTS & CONTRIBUTIONS	11,504	6,101	10,016	9,882

Nambucca Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Nil		
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	7,655	12,060
add: Grants & contributions recognised in the current period but not yet spent:	3,044	9,376
less: Grants & contributions recognised in a previous reporting period now spent:	(1,785)	(13,781)
Net Increase (Decrease) in Restricted Assets during the Period	1,259	(4,405)
Unexpended and held as Restricted Assets	8,914	7,655
Comprising:		
- Specific Purpose Unexpended Grants	2,231	797
- Developer Contributions	6,683	6,858
	8,914	7,655

Nambucca Shire Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,975	6,842
Employee Termination Costs (where material - other than vested leave paid)		328	56
Travelling		464	492
Employee Leave Entitlements (ELE)		1,589	1,432
Superannuation		923	947
Workers' Compensation Insurance		312	267
Fringe Benefit Tax (FBT)		58	50
Training Costs (other than Salaries & Wages)		91	81
Other		19	33
Total Employee Costs		10,759	10,200
less: Capitalised Costs		(547)	(641)
TOTAL EMPLOYEE COSTS EXPENSED		10,212	9,559
Number of "Equivalent Full Time" Employees at year end		108	119
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		114	124
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,611	2,397
Total Interest Bearing Liability Costs		2,611	2,397
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		2,611	2,397
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	23	21
Interest applicable on Interest Free (& favourable) Loans to Council		362	415
Total Other Borrowing Costs		385	436
TOTAL BORROWING COSTS EXPENSED		2,996	2,833

Nambucca Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		1,560	1,843
Contractor & Consultancy Costs		3,730	3,742
- Beach Inspections		63	61
- Cleaning of Council Buildings		110	87
- Computer System - "Civica - Authority		116	113
- Equipment Hire		722	652
- Financial		24	24
- Ordinance Officer		-	32
- Town Planning		7	24
- Waste Collection Contract		2,925	2,776
- Contractor & Consultancy Costs - Environmental		38	-
- Contractor & Consultancy Costs - Community Consultation		6	-
Auditors Remuneration ⁽¹⁾		37	26
Legal Expenses:			
- Legal Expenses: Planning & Development		62	107
- Legal Expenses: Other		127	212
Total Materials & Contracts		9,527	9,699
TOTAL MATERIALS & CONTRACTS		9,527	9,699

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

Remuneration for audit and other assurance services

37	26
37	26

(ii) Taxation Services**Remuneration for taxation services**

-	-
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(iii) Other Services**Remuneration for other services**

-	-
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Total Auditor Remuneration

37	26
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2. Operating Lease Payments are attributable to:

-	-
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Nambucca Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	676	680
Office Equipment		-	-	139	150
Furniture & Fittings		-	-	13	14
Land Improvements (depreciable)		-	-	15	15
Buildings - Non Specialised		-	-	480	513
Buildings - Specialised		-	-	324	324
Other Structures		-	-	103	98
Infrastructure:					
- Roads		-	19	4,151	4,312
- Bridges		128	-	542	547
- Footpaths		-	-	127	114
- Stormwater Drainage		-	-	412	411
- Water Supply Network		-	-	1,008	975
- Sewerage Network		-	-	1,620	1,753
- Swimming Pools		-	-	53	53
- Other Open Space/Recreational Asset		-	-	107	100
- Other Infrastructure		-	-	56	56
Other Assets					
- Heritage Collections		-	-	3	5
- Other		-	-	38	12
Asset Reinstatement Costs	9 & 26	-	-	42	42
Total Depreciation & Impairment Costs		128	19	9,909	10,174
less: Capitalised Costs		-	-	(77)	(91)
less: Impairments (to)/from ARR [Equity]	9a	(128)	(19)	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	9,832	10,083

Nambucca Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		91	162
Bad & Doubtful Debts		20	-
Bank Charges		54	55
Contributions/Levies to Other Levels of Government		58	59
- Bushfire Fighting Fund		211	233
- Waste Levy		349	208
- Other Contributions/Levies		45	38
Councillor Expenses - Mayoral Fee		23	23
Councillor Expenses - Councillors' Fees		99	99
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		32	34
Donations, Contributions & Assistance to other organisations (Section 356)		102	122
- SES Vehicle Expenses		32	30
Electricity & Heating		663	749
Insurance		609	619
Insurance Excess (PI/PL)		15	8
Office Expenses (including computer expenses)		177	189
Postage		41	39
Printing & Stationery		75	74
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	3,137	-
Street Lighting		249	258
Subscriptions & Publications		69	63
Telephone & Communications		66	71
Valuation Fees		59	58
Total Other Expenses		6,276	3,191
TOTAL OTHER EXPENSES		6,276	3,191

Nambucca Shire Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	4
less: Carrying Amount of Property Assets Sold / Written Off		-	(77)
Net Gain/(Loss) on Disposal		-	(73)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		176	7
less: Carrying Amount of P&E Assets Sold / Written Off		(160)	-
Net Gain/(Loss) on Disposal		16	7
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,658)	(119)
Net Gain/(Loss) on Disposal		(1,658)	(119)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		-	97
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	(27)
Net Gain/(Loss) on Disposal		-	70
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,642)	(115)

Nambucca 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 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,204	-	533	-
Cash-Equivalent Asset ¹					
- Deposits at Call		3,063	-	508	-
- Short Term Deposits		3,393	-	4,972	-
Total Cash & Cash Equivalents		8,660	-	6,013	-
Investments (Note 6b)					
- Managed Funds		4,331	-	4,207	-
- Long Term Deposits		19,457	-	25,717	-
- NCD's, FRN's (with Maturities > 3 months)		-	-	516	-
- Tcorp		1,474	-	1,312	-
Total Investments		25,262	-	31,752	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		33,922	-	37,765	-

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

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

Cash & Cash Equivalents					
a. "Held to Maturity At Cost"		8,660	-	6,013	-
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	8(b-i)			-	-
- "Designated at Fair Value on Initial Recognition"	8(b-i)	5,805		6,035	-
b. "Held to Maturity"	8(b-ii)	19,457	-	25,717	-
c. "Loans & Receivables"	8(b-iii)			-	-
d. "Available for Sale"	8(b-iv)			-	-
Investments		25,262	-	31,752	-

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

Nambucca Shire Council

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

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	6,035	-	6,143	-
Revaluations (through the Income Statement)	322	-	445	-
Additions	532	-	10,097	-
Disposals (sales & redemptions)	(1,084)	-	(10,650)	-
Balance at End of Year	5,805	-	6,035	-
Comprising:				
- Managed Funds	4,331	-	4,207	-
- NCD's, FRN's (with Maturities > 3 months)	-	-	516	-
- Other Long Term Financial Assets	1,474	-	1,312	-
Total	5,805	-	6,035	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	25,717	-	24,475	-
Additions	4,586	-	9,237	-
Disposals (sales & redemptions)	(10,846)	-	(7,995)	-
Balance at End of Year	19,457	-	25,717	-
Comprising:				
- Other Long Term Financial Assets	19,457	-	25,717	-
Total	19,457	-	25,717	-
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil	-	-	-	-
Balance at End of Year	-	-	-	-
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil	-	-	-	-
Balance at End of Year	-	-	-	-

Nambucca Shire Council

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

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

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	33,922	-	37,765	-
attributable to:				
External Restrictions (refer below)	27,931	-	32,449	-
Internal Restrictions (refer below)	4,940	-	4,410	-
Unrestricted	1,051	-	906	-
	33,922	-	37,765	-

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

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	392	2,458	(1,258)	1,592
Specific Purpose Unexpended Loans-Water (A)	8,983	-	(8,983)	-
Security Deposits	568	270	(149)	689
External Restrictions - Included in Liabilities	9,943	2,728	(10,390)	2,281

External Restrictions - Other

Developer Contributions - General (D)	1,345	289	(274)	1,360
Developer Contributions - Water Fund (D)	3,606	514	(433)	3,687
Developer Contributions - Sewer Fund (D)	1,907	415	(686)	1,636
Specific Purpose Unexpended Grants (F)	797	1,826	(392)	2,231
Water Supplies (G)	8,502	3,265	(1,183)	10,584
Sewerage Services (G)	5,008	1,657	(982)	5,683
Domestic Waste Management (G)	1,341	42	(914)	469
External Restrictions - Other	22,506	8,008	(4,864)	25,650
Total External Restrictions	32,449	10,736	(15,254)	27,931

Nambucca Shire Council

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

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	304	7	-	311
Employees Leave Entitlement	1,981	325	(548)	1,758
Council Building Reserve	184	30		214
Election	57	30		87
Environment Rate Unallocated	361	538	(271)	628
Land Development	207		(327)	(120)
Lawn Cemetery	8			8
Office Equipment	145	38	(41)	142
On Site Sewer Management	13			13
Other Contributions	377	55	(296)	136
Public Road/Reserve Sales	51		(6)	45
Stormwater Management	142		(7)	135
Swimming Pool	73	20	(15)	78
Waste Management	507	1,077	(79)	1,505
Total Internal Restrictions	4,410	2,120	(1,590)	4,940
TOTAL RESTRICTIONS	36,859	12,856	(16,844)	32,871

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by Roads and Maritime Services for (RMS) works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G 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.

Nambucca Shire Council

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

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		854	-	779	-
Interest & Extra Charges		(22)	-	36	-
User Charges & Fees		1,676	-	1,854	-
Accrued Revenues					
- Interest on Investments		397	-	496	-
- Other Income Accruals		9	-	-	-
Cycleway(RMS)		19	-	330	-
Flood Damage(RMS)		108	-	158	-
General		297	-	197	-
Government Grants & Subsidies		3,771	-	2,341	-
Net GST Receivable		561	-	328	-
On Site Sewer M'ment		11	-	22	-
Traffic Subsidy		-	-	20	-
Other Debtors - Street Lighting		19	-	-	-
Other Debtors		68	-	70	-
Total		7,768	-	6,631	-
less: Provision for Impairment					
Rates & Annual Charges		(25)	-	(23)	-
Total Provision for Impairment - Receivables		(25)	-	(23)	-
<u>TOTAL NET RECEIVABLES</u>		<u>7,743</u>	<u>-</u>	<u>6,608</u>	<u>-</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		1,210	-	1,329	-
- Other		-	-	1,870	-
Sewerage Services					
- Rates & Availability Charges		406	-	447	-
- Other		429	-	455	-
Domestic Waste Management		316	-	300	-
Total External Restrictions		2,361	-	4,401	-
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		5,382	-	2,207	-
TOTAL NET RECEIVABLES		7,743	-	6,608	-

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.

Nambucca Shire Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		363	21	135	21
Stores & Materials		1,102	-	1,102	-
Total Inventories		1,465	21	1,237	21
Other Assets					
Prepayments		34	-	117	-
Total Other Assets		34	-	117	-
TOTAL INVENTORIES / OTHER ASSETS		1,499	21	1,354	21
Externally Restricted Assets					
Water					
Stores & Materials		40	-	42	-
Total Water		40	-	42	-
Sewerage					
Nil		-	-	-	-
Total Sewerage		-	-	-	-
Domestic Waste Management					
Nil		-	-	-	-
Total Domestic Waste Management		-	-	-	-
Other					
Nil		-	-	-	-
Total Other		-	-	-	-
Total Externally Restricted Assets		40	-	42	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,459	21	1,312	21
TOTAL INVENTORIES & OTHER ASSETS		1,499	21	1,354	21

Nambucca Shire Council

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

Note 8. Inventories & Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	76	21	98	21
Industrial/Commercial	287	-	37	-
Total Real Estate for Resale	363	21	135	21
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	134	21	-	21
Development Costs	229	-	135	-
Total Costs	363	21	135	21
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	363	21	135	21
Movements:				
Real Estate assets at beginning of the year	135	21	157	21
- Purchases and other costs	228	-	5	-
- WDV of Sales (exp)	-	-	(27)	-
Total Real Estate for Resale	363	21	135	21

(b) Current Assets not anticipated to be settled within the next 12 months

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2015	2014
Real Estate for Resale	-	-
	-	-

(c) Inventories recognised as an expense for the year included:

- Real Estate for Resale	-
- Stores & Materials	-
- Trading Stock	-

(d) Inventory Write Downs

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

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

Nambucca Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2016

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 Dep'n	Impairment	Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense (in Equity)	Impairment Loss (recognised in Equity)	Adjustments & Transfers	Revaluation Decrements to P&L	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Capital Work in Progress	43,378	-	4	-	43,374	15,019	-	-	-	-	(54,654)	-	-	-	3,739	-	-	-	3,739
Plant & Equipment	-	11,062	7,952	-	3,110	1,283	-	(161)	(576)	-	186	-	-	-	-	11,693	7,951	-	3,742
Office Equipment	-	1,738	1,107	-	631	54	-	-	(139)	-	-	-	-	-	-	1,768	1,222	-	546
Furniture & Fittings	-	440	378	-	62	-	-	-	(13)	-	-	-	-	-	-	440	391	-	49
Land:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	-	6,916	-	-	6,916	-	-	(357)	-	-	141	-	-	-	-	6,700	-	-	6,700
- Community Land	-	16,218	-	-	16,218	-	-	-	-	-	(141)	-	-	-	-	16,077	-	-	16,077
- Land under Roads (post 30/6/09)	-	2,577	-	-	2,577	207	-	-	-	-	-	-	-	-	-	2,784	-	-	2,784
Land Improvements - depreciable	-	1,001	302	-	699	13	-	-	(15)	-	-	-	-	-	-	1,014	317	-	697
Buildings - Non Specialised	-	24,481	12,575	-	11,906	10	-	(993)	(480)	-	-	-	-	-	-	21,995	11,552	-	10,443
Buildings - Specialised	-	14,866	6,563	-	8,303	26	-	-	(324)	-	803	-	-	-	-	15,896	6,888	-	8,808
Other Structures	-	5,261	878	-	4,383	173	-	-	(103)	-	103	-	-	-	-	5,536	980	-	4,556
Infrastructure:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Roads	-	142,039	77,341	21	64,677	2,811	14	(15)	(4,151)	(128)	680	(3,137)	(28,072)	22,323	-	132,074	48,851	6	83,217
- Bridges	-	33,778	8,013	-	25,765	213	-	-	(542)	-	583	-	4,133	4,133	-	40,170	13,118	128	26,924
- Footpaths	-	5,301	2,620	-	2,681	330	-	-	(127)	-	3	-	(1,300)	3,248	-	8,254	2,119	-	6,135
- Bulk Earthworks (non-depreciable)	-	18,278	-	4	18,274	514	4	-	-	-	1,897	-	(7,783)	22,988	-	43,677	-	-	43,677
- Stormwater Drainage	-	25,076	17,356	4	8,716	1,069	-	(6)	(412)	-	-	-	(10,055)	20,648	-	42,011	11,986	4	30,021
- Water Supply Network	-	69,067	30,788	-	38,279	459	-	-	(1,008)	-	49,307	-	556	-	-	119,824	32,237	-	87,587
- Sewerage Network	-	104,402	32,005	-	72,397	411	-	-	(1,620)	-	586	-	1,062	-	-	106,965	34,129	-	72,836
- Swimming Pools	-	4,758	3,396	-	1,362	26	-	-	(53)	-	-	-	-	-	-	4,784	3,449	-	1,335
- Other Open Space/Recreational Assets	-	3,267	1,335	-	1,932	73	-	-	(107)	-	-	-	-	-	-	3,340	1,442	-	1,898
- Other Infrastructure	-	3,127	556	-	2,571	3,765	-	-	(56)	-	506	-	-	-	-	7,398	612	-	6,785
Other Assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	520	145	-	375	-	-	(286)	(3)	-	-	-	-	-	-	120	34	-	86
- Other	-	190	20	-	170	87	-	-	(38)	-	-	-	-	-	-	278	59	-	219
Reinstatement, Rehabilitation & Restoration Assets (refer Note 20):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tip Assets	-	435	269	-	166	-	-	-	(42)	-	-	-	-	-	-	434	310	-	124
TOTAL INFRASTRUCTURE, PROPERTY PLANT & EQUIP.	43,378	495,798	203,803	29	335,844	26,543	18	(1,818)	(9,909)	(128)	-	(3,137)	(47,210)	74,958	3,739	593,032	177,647	138	418,986

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$20,093,050) and New Assets (\$6,447,781).
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.

Nambucca Shire Council

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

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP				-	42,342	-	4	42,338
Plant & Equipment		747	160	587	-	435	139	296
Office Equipment		10	10	-	-	10	10	-
Furniture & Fittings		2	2	-	-	2	2	-
Land								
- Operational Land		1,510		1,510	-	1,530	-	1,530
- Community Land		20	-	20	-	-	-	-
Buildings		1,028	148	880	-	300	142	158
Other Structures		108	2	106	-	5	2	3
Infrastructure		119,824	32,238	87,586	-	69,067	30,787	38,280
Other Assets		2,577	27	2,550	-	-	-	-
Total Water Supply	-	125,826	32,587	93,239	42,342	71,349	31,086	82,605
Sewerage Services								
WIP	36			36	525	-	-	525
Plant & Equipment		572	327	245	-	526	282	244
Office Equipment		7	7	-	-	7	7	-
Furniture & Fittings		7	7	-	-	7	7	-
Land								
- Operational Land		1,525		1,525	-	1,515	-	1,515
- Community Land		45	-	45	-	55	-	55
Buildings		1,165	269	896	-	1,165	247	918
Other Structures		23	-	23	-	-	-	-
Infrastructure		106,965	34,130	72,835	-	104,402	32,005	72,397
Total Sewerage Services	36	110,309	34,740	75,605	525	107,677	32,548	75,654
Domestic Waste Management								
Plant & Equipment		615	609	6	-	615	608	7
Land								
- Operational Land		625	-	625	-	625	-	625
- Improvements - depreciable		30	9	21	-	30	8	22
Buildings		201	88	113	-	201	84	117
Other Structures		3,197	269	2,928	-	3,047	239	2,808
Total DWM	-	4,668	975	3,693	-	4,518	939	3,579
TOTAL RESTRICTED I,PP&E	36	240,803	68,302	172,537	42,867	183,544	64,573	161,838

Nambucca Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<u>(i) Impairment Losses recognised in the Income Statement:</u>			
Total Impairment Losses		-	-
<u>(ii) Reversal of Impairment Losses previously recognised in the Income Statement:</u>			
Total Impairment Reversals		-	-
<u>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</u>	4(d)	-	-
 <u>(iii) Impairment Losses recognised direct to Equity (ARR):</u>			
- Taylors Arm Road-Rural sealed road-Landslip following severe storms			(10)
- Lower Parkes Street-Urban sealed road-Landslip following severe storms			(9)
- Bradley's Bridge - Bridge damage following severe storms		(128)	-
Total Impairment Losses		(128)	(19)
 <u>(iv) Reversals of Impairment Losses previously recognised direct to Equity (ARR):</u>			
- Taylors Arm Road-Rural sealed road-Landslip following severe storms		10	-
- Lower Parkes Street-Urban sealed road-Landslip following severe storms		9	-
Total Impairment Reversals		19	-
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)	(109)	(19)

Refer to Note 9(a) for Impairment Restoration Works totalling \$18K undertaken this year relating to current year or prior year Impairments.

Nambucca Shire Council

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

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		3,601	-	1,273	
Accrued Expenses:					
- Borrowings		272	-	272	-
- Other Expenditure Accruals		18	-	13	-
Government Departments		-	-	8	-
Security Bonds, Deposits & Retentions		299	390	155	415
Other		24	-	28	-
Total Payables		4,214	390	1,749	415
Borrowings					
Loans - Secured ¹		2,864	44,393	2,611	44,712
Total Borrowings		2,864	44,393	2,611	44,712
Provisions					
Employee Benefits:					
Annual Leave		655	-	614	-
Sick Leave		985	-	958	-
Long Service Leave		2,005	39	1,941	36
Other Leave		174	-	165	-
Sub Total - Aggregate Employee Benefits		3,819	39	3,678	36
Asset Remediation/Restoration (Future Works)	26	-	501	-	478
Total Provisions		3,819	540	3,678	514
Total Payables, Borrowings & Provisions		10,897	45,323	8,038	45,641

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	454	23,650	437	23,982
Sewer	1,672	7,476	1,664	8,733
Liabilities relating to externally restricted assets	2,126	31,126	2,101	32,715
Internally Restricted Assets				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	2,126	31,126	2,101	32,715
Total Liabilities relating to Unrestricted Assets	8,771	14,197	5,937	12,926
TOTAL PAYABLES, BORROWINGS & PROVISIONS	10,897	45,323	8,038	45,641

[†] 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.

Nambucca Shire Council

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

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

	Actual 2015	Actual 2014
\$ '000		
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
Nil		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	2,357	2,670
	2,357	2,670

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	614	681	(640)			655
Sick Leave	958	423	(396)			985
Long Service Leave	1,977	501	(434)			2,044
Other Leave (enter deta	165	9				174
Asset Remediation	478	23				501
TOTAL	4,192	1,637	(1,470)	-	-	4,359

- 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.
- Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- 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.
- Other Provisions represent the AAS30 adjustment for ELE.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	8,660	6,013
BALANCE as per the STATEMENT of CASH FLOWS		8,660	6,013
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		6,801	5,806
Adjust for non cash items:			
Depreciation & Amortisation		9,832	10,083
Net Losses/(Gains) on Disposal of Assets		1,642	115
Non Cash Capital Grants and Contributions		(2,301)	(223)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(322)	(445)
- Write Offs relating to the Fair Valuation of I,PP&E		3,137	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		362	415
Unwinding of Discount Rates on Reinstatement Provisions		23	21
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,137)	(325)
Increase/(Decrease) in Provision for Doubtful Debts		2	(1)
Decrease/(Increase) in Inventories		-	(264)
Decrease/(Increase) in Other Assets		83	(42)
Increase/(Decrease) in Payables		2,328	(2,552)
Increase/(Decrease) in accrued Interest Payable		-	26
Increase/(Decrease) in other accrued Expenses Payable		5	-
Increase/(Decrease) in Other Liabilities		107	(274)
Increase/(Decrease) in Employee Leave Entitlements		144	(10)
NET CASH PROVIDED FROM/(USED IN)			
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		20,706	12,330

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Subdivisions		2,301	223
Total Non-Cash Investing & Financing Activities		2,301	223
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit Cards / Purchase Cards		50	26
Total Financing Arrangements		50	26
Amounts utilised as at Balance Date:			
- Credit Cards / Corporate Cards		7	1
Total Financing Arrangements Utilised		7	1

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

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Bank Guarantees**(f) Net Cash Flows Attributable to Discontinued Operations**

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Nambucca Shire Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Structures		2,510	12,275
Total Commitments		2,510	12,275
These expenditures are payable as follows:			
Within the next year		2,510	12,275
Total Payable		2,510	12,275
Sources for Funding of Capital Commitments:			
Externally Restricted Reserves		154	550
Unexpended Loans		456	9,725
New Loans (to be raised)		-	2,000
Other Funding (Landslip- Transport NSW)		1,900	-
Total Sources of Funding		2,510	12,275
Details of Capital Commitments			
Landslip Remediation			
Off River Storage Dam			
Upgrade Of Recycled Water System			

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	1,242	3.36%	-14.23%	-13.26%
Total continuing operating revenue ⁽¹⁾	36,948			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	25,444	54.18%	60.87%	47.21%
Total continuing operating revenue ⁽¹⁾	46,964			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	12,832	2.00x	2.70	1.71
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	6,414			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	14,070	2.47x	1.59	1.94
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	5,687			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	807	4.40%	4.42%	4.88%
Rates, Annual and Extra Charges Collectible	18,359			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	28,117	11.61 mths	10.89	15.88
Payments from cash flow of operating and financing activities	2,422			

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).

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions) - Operating Expenses	9.96%	-3.00%	3.12%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: 18.94%	-4.72%	-24.38%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾	80.01%	86.62%	44.45%
(excl. ALL Grants & Contributions)			
Total continuing operating revenue ⁽¹⁾	prior period: 37.75%	94.56%	67.61%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	2.67x	0.26x	1.74x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 3.14	0.28	2.14
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	1.57x	0.93x	5.70x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	prior period: 1.82	0.93	2.35
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding	5.82%	5.91%	3.93%
Rates, Annual and Extra Charges Collectible			
	prior period: 5.52%	5.25%	4.15%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents + All Term Deposits	41.72 mths	18.89 mths	3.86 mths
Payments from cash flow of operating and financing activities	prior period: 68.94	17.66	1.68

Notes

⁽¹⁾ - ⁽⁴⁾ Refer to Notes at Note 13a(i) above.⁽⁵⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Nambucca Shire Council

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

Note 14. Investment Properties

			Actual	Actual
\$ '000	Notes		2015	2014

Council has not classified any Land or Buildings as "Investment Properties"

Nambucca Shire Council

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

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	8,660	6,013	8,617	5,988
Investments				
- "Designated At Fair Value on Initial Recognition"	5,805	6,035	5,805	6,035
- "Held to Maturity"	19,457	25,717	19,457	25,717
Receivables	7,743	6,608	7,743	6,608
Total Financial Assets	41,665	44,373	41,622	44,348
Financial Liabilities				
Payables	4,604	2,164	4,604	2,164
Loans / Advances	47,257	47,323	45,316	45,998
Total Financial Liabilities	51,861	49,487	49,920	48,162

Fair Value is determined as follows:

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

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

Nambucca Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

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

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 10% movement in Market Values	580	580	(580)	(580)
Possible impact of a 1% movement in Interest Rates	318	318	(318)	(318)
2014				
Possible impact of a 10% movement in Market Values	552	552	(552)	(552)
Possible impact of a 1% movement in Interest Rates	373	373	(373)	(373)

Nambucca Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	93%	44%	93%	93%
Overdue	7%	56%	7%	7%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

Rates & Annual Charges	Other Receivables	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
Current	Current	794	3,027	726	5,414
< 1 year overdue	0 - 30 days overdue	60	3,615	53	-
1 - 2 years overdue	30 - 60 days overdue		74	-	-
2 - 5 years overdue	60 - 90 days overdue		3	-	-
> 5 years overdue	> 90 days overdue		195	-	438
		854	6,914	779	5,852

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	23	24
+ new provisions recognised during the year	2	(1)
Balance at the end of the year	25	23

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	689	3,601	314					4,604	4,604
Loans & Advances		2,865	2,902	2,992	2,911	2,778	32,809	47,257	47,257
Total Financial Liabilities	689	6,466	3,216	2,992	2,911	2,778	32,809	51,861	51,861
2014									
Trade/Other Payables	570	515	414	-	-	-	-	1,499	2,164
Loans & Advances	-	2,611	2,692	2,720	2,803	2,714	33,783	47,323	47,323
Total Financial Liabilities	570	3,126	3,106	2,720	2,803	2,714	33,783	48,822	49,487

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
Bank Overdraft	-	0.8%	-	0.6%
Trade/Other Payables	4,604	0.0%	2,164	0.0%
Loans & Advances - Fixed Interest Rate	47,257	3.7%	47,323	3.5%
	51,861		49,487	

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

Council's Original Financial Budget for 14/15 was incorporated as part of its Operational Plan and was adopted by Council on 26 June, 2014.

The Income Statement and Note 2 (a) provides budget information of revenues and expenditures of each of the major activities of the council. Budget figures presented are those adopted by council for the 2014/15 financial year including transactions between activity areas and entities eliminated from the actual figure, and do not include council approved variations throughout the year.

The variation in other revenues came from a number of items. Two renewed caravan park leases generated an additional \$24,000 as well additional lease back of private vehicles of \$13,000. Revenue from parking infringements was up \$23,000 with POEO notices and orders revenue up \$14,000. Rental for the use of the Macksville Senior Citizens Centre generated \$11,000 after the Sect 355 committee disbanded.

A variation also exists in capital grants & contributions. With regard to grants the actual amount of grants received depends on decisions made by State and Federal Governments after Council's Original Budgets is adopted.

The \$8,836,000 increase is reflected by a final subsidy and additional claim for the Off Stream Water Storage Project totaling \$743,000. Also there were a number of Public Recreation Grants not shown in the Original Budget, being a receipt of a grant for the delayed Bellwood to Macksville Cycleway of \$103,000, \$30,000 for the Gordon Park Footbridge and \$54,000 for the Valla Beach Walkway to commence in 15/16, and \$976,000 for the Macksville Fun & Fitness project. Council also received \$2,300,000 in subdivider dedications, an additional \$332,000 in Section 64 Developer contributions, and \$4,716,000 in Flood Damage restoration.

There were no net gains from the disposal of assets. Forecast Real Estate sales did not eventuate during the year and now are expected to occur in October 2015. Therefore the \$733,000 gain from these expected sales did not come to fruition in the 2014/15 year. Also, only \$16,000 of the expected profit of \$110,000 on sale of plant was realised for the year. The loss on the disposal of assets shown in expenses was the net of the above and a loss on write off of assets of \$1,657,000, in particular \$1,136,000 and \$498,000 through the transfer of ownership of the Bowraville Museum and Nambucca Heads Senior Citizens Centre respectively.

Variations in employee costs will often arise as employees are engaged in both maintenance and capital works, the proportions of which vary from year to year and some employee costs that were forecasted in relation to capital works were required for maintenance. It is not Council's practice to make detailed calculations between maintenance and capital employee costs as part of its budgeting process.

In materials and contracts, the process of calling and accepting tenders during the year can result in substantial changes to the mix of self-constructed and contracted works. Work relating to the flood damage events mentioned earlier also contributed to the variance in materials & contracts.

The primary reason for the \$3,227,000 variation in Other Expenses was asset revaluation decrements for Infrastructure assets of \$3,137,000.

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	787	70	-	27	(84)	-	800	331	(450)	681	-
Surf Club Equipment	10	4	-	-	(3)	-	11	22	-	33	-
Section 94 Planner	(112)	25	-	-	-	-	(87)	-	-	(87)	-
S94 Contributions - under a Plan	685	99	-	27	(87)	-	724	353	(450)	627	-
S94A Levies - under a Plan	660	140	-	22	(186)	-	636	-	-	-	-
Total S94 Revenue Under Plans	1,345	239	-	49	(273)	-	1,360	-	-	-	-
S64 Contributions	5,513	736	-	194	(1,120)	-	5,323	-	-	-	-
Total Contributions	6,858	975	-	243	(1,393)	-	6,683	353	(450)	627	-

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 - Public Recreation

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	787	70	-	27	(84)	-	800	331	(450)	681	-
Total	787	70	-	27	(84)	-	800	331	(450)	681	-

CONTRIBUTION PLAN - Surf Club Equipment

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	
Surf Club Equipment	10	4	-	(3)	(3)	-	11	22	-	33	-
Total	10	4	-	-	(3)	-	11	22	-	33	-

CONTRIBUTION PLAN NUMBER Section 94

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	
Section 94 Planner	(112)	25	-	-	-	-	(87)	-	-	(87)	-
Total	(112)	25	-	-	-	-	(87)	-	-	(87)	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - STREETSCAPE

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	
Streetscape	660	140	-	22	(186)	-	636	-	-	-	-
Total	660	140	-	22	(186)	-	636	-	-	-	-

Nambucca 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

"The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposed of AAS119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2015 was \$370,645. The last valuation of the Scheme was performed by Mr. Martin Stevenson BSc,FIA,FIAA on 20 February 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 a deficit still exists. Effective from the 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$160,498. Council's expected contributions to the plan for the next annual reporting period is \$ 373,360.

The share of this deficit is broadly attributed to Council is estimated to be in the order of \$178,200 as at 30 June 2015.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

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

Nambucca Shire Council

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

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) HIH Insurance

During the period 1988,1990, 1991-1993, a portion of Council's public liability cover was insured or re-insured with a member of the HIH Insurance Group of companies.

Council may have to defend public liability claims made during these periods and satisfy any judgements.

(ii) 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.

(iii) S94 and S94A 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.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Nambucca Shire Council

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

Note 19. Interests in Other Entities

\$ '000

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Nambucca Shire Council

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		240,399	234,510
a. Correction of Prior Period Errors	20 (c)	44,125	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		6,801	5,806
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		825	83
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		292,150	240,399
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		114,009	87,214
Total		114,009	87,214
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		87,214	83,058
- Revaluations for the year	9(a)	27,748	4,258
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	(128)	(19)
- Transfer to Retained Earnings for Asset disposals		(825)	(83)
- Correction of Prior Period Errors	20(c)	-	-
- Balance at End of Year		114,009	87,214
TOTAL VALUE OF RESERVES		114,009	87,214

(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.

Nambucca Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
- Not previously recognised:			-
Bulk Earthworks		7,783	-
Roads, Kerb & Guttering, Carpark		215	-
As part of Council's transition to measuring all it's I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:			
<ul style="list-style-type: none"> - Roads, Kerb and Guttering Asset Class - Stormwater Asset Class - Bridges Asset Class - Footpath Asset Class 			
As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.			
This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/14 (the closing date for the comparative figures in this report).			
As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/14 to reflect the correct value of accumulated depreciation;			
Roads,K & G Asset Class (increase)/decrease to accumulated depreciation		27,857	
Stormwater Asset Class (increase)/decrease to accumulated depreciation		10,055	
Bridges Asset Class (increase)/decrease to accumulated depreciation		(3,085)	
Footpaths Asset Class (increase)/decrease to accumulated depreciation		1,300	
This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/14.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Closing Equity - 30/6/14		44,125	-
(relating to adjustments for the 30/6/14 year end)			
Total Prior Period Adjustments - Prior Period Errors		44,125	-

(d) Voluntary Changes in Accounting Policies

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

Nambucca Shire Council

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

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Other	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges		887	3,453	13,145
User Charges & Fees		3,636	686	1,733
Interest & Investment Revenue		603	243	743
Other Revenues		213	131	293
Grants & Contributions provided for Operating Purposes		50	75	11,379
Grants & Contributions provided for Capital Purposes		1,284	622	8,110
Other Income				
Net Gains from Disposal of Assets		-	-	-
Total Income from Continuing Operations	-	6,673	5,210	35,403
Expenses from Continuing Operations				
Employee Benefits & on-costs		1,119	1,494	7,599
Borrowing Costs		1,555	259	1,182
Materials & Contracts		1,096	1,274	7,157
Depreciation & Amortisation		1,065	1,688	7,079
Other Expenses		26	-	6,250
Net Losses from the Disposal of Assets		1	-	1,641
Total Expenses from Continuing Operations	-	4,862	4,715	30,908
Operating Result from Continuing Operations	-	1,811	495	4,495
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	-	1,811	495	4,495
Net Operating Result attributable to each Council Fund	-	1,811	495	4,495
Net Operating Result attributable to Non-controlling Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	527	(127)	(3,615)

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

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

Nambucca Shire Council

Notes to the Financial Statements
as at 30 June 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
	Other	Water	Sewer	General ¹
ASSETS				
Current Assets				
Cash & Cash Equivalents		3,643	1,867	3,150
Investments		10,628	5,452	9,182
Receivables		1,210	434	6,099
Inventories		40	-	1,425
Other		-	-	34
Total Current Assets	-	15,521	7,753	19,890
Non-Current Assets				
Receivables		-	401	-
Inventories		-	-	21
Infrastructure, Property, Plant & Equipment		93,239	75,605	250,142
Intangible Assets		208	-	-
Total Non-Current Assets	-	93,447	76,006	250,163
TOTAL ASSETS	-	108,968	83,759	270,053
LIABILITIES				
Current Liabilities				
Payables		122	53	4,039
Borrowings		332	1,619	913
Provisions		-	-	3,819
Total Current Liabilities	-	454	1,672	8,771
Non-Current Liabilities				
Payables		-	-	791
Borrowings		23,650	7,476	13,267
Provisions		-	-	540
Total Non-Current Liabilities	-	23,650	7,476	14,598
TOTAL LIABILITIES	-	24,104	9,148	23,369
Net Assets	-	84,864	74,611	246,684
EQUITY				
Retained Earnings		59,951	52,719	179,480
Revaluation Reserves		24,913	21,892	67,204
Council Equity Interest	-	84,864	74,611	246,684
Total Equity	-	84,864	74,611	246,684

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

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

Nambucca Shire Council

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

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

\$ '000

	2015	2015	2014	2014
\$ '000	Current	Non Current	Current	Non Current

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

Nambucca Shire Council

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

Note 23. Events occurring after the Reporting Date

\$ '000

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 24/09/15.

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 aware of the following "non-adjusting events" that merit disclosure;

1. Proposed "hand over" of maintenance responsibility for approximately 30km of the old (existing)

Pacific Highway upon completion of the Pacific Highway upgrade through the Nambucca Valley

NSW Roads and Maritime Services has advised Council that they will withdraw their maintenance of the existing Pacific Highway when the new Highway alignment is completed in 2016/2017. On-going maintenance and liability will revert to Council as the roads authority pursuant to the NSW Road Act 1993. There are approximately 13 major bridges or culvert structures on the 30km section of road they intend to hand over. There are also a number of minor roads being constructed as part of the highway upgrade to provide local access which will also revert to Council to maintain. The length of road and bridges constitute about 10% of Council's existing sealed road and bridge infrastructure. The RMS advise there will be an opportunity for a fixed term project term over funding package to be determined. It is unknown the extent to which the hand over funding package will be sufficient to offset the depreciation of this infrastructure. This is a major concern given the relative scale of the proposed asset hand over and Council's existing inability to fully fund the depreciation of its assets. Whilst this matter was disclosed as a non-adjusting event in 2014, the RMS has still not determined the "hand over" package and the matter has not been brought to account in Council's budgets and financial statements.

2. Purchase of property for future industrial land

As at 12 August 2015 Council had reached agreement to purchase 50 hectares of land at Valla for a future industrial park. Pending exchange of contracts it is not appropriate to disclose the purchase price. Provision to acquire the land was not made in Council's 2015/2016 operation plan and its funding is being met from working funds and General Fund reserves.

Nambucca Shire Council

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

Note 23. Events occurring after the Reporting Date

\$ '000

3. Extension of waste services contract

Nambucca Shire Council is party to a contract with Coffs Harbour City Council and Bellingen Shire Council for the collection of domestic waste. The contract lapses on 31 May 2016 and for various reasons there has been a delay in tendering for a new contract. As a new contractor requires 12 months' notice to "tool up" for the contract, negotiations will be occurring with the existing contractor in relation to an extension of the existing contract.

4. "Fit for the Future" requirements

The NSW Government has required Councils to report on various key performance indicators to ascertain their current and future financial well-being. Councils' response to these indicators are being assessed by the independent Pricing and Regulatory Tribunal who will report to the NSW Government. The Government has proposed that many rural councils, including Nambucca Shire Council, be part of a new statutory body known as a Joint Organisations. The Joint Organisation is to be established by legislation and its primary functions will be regional strategic planning, intergovernmental collaboration and regional advocacy. The Government has announced that the Joint Organisations will be operating by September 2016. The Joint Organisations will require funding to operate but at this stage their boundaries and functions have not been finally determined and as such it is impossible to determine the funding commitment which will need to be made by Council.

Nambucca Shire Council

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

Note 24. Discontinued Operations

\$ '000		
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\$ '000	Actual 2015	Actual 2014
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Council has not classified any of its Operations as "Discontinued".

Nambucca Shire Council

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

Note 25. Intangible Assets

	Actual 2015	Actual 2014
\$ '000		
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	-	-
Accumulated Amortisation (1/7)	-	-
Accumulated Impairment (1/7)	-	-
Net Book Value - Opening Balance	-	-
Movements for the year		
- Purchases	208	-
Closing Values:		
Gross Book Value (30/6)	208	-
Accumulated Amortisation (30/6)	-	-
Accumulated Impairment (30/6)	-	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>	<u>208</u>	<u>-</u>

¹ The Net Book Value of Intangible Assets represent:

- Other Assets - Land Easements - Water Storage Dam	208	-
	208	-

Nambucca 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
Old Coast Road - Nambucca Heads		501	478
Balance at End of the Reporting Period	10(a)	501	478

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	478	457
Amortisation of discount (expensed to borrowing costs)	23	21
Total - Reinstatement, rehabilitation and restoration provision	501	478

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

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

Nambucca Shire Council

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

Note 27. Fair Value Measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

- Infrastructure, property, plant and equipment
- Financial assets

Fair value hierarchy

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	Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by the Council.

2014	Note	Level 1 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Total \$'000
Recurring fair value measurements				
Financial Assets				
Investments-at fair value through profit & loss	6		Nil	Nil
Infrastructure, Property, Plant and Equipment				
Plant & Equipment, Office Equipment & Furniture & Fittings	9		4,337	4,337
Operational Land	9		6,700	6,700
Community Land	9		16,077	16,077
Land under Roads	9		2,784	2,784
Land Improvements-Depreciable	9		697	697
Buildings-Non Specialised & Specialised	9		19,251	19,251
Other Structures	9		4,556	4,556
Roads	9		83,217	83,217
Bridges	9		26,924	26,924
Footpaths	9		6,135	6,135
Bulk Earthworks-non depreciable	9		43,677	43,677
Stormwater Drainage	9		30,021	30,021
Water Supply Network	9		87,587	87,587
Sewer Supply Network	9		72,836	72,836
Swimming Pools	9		1,335	1,335
Other Open Space/Recreational Assets	9		1,898	1,898
Other Infrastructure	9		6,786	6,786
Heritage Collections	9		86	86
Other	9		219	219
Tip Remediation	9		124	124
Total			415,247	415,247

Valuation Techniques

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Level 3 Measurements

Plant & Equipment, Office and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at depreciated cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment Computers, photocopiers.
- Furniture & Fittings Chairs, desks and display boards.

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

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. Operational land was valued by Asset Val (registered valuer) in 2013.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Community Land is based on either the Land Value provided by the Valuer-General's unimproved capital value or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. There has been no change to the valuation process during the reporting period.

Buildings – Non specialised and specialised

Non-Specialised & Specialised Buildings were valued externally by Aust Val in 2013. The buildings were inspected and construction method, materials used and condition were noted and considered when providing a value on a depreciated cost basis, useful life and residual value.

No market based evidence (Level 2) could be established; as such these assets were classified as having been valued as Level 3 valuation inputs. Specialised buildings are typically of a unique value to Council and are therefore intrinsically valued at the highest and best purpose.

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

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Roads (including Bulk Earth Works), Bridges, Drainage and Footpaths

Valuations for this asset class were undertaken in-house by Council's Engineering Department as at 30 June 2015.

The assets included in this valuation include road carriageway which has been separated to its component parts being pavement and where appropriate seal, car parks, footpaths, guardrails, kerb and gutter, retaining walls, culverts, bridges and drainage structures.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The cost approach was utilised with inputs such as estimated pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally and due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Bulk earthworks are considered to have an indefinite useful life and not depreciated.

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

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 1st July 2008 in accordance with AASB 1051. The class was valued in 2014 using an average unit rate based on the land value provided by the Valuer-General for similar properties. As these rates were not considered to be observable market evidence they have been classified a Level 3 inputs.

Water Supply Network

Assets in this class comprise reservoirs, pumping stations, water treatment works, water bores, rising mains and the reticulation network.

These were valued externally by Collaborative Planning and Engineering Associates in 2012 using the written down replacement cost for each asset by component.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, condition, maintenance and break history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water except the years the class is the subject of a full revaluation.

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

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Sewer Supply Network

Assets within this class comprise treatment works, pumping stations and sewerage mains. These were valued externally by Collaborative Planning and Engineering Associates in 2012 using the written down replacement cost for each asset by component.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, and maintenance and blockage history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water except the years when the class is the subject of a full revaluation.

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

Open Space/Recreational Assets/Other Structures/Other Infrastructure

Assets within this class comprise soft fall surfaces, lighting, playground and sporting equipment plus auxiliary structures. All assets in this class where valued in-house by experienced engineering staff.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

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

Swimming Pool

Assets in this class comprise the Council's Aquatic Centre located at Macksville. The swimming pool was valued in house by experienced staff using the depreciated cost approach. The approach estimated the replacement cost for each component. Other unobserved inputs (level 3 inputs) that were considered include pattern of consumption, residual value, asset condition and expected useful life. These inputs relied substantially on professional opinion.

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

Heritage Collections

Assets in this class were valued in house, based on historic values and limited indirect observable inputs. Council holds these assets for their cultural value within the community. These assets do have a market among collectors and market evidence (Level 2 input) is available, however this information is often limited to similar items and often relate to assets that are not directly comparable. This asset class has there-fore been categorised as level 3 unobserved input.

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Landfill Remediation

This asset class represents the value of works to remediate the Nambucca Landfill under the terms of the facility's licence. The future service potential of the asset is to enable Nambucca Shire to comply with the life-cycle responsibilities of the land fill operation. There is no market for the asset and it is therefore classed as having a level 3 fair value with unobserved inputs, principally cost, legislative requirements, estimated timing of expense, CPI and discount rules. The best and highest use for the asset is unique to Nambucca Shire Council as the Licence holder.

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	Note	2015 \$'000	2014 \$'000
Balance at 1 July 2014		292,686	289,621
Total gains or losses for the year			
Recognised in profit or loss – realised	5		
Recognised in profit or loss - unrealised	3 & 4	42,093	4,241
Recognised in other comprehensive income-Revaluation Surplus		68,736	
Other movements			
Purchases	9a	26,541	6,226
Purchases – Work in Progress Transfer	9a	3,739	2,968
Sales	9a	(4,691)	(196)
Depreciation	9a	(9,910)	(10,174)
Balance as at 30 June 2015		419,194	292,686

Unobservable Inputs and sensitivities

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
P & E, Office Equipment & F & F	4,337	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Remaining useful life	From 1 year to 20 years	
		Residual value	From 0% to 40%	
Operational Land	6,700	Price per square metre, Local property prices, alternative use	From \$0.28 to \$200 per square metre	Significant changes in the price per square metre would result in significant changes to fair value measurement.

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Community Land	16,077	Unimproved Capital Value (price per square metre)	From \$0.10 to \$411.40 per square metre	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land under Roads	2,784	Unimproved Capital Value (price per square metre)	From \$3.60 to \$217.59 per square metre	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land Improvements - depreciable	697	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 25 years to 100 years	
		Residual value	From 0% to 100%	
Buildings	19,251	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 20 to 60 years	
		Residual value	From 5% to 21%	
Other Structures	4,556	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 3 years to 80 years	
		Residual value	From 0% to 15%	
Roads	83,217	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 2 years to 34 years	
		Residual value	0%	

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Bridges	26,924	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 2 to 80 years	
		Residual value	1%	
Footpaths	6,135	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 40 to 10 years	
		Residual value	0%	
Bulk Earthworks – non depreciable	43,677	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life/ residual value	Held in perpetuity	
		Residual value		
Stormwater Drainage	30,021	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 15 years to 30 years	
		Residual value	5%	
Water Supply Network	87,587	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Mean component remaining useful lives	From 3 years to 53 years	
		Residual value	From 1% to 17%	

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Sewer Supply Network	72,836	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		mean component remaining useful lives	From 11 years to 50 years	
		Residual value	0 to 47%	
Swimming Pools	1,335	Gross Replacement Cost	\$4,038,370	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	14	
		Residual value	\$400,000	
Other Open Space/Recreational Assets	1,898	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	Year to 46 years	
		Residual value	0% to 66%	
Other Infrastructure	6,786	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 8 years to 100 years	
		Residual value	From 5% to 10%	
Heritage Collections	86	Gross Replacement Cost	Total Current replacement value \$520,000	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life - Residual value	Held in perpetuity	
Other	219	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 8 years to 100 years	
		Residual value	From 5% to 10%	

Nambucca Shire Council

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

Note 27. Fair Value Measurement

Tip Remediation	124	Discount Rate, Regulation change, unit cost assumptions, CPI	6%	Significant changes in the discount rate or cost escalation rate would result in significant changes to fair value measurement. Also timing of work and regulation change.
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Transfers between levels of the hierarchy

There have been no movements between hierarchies in the 2014/2015 financial year.

Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

Nambucca Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 28. Council Information & Contact Details

Principal Place of Business:

44 Princess Street
MACKSVILLE NSW 2447

Contact Details

Mailing Address:

PO Box 177
MACKSVILLE NSW 2447

Opening Hours:

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Officers

GENERAL MANAGER

Michael Coulter

RESPONSIBLE ACCOUNTING OFFICER

Craig Doolan

PUBLIC OFFICER

Michael Coulter

AUDITORS

Forsyths Business Services Pty Ltd
PO Box 114
ARMIDALE NSW 2350

Elected Members

MAYOR

Rhonda Hoban

COUNCILLORS

John Ainsworth
Martin Ballangarry, OAM
Brian Finlayson
Paula Flack
Kim MacDonald
Bob Morrison
Anne Smyth
Elaine South

Other Information

ABN: 71 323 535 981

Armidale

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Forsyth's Business Services Pty Ltd
ABN 66 182 781 401

INDEPENDENT AUDIT REPORT
Report on the general purpose financial statements

To Nambucca Shire Council

SCOPE

The financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413(2)(C) of the *Local Government Act 1993* for Nambucca Shire Council (the Council), for the year ended 30th June 2015.

Councils' 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 (including the Australian Accounting Interpretations), the *Local Government Act 1993* and regulations and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free of 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 the financial statements to the Council based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Audit 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 is free from material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement and Statement of Cash Flows and the Original Budget disclosures in Notes 2 and 16 and accordingly, we express no opinion on them.

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.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

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 followed applicable independence requirements of Australian professional ethical pronouncements.


AUDIT OPINION

In our opinion:

- (a) the accounting records of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the *Local Government Act 1993*;
- (b) the general purpose financial statements:
 - (i) have been prepared in accordance with the requirements of Division 2 of Part 3 of the *Local Government Act 1993*;
 - (ii) are consistent with the Council's accounting records; and
 - (iii) presents fairly, in all material respects, the Council's financial position as at 30th June 2015 and the results of its operations for the year then ended;
- (c) we have been able to obtain all information relevant to the conduct of our audit; and
- (d) no material deficiencies in the records or the financial statements were detected in the course of the audit.

Forsyths

Forsyths Business Services Pty Ltd



Geoffrey W Allen
Principal

27th October 2015
92 Rusden Street Armidale

27 October 2015

The Mayor
Nambucca Shire Council
PO Box 177
MACKSVILLE 2447

Armidale

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Forsyth's Business Services Pty Ltd
ABN 66 182 781 491

Dear Sir

AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2015

We are pleased to report that we have completed the audit of Council's records for the year ended 30th June 2015 and have reported on the general purpose financial statements and special purpose financial statements and underlying accounting records as required by the provisions of Section 417(2) of the *Local Government Act 1993*.

Under Section 417(3) of the *Local Government Act 1993* we are also required to report on the conduct of the audit.

Councils Responsibilities

The Council is responsible for preparing a financial statements that gives a true and fair view of the financial position and performance of the Council, and that comply with Accounting Standards in Australia, in accordance with the *Local Government Act 1993*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Objectives

We conducted an independent audit of the financial statements in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement and Statement of Cash Flows and the Original Budget disclosures in Notes 2 and 16 to the financial statements and accordingly, we express no opinion on them.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

ARMIDALE | COONABARABRAN | GUNNEDAH | TAMWORTH

We performed procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the *Local Government Act 1993*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial statements. These and other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Council.

We have issued our audit opinion on the basis of foregoing comments.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

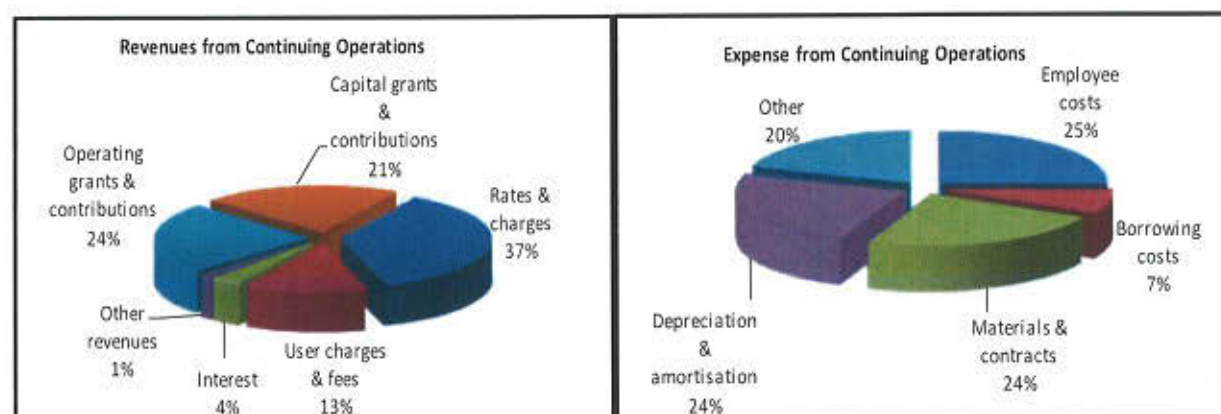
This auditor's report relates to the financial statements of Nambucca Shire Council for the year ended 30th June 2015 included on Nambucca Shire Council's web site. Council is responsible for the integrity of its web site. We have not been engaged to report on the integrity of the Council's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Additional Reporting Requirements

In accordance with Section 417(3) of the *Local Government Act 1993* we make the following comments in relation to the results and financial trends.

The combined income statement for the year ended 30 June 2015 discloses the following result:

INCOME STATEMENT	Budget	Actual	Actual	Variance	
	2015	2015	2014	Actual	Budget
	\$'000	\$'000	\$'000	%	%
INCOME FROM CONTINUING OPERATIONS					
Rates & annual charges	17,699	17,485	16,963	3.1%	-1.2%
User charges & fees	5,977	6,055	5,620	7.7%	1.3%
Interest	1,472	1,589	2,246	-29.3%	7.9%
Other revenues from ordinary activities	547	637	474	34.4%	16.5%
Grants & contributions for operating purposes	10,940	11,504	6,101	88.6%	5.2%
Grants & contributions for capital purposes	1,180	10,016	9,882	1.4%	748.8%
Gain from sale of assets	843	0	0	0.0%	0.0%
Total income from continuing operations	38,658	47,286	41,286	14.5%	22.3%
EXPENSES FROM CONTINUING OPERATIONS					
Employee benefits & oncosts	10,561	10,212	9,559	6.8%	-3.3%
Borrowing costs	2,893	2,996	2,833	5.8%	3.6%
Materials and contracts	13,765	9,527	9,699	-1.8%	-30.8%
Depreciation & amortisation	10,167	9,832	10,083	-2.5%	-3.3%
Other expenses from ordinary activities	3,049	6,276	3,191	96.7%	105.8%
Loss from disposal of assets	0	1,642	115	1327.8%	0.0%
Total Expenses from continuing operations	40,435	40,485	35,480	14.1%	0.1%
NET OPERATING RESULT FOR YEAR	(1,777)	6,801	5,806	17.1%	-482.7%
NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(2,957)	(3,215)	(4,076)	-21.1%	8.7%



The operating result of \$6.8m is after recognising grants and contributions for capital expenditure purposes of \$10.0m. The expenditure of these grants is not recognised as part of the operating result but is recorded in the statement of financial position and when excluded council achieved a deficit of \$3.2m.

Operating revenues increased by 14.5% during the year mainly as a result of increase in rates & annual charges, user charges & fees and operational grants & contributions which were partially offset by a

decrease in interest. Rates & annual charges increased due to rate pegging increases during the year. User charges & fees increased due mainly to increased water usage charges and waste management charges as a result in increased dumping due to the State highway development. Grants & contributions for operational purposes increased mainly due to the Governments Financial Assistance Grant ceasing to be prepaid in the prior year. Interest revenue decreased due to lower cash and investment balances during the year as a result of the timing of progress payments in relation to the Off-River Water Storage project and lower interest rates.

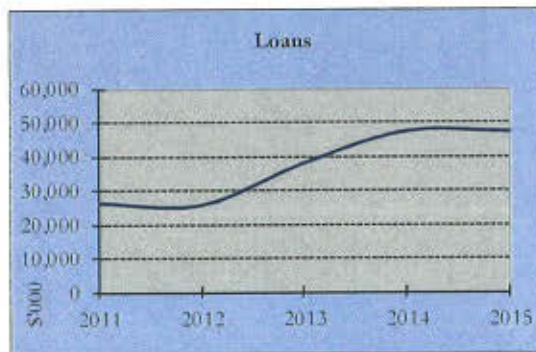
Operating expenses increased by 14.1% during the year due to increases in employee benefits & on costs, borrowing costs, other expenses and losses on disposal of assets which were partially offset by decreases in materials & contracts. Employee costs increased mainly due to a number of redundancy payments during the year. Borrowing costs increased due to the increased borrowings in relation to construction of the Off-River Water Storage project. Other expenses increased due to a revaluation decrements as a result of the revaluations of roads and related infrastructure during the year. The large loss on the disposal of assets was mainly due to the transfer of the Eliza & Joseph Newman Museum to the Bowraville Folk Museum Inc. for nominal consideration. Materials and contracts decreased mainly as a result of a reduction in work related to flood damage.

The operating surplus for the year of \$6.8m compares with the original budget deficit of \$1.8m. The variance between the actual results and the original budget is primarily due to the following:

Large Budget Variations >10% and > \$0.5m		Comment
Capital Grants	\$8,836,000	Capital grants were favourable to budget mainly due to the final subsidy and additional claim for the Off-River Water Storage project, unbudgeted subdivision dedications, section 64 developer contributions and flood damage restoration contributions.
Materials & Contracts	\$4,238,000	Favourable to budget mainly due to a increase in the capital works projects related to flood damage and a decrease in maintenance work.
Other expenses from ordinary activities	(\$3,227,000)	Unfavourable to budget due to asset revaluation decrements for infrastructure assets during the year.
Loss from disposal of assets	(\$1,642,000)	Unfavourable to budget mainly due to the transfer of the Eliza & Joseph Newman Museum to the Bowraville Folk Museum Inc. during the year.

The following schedule of assets and liabilities has been extracted from the statement of financial position as at 30 June 2015. This schedule discloses the consolidated assets and liabilities of all functions.

SCHEDULE OF ASSETS & LIABILITIES	2015 \$'000	2014 \$'000	Variance
CURRENT ASSETS			
Cash and cash equivalents	8,660	6,013	44.0%
Investments	25,262	31,752	-20.4%
Receivables	7,743	6,608	17.2%
Inventories	1,465	1,237	18.4%
Other	34	117	-70.9%
TOTAL CURRENT ASSETS	43,164	45,727	-5.6%
CURRENT LIABILITIES			
Payables	4,214	1,749	140.9%
Borrowings	2,864	2,611	9.7%
Provisions	3,819	3,678	3.8%
TOTAL CURRENT LIABILITIES	10,897	8,038	35.6%
NET CURRENT ASSETS	32,267	37,689	-14.4%
NON-CURRENT ASSETS			
Inventories	21	21	0.0%
Intangible Assets	208	-	0.0%
Infrastructure, Property Plant & Equipment	418,986	335,544	24.9%
TOTAL NON-CURRENT ASSETS	419,215	335,565	24.9%
NON-CURRENT LIABILITIES			
Payables	390	415	-6.0%
Provisions	540	514	5.1%
Borrowings	44,393	44,712	-0.7%
TOTAL NON-CURRENT LIABILITIES	45,323	45,641	-0.7%
NET ASSETS	406,159	327,613	24.0%



Cash and investments have decreased from \$37.8m to \$33.9m during the year mainly due payments in relation to the construction of the Off-River Water Storage project. Receivables increased due to grant project debtors in relation to the land slip works at Riverside Drive at year end. Inventory has increased due to increases in industrial/commercial land costs.

Payables have increased mainly due to significant payables in relation to project work activities at year end.

The total borrowings decreased by \$0.1m due to new borrowings of \$2.2m being off-set by scheduled repayments during the year.

The increase in infrastructure, property, plant and equipment of \$83.4m is due to capital expenditure of \$26.5m (including the new dam project), revaluation of roads and related infrastructure of \$68.7m which were partially offset by depreciation, impairment and disposals of \$11.8m.

NET CURRENT ASSETS

The Net Current Asset position at year end is an important financial indicator as it discloses the working capital available to Council to fund day to day operations and finance infrastructure and new community projects. However, included in Current Assets are assets which are "Restricted" by regulation or other externally imposed requirements and therefore are not available other than for their restricted purpose. The following table discloses unrestricted net current assets by function:

	Water \$'000	Sewerage \$'000	Dom Waste \$'000	General \$'000	Total \$'000
Current Assets	15,521	7,753	785	19,105	43,164
Current Liabilities	454	1,672	-	8,771	10,897
Net Current Assets	15,067	6,081	785	10,334	32,267
Plus: Employee Entitlements Payable >12mths	-	-	-	2,357	2,357
Total Funds before Restrictions	15,067	6,081	785	12,691	34,624
LESS: Restricted Cash & Investments (Included in Revenue)					
Developer Contributions	3,687	1,636	-	1,360	6,683
Unexpended Loans	-	-	-	1,592	1,592
Security Deposits	-	-	-	689	689
Unexpended Grants	-	-	-	2,231	2,231
	3,687	1,636	-	5,872	11,195
NET FUNDS AVAILABLE	11,380	4,445	785	6,819	23,429
LESS Internal Restrictions	-	-		4,940	4,940
Net Funds After All Restrictions	11,380	4,445	785	1,879	18,489

INTERNAL RESTRICTIONS	Opening \$'000	Transfer to \$'000	Transfer from \$'000	Closing \$'000
Council Building Reserve	184	30	-	214
Election	57	30	-	87
Employee Entitlements	1,981	325	548	1,758
Environmental rate unallocated	361	538	271	628
Lawn cemetery	8	-	-	8
Onsite -sewer maintenance	13	-	-	13
Land Development	207	-	327	(120)
Office Equipment	145	38	41	142
Plant Replacement	304	7	-	311
Public Road/Reserves Sales	51	-	6	45
Stormwater Management	142	-	7	135
Swimming Pool	73	20	15	78
Waste Management	507	1,077	79	1,505
Other	377	55	296	136
	4,410	2,120	1,590	4,940

After Funding both external and internal restrictions Council's general fund has unrestricted funds of \$1.9m (2014: \$1.6m) which is considered adequate to cover working capital requirements.

Council has set aside \$1.8m to fund the employee leave entitlements provision. This amount represents 46% of the total liability and is considered adequate given the existing staff levels and age profiles.

LOCAL GOVERNMENT INDUSTRY PERFORMANCE INDICATORS

The Code of Accounting Practice requires the mandatory disclosure of certain performance indicators. These financial indicators are useful in assessing performance, financial position and the likely financial burden to be placed on ratepayers.

The key financial indicators disclosed in the Financial Statements are:

RATIO	PURPOSE	2015	2014	2013	2012	2011	Tcorp
OPERATING PERFORMANCE RATIO	To assess councils ability to meet operating expenditure within operating revenue.	3.4%	-14.2%	-13.3%	-9.5%	-14.9%	>-4%
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	54.2%	60.9%	42.7%	55.3%	51.4%	>60%
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	2.00	2.70	1.71	2.02	2.30	>1.5
DEBT SERVICE COVER RATIO	To assess the availability of operating cash to service debt including interest, principal and lease payments.	2.47	1.59	1.94	2.43	1.96	>2.0
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	4.4%	4.4%	4.9%	5.8%	6.2%	<10%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	11.61	10.89	15.88	5.38	1.07	>3

Operating performance

An operating performance surplus of 3.4% indicates that Councils operating revenue, excluding capital grants and contributions are sufficient to cover operating expenditure, especially depreciation of infrastructure assets. This compares to the Group 11 Councils average deficit of 8.4% and a State average deficit of 8.8% for 2014. The TCorps benchmark for this ratio is to have a deficit of less than 4.0% each year. The Fit for Future benchmark is that councils should average breakeven or better over a three year period.

Owned source operating revenue

A ratio of 54.2% for the 2015 year highlights Council's dependence on grants and contributions and compares to a Group 11 average of 68.0% and a State average of 70% for 2014. The TCorp benchmark for sustainability is to have a ratio of greater than 60% and the Fit for Future benchmark is to average greater than 60% over a three year period.

Unrestricted Ratio

The unrestricted ratio excludes all current assets and liabilities that are restricted to specific purposes such as water, sewer, domestic waste management functions and specific purpose unexpended grants and contributions and adjusting for employee entitlements not expected to be settled within 12 months. This ratio is before setting aside cash to fund internal restrictions relative to the general function. The ratio of 2.00 as at 30 June 2015 indicates that there is \$2.00 of unrestricted current assets for every \$1.00 of current liabilities. Council's ratio of 2.00 compares to the average of 3.91 for the Group 11 Councils and is lower than the State average of 3.61 for 2014. However, the ratio is higher than the TCorp benchmark of greater than 1.5.

Debt service cover ratio

The debt service cover ratio of 2.47 times indicates that council has \$2.47 before interest and depreciation to pay interest and principal repayments on current borrowings. This compares to the Group 11 average of 5.1 and the State average of 4.29 for 2014. The TCorp benchmark for sustainability is to have a ratio of greater than 2.0.

Outstanding rate ratio

The outstanding rate ratio of 4.4% compares favourably to the average of 6.4% for Group 11 Councils and the State average of 6.59% for 2014. This ratio is an indicator of Council's activity to collect outstanding rate revenues. The TCorp benchmark for rural Council's is to have an outstanding rates ratio of less than 10%. The ratio is an indicator of Council's debt collection activities.

Cash expense ratio

The ratio indicates that Council can pay 11.61 months of its expenses without additional cash inflows. This compares to the Group 11 average of 13.1 and the state average of 9.8 for 2014. The TCorp benchmark is to have reserves to meet at least 3 months of operating expenditure.

The key financial indicators by fund disclosed in the Financial Statements are:



Operating performance

An operating performance ratio by fund shows that the sewer fund has insufficient operating revenue, excluding capital grants and contributions to cover operating expenditure. The ratio indicates there is insufficient profit being generated to fund the depreciation on sewer assets.

Owned source operating revenue

The ratios show the Councils reliance on grant and contribution funding. The water fund showing the impact of the off-river storage project in the prior year.

Unrestricted Ratio

The unrestricted ratios show that the general fund and water fund have sufficient working capital, however there is a need for the sewer fund to build up reserves.

Debt service cover ratio

The debt service cover ratio by fund shows that the general fund may have potential to increase borrowings to fund infrastructure backlogs, but the water and sewer fund have limited potential.

Outstanding rate ratio

The outstanding rate ratio by fund shows that the outstanding rates are consistent across the funds.

Cash expense ratio

This ratio shows that the general fund has low cash reserves and there is a need to build up reserves.

Infrastructure Asset Performance Indicators

With the emphasis on “Fit for the Future” we have included comments on unaudited infrastructure asset performance measures disclosed in the Special Schedule 7 are as follows:

RATIO	PURPOSE	2015	2014	2013	2012	2011	Tcorp
BUILDING AND INFRASTRUCTURE RENEWALS RATIO	To assess the proportion spent on infrastructure renewals vs infrastructure deterioration.	59.57%	49.97%	67.03%	91.88%	84.00%	>100%
INFRASTRUCTURE BACKLOG RATIO	To assess the infrastructure backlog against the total value of councils infrastructure.	3.4%	22.0%	31.0%	29.0%	34.0%	<20%
ASSET MAINTENANCE RATIO	To assess the actual vs required annual maintenance expenditure.	146.0%	93.0%	69.0%	55.0%	53.0%	>100%
CAPITAL EXPENDITURE RATIO	To assess the extent to which council is forecasting to expand its asset base with capital expenditure.	2.52	2.98	1.59	1.23	2.12	>1.1

Building and Infrastructure renewals ratio

The building and infrastructure renewals ratio outlines Council’s performance with renewing its infrastructure assets against the level of estimated infrastructure asset deterioration (as represented by depreciation expense). For 2015 Council spent \$0.60 for every \$1 in estimated asset deterioration. The Group 11 average for the asset renewal ratio was \$0.87 and the State average of \$0.87 for 2014. The Fit for Future benchmark is to have a three year average of greater than \$1.00.

The current trend in the ratio highlights that Council expended less on asset renewals compared to the estimated reduction in asset condition over the past five years and therefore, based on this ratio, Council’s overall infrastructure has deteriorated over that period.

Council should aim to ensure infrastructure spending keeps pace with “wear and tear” and Council should seek to improve asset condition.

Infrastructure backlog ratio

An infrastructure backlog ratio 3.4% indicates that the infrastructure backlog represents 3.4% of the value of Councils infrastructure and compares to a Group 11 average of 10.5% and State average of 8.7% for 2014. The TCorp benchmark is a ratio less than 20% and the “fit for future” benchmark is less than 2% which Council is presently unable to achieve.

Asset maintenance ratio

The Asset Maintenance ratio of 146% indicates that Council has been undertaking sufficient maintenance to keep pace with required maintenance requirements as determine by council’s engineers and maintenance staff. This compares to a Group 11 average of 94.1% and State average of 91.2% for 2014. A ratio of greater than 100% is considered acceptable buy TCorp.

Capital expenditure ratio

The capital expenditure ratio of 2.52 indicates that Council has expended \$2.52 on capital expenditure for every dollar of depreciation. The TCorp benchmark is for a Council to have a capital expenditure ratio of greater than 1.1. The high ratio is due to the dam project expenditure in 2014 and 2015.

Changes in cash and investments reflected in the Statement of financial position is also evident in the following table extracted from the Statement of Cash Flows.

CASH MOVEMENTS	Actual 2015	Actual 2014	Variance
	\$'000	\$'000	%
CASH INFLOWS			
Operating Receipts	47,083	44,770	5.2%
Proceeds from Assets Sales	176	108	63.0%
Proceeds from sale of investments	6,812	-	0.0%
Proceeds from Borrowings	2,263	11,455	-80.2%
TOTAL RECEIPTS	56,334	56,333	0.0%
CASH OUTFLOWS			
Operating Payments	26,378	32,440	-18.7%
Purchase of Assets	24,391	29,885	-18.4%
Purchase of investments	0	689	0.0%
Repayment of Loans	2,691	2,518	6.9%
Other Payments	228	5	4460.0%
TOTAL PAYMENTS	53,688	65,537	-18.1%
TOTAL CASH MOVEMENT	2,646	(9,204)	-128.7%
Cash and cash equivalents	8,660	6,013	44.0%
Investments	25,262	31,752	-20.4%
Total Cash & Investments on Hand	33,922	37,765	-10.2%

Total cash and investments decreased from \$37.8m in 2014 to \$33.9m mainly due to funding the Off-River Water Storage project from carried forward reserves and borrowings.

Cash outflows for purchase and construction of assets of \$24.4m included \$3.1m for road and bridge construction, \$15.0m for capital work in progress, \$3.8m for other structures, \$1.3m on replacement plant, \$0.3m on footpaths, \$0.2 on buildings and structures and \$2.0m on water, stormwater and sewer infrastructure.

In assessing the replacement rate of depreciating assets it is also important to note that Special Schedule No 7, which is an unaudited statement prepared in conjunction with the financial report, discloses that the estimated cost to all assets to a "satisfactory standard" is \$11.7m.

SPECIAL PURPOSE FINANCIAL STATEMENTS

Council is required to report the financial results of identified Business Units in accordance with National Competition Policy guidelines. The reports are known as Special Purpose Financial Statements and are subject to audit. Council has identified Water and Sewer functions as Category 1 Business Units.

WATER SUPPLY FUNCTION

The Special Purpose Financial Statements disclose that the Water Supply function recorded an operating surplus (before capital funding) of \$247,000 after allowing for depreciation of \$1,065,000.

The Net Current Asset position records a positive balance of \$15,067,000 (2014: \$23,895,000) which

provides a strong working capital balance to meet medium term funding requirements and pay dividends.

SEWERAGE SERVICES

The Special Purpose Financial Statements disclose that the Sewerage Services function recorded an operating deficit (before capital funding) of \$255,000 after allowing for depreciation of \$1,688,000.

The current level of Net Current Assets of \$6,081,000 (2014: \$5,724,000) is very strong and is considered more than adequate to meet medium term funding requirements.

GENERAL

Reporting obligations under the Local Government Act

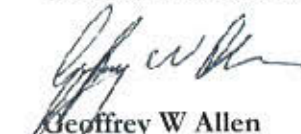
It is pleasing to report that Council's systems and records have been well maintained during the year and the audited financial statements will be submitted to the Office of Local Government within the prescribed time provided for in Division 2 of the *Local Government Act 1993*.

Matters of a technical nature have been documented in a management letter to the General Manager. We take this opportunity of thanking the General Manager and his staff for their co-operation and assistance during the course of the audit.

Under section 419 of the *Local Government Act 1993*, Council is required to give public notice of a Council meeting for the purpose of presenting the audited financial statements and the auditor's report. A principal of this firm is available to attend this meeting to address any questions in respect of the audit report or the conduct of the audit if the Council so determines.

Yours faithfully

FORSYTHS BUSINESS SERVICES PTY LTD



Geoffrey W Allen
Principal

Nambucca Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

"Nambucca Valley ~ Living at its best"



Nambucca Shire Council

Special Schedules

for the financial year ended 30 June 2015

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

Background

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

Nambucca Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	505	-	-	(505)
Administration	3,893	347	25	(3,521)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	868	274	105	(489)
Beach Control	146	16	57	(73)
Animal Control	158	33	-	(125)
Total Public Order & Safety	1,172	323	162	(687)
Health	228	173	-	(55)
Environment				
Noxious Plants and Insect/Vermin Control	360	172	-	(188)
Other Environmental Protection	1,177	133	-	(1,044)
Solid Waste Management	4,577	5,057	-	480
Street Cleaning	265	-	-	(265)
Drainage	3	142	-	139
Total Environment	6,382	5,504	-	(878)
Community Services and Education				
Social Protection (Welfare)	286	165	-	(121)
Aged Persons and Disabled	6	19	-	13
Children's Services	131	119	-	(12)
Total Community Services & Education	423	303	-	(120)
Housing and Community Amenities				
Public Cemeteries	90	87	-	(3)
Public Conveniences	293	-	-	(293)
Street Lighting	249	19	-	(230)
Town Planning	844	265	-	(579)
Total Housing and Community Amenities	1,476	371	-	(1,105)
Water Supplies	4,837	5,222	1,283	1,668
Sewerage Services	4,670	4,457	621	408

Nambucca Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	637	74	-	(563)
Museums	119	1	-	(118)
Community Centres and Halls	343	27	-	(316)
Other Cultural Services	128	-	-	(128)
Swimming Pools	526	-	-	(526)
Parks & Gardens (Lakes)	1,294	-	978	(316)
Other Sport and Recreation	336	240	-	(96)
Total Recreation and Culture	3,383	342	978	(2,063)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	373	169	-	(204)
Total Mining, Manufacturing and Const.	373	169	-	(204)
Transport and Communication				
Urban Roads (UR) - Local	3,199	3,756	1,014	1,571
Urban Roads - Regional	260	411	175	326
Sealed Rural Roads (SRR) - Local	4,092	531	4,716	1,155
Sealed Rural Roads (SRR) - Regional	1,108	1,275	94	261
Unsealed Rural Roads (URR) - Local	413	-	500	87
Unsealed Rural Roads (URR) - Regional	1,255	466	-	(789)
Bridges on SRR - Local	1,542	106	4	(1,432)
Parking Areas	78	49	-	(29)
Footpaths	156	-	103	(53)
Other Transport & Communication	588	32	341	(215)
Total Transport and Communication	12,691	6,626	6,947	882
Economic Affairs				
Other Economic Affairs	452	102	-	(350)
Total Economic Affairs	452	102	-	(350)
Totals – Functions	40,485	23,939	10,016	(6,530)
General Purpose Revenues ⁽²⁾		13,331		13,331
Share of interests - joint ventures & associates using the equity method	-	-	-	-
NET OPERATING RESULT ⁽¹⁾	40,485	37,270	10,016	6,801

(1) As reported in the Income Statement

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

Nambucca Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Financial Institutions	1,317	39,600	40,917	2,263	1,397			2,701	1,577	40,206	41,783
Other	1,294	6,397	7,691		1,294			2	1,287	5,110	6,397
Total Loans	2,611	45,997	48,608	2,263	2,691	-	-	2,703	2,864	45,316	48,180
Other Long Term Debt											
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	2,611	45,997	48,608	2,263	2,691	-	-	2,703	2,864	45,316	48,180

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.
This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Nambucca Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]
for the financial year ended 30 June 2015

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
Bridges	615	56	429
Totals	615	56	429

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Bridges	Sewer	30/06/06	30/06/06	20	30/06/26	6.50%	615	56	429
Totals							615	56	429

Nambucca Shire Council

Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	467	402
b. Engineering and Supervision	323	316
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	291	328
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	170	97
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	265	281
i. Maintenance expenses	79	86
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	99	85
- Other		
m. Operation expenses	489	446
n. Maintenance expenses	32	32
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	1,024	988
b. Plant and equipment	41	35
4. Miscellaneous expenses		
a. Interest expenses	1,555	1,324
b. Revaluation Decrements	26	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	21	18
5. Total expenses	4,882	4,438

Nambucca Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	816	655
b. Usage charges	2,690	2,432
7. Non-residential charges		
a. Access (including rates)	71	94
b. Usage charges	946	1,091
8. Extra charges	7	12
9. Interest income	596	621
10. Other income	213	249
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	743	8,158
b. Grants for pensioner rebates	50	87
c. Other grants	-	-
12. Contributions		
a. Developer charges	382	140
b. Developer provided assets	125	2
c. Other contributions	34	113
13. Total income	6,673	13,654
14. Gain (or loss) on disposal of assets	(1)	(9)
15. Operating Result	1,790	9,207
15a. Operating Result (less grants for acquisition of assets)	1,047	1,049

Nambucca Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	10,817	23,021
c. Renewals	358	287
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	314	256
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	11,489	23,564
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	5,501	5,456
b. Residential (unoccupied, ie. vacant lot)	656	612
c. Non-residential (occupied)	471	466
d. Non-residential (unoccupied, ie. vacant lot)	58	144
25. Number of ETs for which developer charges were received	ET	16 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 151,677	\$ 151,025

Nambucca Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Nambucca Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.

as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	3,687	-	3,687
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	10,584	-	10,584
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	1,210	-	1,210
c. User Charges	-	-	-
d. Other	-	-	-
32. Inventories	40	-	40
33. Property, plant and equipment			
a. System assets	-	93,129	93,129
b. Plant and equipment	-	110	110
34. Other assets	-	208	208
35. Total assets	15,521	93,447	108,968
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	122	-	122
38. Borrowings			
a. Loans	332	23,650	23,982
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	454	23,650	24,104
41. NET ASSETS COMMITTED	15,067	69,797	84,864
EQUITY			
42. Accumulated surplus			59,951
43. Asset revaluation reserve			24,913
44. TOTAL EQUITY			84,864
Note to system assets:			
45. Current replacement cost of system assets			125,825
46. Accumulated current cost depreciation of system assets			(32,586)
47. Written down current cost of system assets			93,239

Nambucca Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	596	588
b. Engineering and Supervision	219	286
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	157	129
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	143	141
e. Maintenance expenses	262	249
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	149	210
i. Effluent Management	1	6
j. Biosolids Management	15	53
k. Maintenance expenses	602	536
- Other		
l. Operation expenses	261	222
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	1,655	1,788
b. Plant and equipment	33	41
4. Miscellaneous expenses		
a. Interest expenses	622	697
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	20	-
5. Total expenses	4,735	4,946

Nambucca Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	3,043	3,007
7. Non-residential charges		
a. Access (including rates)	320	331
b. Usage charges	686	742
8. Trade Waste Charges		
a. Annual Fees	25	22
b. Usage charges	65	71
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	243	358
11. Other income	131	112
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	75	75
c. Other grants	-	-
13. Contributions		
a. Developer charges	354	91
b. Developer provided assets	259	96
c. Other contributions	9	5
14. Total income	<u>5,210</u>	<u>4,910</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>475</u>	<u>(36)</u>
16a. Operating Result (less grants for acquisition of assets)	475	(36)

Nambucca Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	358	634
c. Renewals	218	238
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	1,602	1,582
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,178	2,454
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	5,136	5,091
b. Residential (unoccupied, ie. vacant lot)	322	323
c. Non-residential (occupied)	534	517
d. Non-residential (unoccupied, ie. vacant lot)	28	76
26. Number of ETs for which developer charges were received	61 ET	16 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 136,939	\$ 135,708

Nambucca Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/> -

* 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.

Nambucca Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	1,636	-	1,636
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,683	-	5,683
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	406	-	406
c. User Charges	-	-	-
d. Other	28	401	429
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	75,300	75,300
b. Plant and equipment	-	305	305
35. Other assets	-	-	-
36. Total Assets	7,753	76,006	83,759
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	53	-	53
39. Borrowings			
a. Loans	1,619	7,476	9,095
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	1,672	7,476	9,148
42. NET ASSETS COMMITTED	6,081	68,530	74,611
EQUITY			
42. Accumulated surplus			52,719
44. Asset revaluation reserve			21,892
45. TOTAL EQUITY			74,611
Note to system assets:			
46. Current replacement cost of system assets			110,345
47. Accumulated current cost depreciation of system assets			(34,740)
48. Written down current cost of system assets			75,605

Nambucca Shire Council

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

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

Revaluation decrements (item 4b of Special Schedules 3 and 5) is 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 ⁽²⁾ (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 ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

⁽²⁾ 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.

Nambucca Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2015

Special Schedules 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
								refer (4) & (5)		
Buildings	Council Offices / Administration Centres	390	19	19	1,546		90%		10%	0%
	Council Works Depot	180	10	10	690		25%	75%		0%
	Council Public Halls		43	43	4,377			100%		0%
	Libraries		63	63	1,064		100%			0%
	Cultural Facilities	27	5	5	359		20%	70%	10%	0%
	Other Buildings	30	46	46	3,361				100%	0%
	Other - Bush Fire/SES Bldgs	30	18	18	1,899		40%	60%		0%
	Other - Swimming Pool Bldgs		20	20	1,659		60%	40%		0%
	Other - Child Care Centres		10	10	708		60%	40%		0%
	Other	312	40	40	3,588			10%	90%	0%
	sub total	969	274	274	19,251	0.0%	25.3%	39.4%	35.2%	0.0%
Other Structures	Other Structures			27	4,556		100%			0%
	sub total	-	-	27	4,556	0.0%	100.0%	0.0%	0.0%	0.0%
Roads	Sealed Roads Seal	1,359			8,535	27%	33%	34%	6%	0%
	Sealed Roads Pavement	5,109			59,653	5%	63%	31%	1%	0%
	Unsealed Roads	73			2,955	10%	52%	38%		0%
	Bridges	2,556	307	307	26,925	10%	78%	11%	1%	0%
	Footpaths		50	28	6,135	11%	70%	19%		0%
	Kerb and Gutter	102	48	48	10,877	59%	30%	10%	1%	0%
	Other - Carparks		5	5	1,196	2%	95%	3%		0%
	sub total	9,199	410	388	116,276	13.2%	61.6%	23.9%	1.3%	0.0%

Nambucca Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

Special Schedules 2015

S'000											
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV					
						1	2	3	4	5	
						refer (4) & (5)					
Water Supply Network	Dams/Weirs			60	40,646	100%				0%	
	Mains	1,274	100	146	35,122		30%	60%	10%	0%	
	Reservoirs	168	34	64	6,105			100%		0%	
	Pumping Station/s			20	1,998	33%		67%		0%	
	Treatment			47	1,633			100%		0%	
	Headworks/Bores			20	2,083	20%		80%		0%	
	sub total	1,442	134	357	87,587	47.6%	12.0%	36.3%	4.0%	0.0%	
Sewerage Network	Mains(gravity)		100	152	37,031		80%	20%		0%	
	Pumping Station/s	30		252	14,149		20%	80%		0%	
	Treatment			300	15,647	20%		80%		0%	
	Pipelines(pressure)			5	5,981		60%	40%		0%	
	Effluent Pumping Station				28			100%		0%	
	sub total	30	100	709	72,836	4.3%	49.5%	46%	0.0%	0.0%	

Nambucca Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

Special Schedules 2015

S'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)		
Stormwater Drainage	Stormwater Conduits		4	2	17,908	3%	97%			0%
	Inlet and Junction Pits		10	8	3,976		100%			0%
	Culverts		102	102	8,137	4%	39%	51%	6%	0%
	sub total	-	116	112	30,021	2.9%	81.7%	13.8%	1.6%	0.0%
Open Space/ Recreational Assets	Swimming Pools		65	65	1,336		25%	75%		0%
	Open Space	100	728	728	1,897	10%	30%	40%	20%	0%
	Other									
	sub total	100	793	793	3,233	5.9%	27.9%	54.5%	11.7%	0.0%
Other Infrastructure Assets										
	Other				6,786					100%
	sub total	-	-	-	6,786	0.0%	0.0%	0.0%	0.0%	100.0%
	TOTAL - ALL ASSETS	11,740	1,827	2,660	340,546	18.0%	44.9%	31.3%	3.7%	2.0%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard".
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). Infrastructure Asset Condition Assessment "Key"

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

Nambucca Shire Council

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures				
Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	5,427	59.57%	49.97%	67.03%
Depreciation, Amortisation & Impairment	9,111			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	11,740			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	341,243	3.44%	21.76%	31.05%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	2,660			
Required Asset Maintenance	1,827	1.46	0.93	0.69
4. Capital Expenditure Ratio				
Annual Capital Expenditure	24,743			
Annual Depreciation	9,832	2.52	2.98	1.59

Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Nambucca Shire Council

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

for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures			
Renewals Ratio			
Asset Renewals			
(Building, Infrastructure & Other Structures) ⁽²⁾	35.52%	13.46%	74.83%
Depreciation, Amortisation & Impairment			
prior period:	29.54%	13.58%	62.76%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	1.65%	0.04%	5.68%
prior period:	36.68%	35.58%	9.95%
3. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	2.66	7.09	1.00
prior period:	0.83	0.72	1.00
4. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	10.49	0.34	1.84
prior period:	22.78	0.48	0.81

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

Nambucca Shire Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2015

Special Schedule 8 data is now being collected in the Financial Data Return.

Nambucca Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	9,091	9,436
Plus or minus Adjustments ⁽²⁾	b	14	(5)
Notional General Income	$c = (a + b)$	9,105	9,431
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	3.80%	5.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	$h = d \times (c - g)$	346	472
or plus Rate peg amount	$i = c \times e$	-	-
or plus Crown land adjustment and rate peg amount	$j = c \times f$	-	-
sub-total	$k = (c + g + h + i + j)$	9,451	9,903
plus (or minus) last year's Carry Forward Total	l	19	13
less Valuation Objections claimed in the previous year	m	(6)	(4)
sub-total	$n = (l + m)$	13	9
Total Permissible income	$o = k + n$	9,464	9,911
less Notional General Income Yield	p	9,436	9,905
Catch-up or (excess) result	$q = o - p$	28	6
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	4	6
less Unused catch-up ⁽⁵⁾	s	(19)	-
Carry forward to next year	$t = q + r - s$	13	12

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.

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**NAMBUCCA SHIRE COUNCIL
INDEPENDENT AUDITORS' REPORT - 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 Nambucca Shire Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for preparation and fair presentation of Special 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 preparation and fair presentation of Special Schedule No. 9 that is free from material mistreatment, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

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 Audit Standard 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 and is free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement on 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.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

ARMIDALE | COONABARABRAN | GUNNEDAH | TAMWORTH

Nambucca Shire Council

INDEPENDENT AUDITORS' REPORT - SPECIAL SCHEDULE No. 9

Because of the inherent limitation 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 the 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.

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 Nambucca Shire Council for the year ending 30 June 2016 is properly drawn up in all material respects, in accordance with the requirements of the 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 the Special Schedule No. 9 has been prepared for distribution to the Office of Local Government for the purposes of confirming the Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the Special Schedule No. 9 may not be suitable for another purpose.

Forsyths

Forsyths Business Services Pty Ltd


Geoff Allen
Principal

27th October 2015
92 Rusden Street Armidale

Nambucca Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

“Nambucca Valley ~ Living at its best”



Nambucca Shire Council

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

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Statement of Financial Position - Sewerage Business Activity	6
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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).
-

Nambucca 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 24 September 2015.


 Rhonda Hoban
 MAYOR


 John Ainsworth
 COUNCILLOR


 Michael Coulter
 GENERAL MANAGER


 Craig Doolan
 RESPONSIBLE ACCOUNTING OFFICER

Nambucca Shire Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	887	749
User charges	3,636	3,523
Interest	603	633
Grants and contributions provided for non capital purposes	50	87
Other income	213	249
Total income from continuing operations	5,389	5,241
Expenses from continuing operations		
Employee benefits and on-costs	1,119	1,141
Borrowing costs	1,555	1,324
Materials and contracts	1,096	932
Depreciation and impairment	1,065	1,023
Loss on sale of assets	1	9
Calculated taxation equivalents	21	18
Debt guarantee fee (if applicable)	259	372
Other expenses	26	-
Total expenses from continuing operations	5,142	4,819
Surplus (deficit) from Continuing Operations before capital amounts	247	422
Grants and contributions provided for capital purposes	1,284	8,413
Surplus (deficit) from Continuing Operations after capital amounts	1,531	8,835
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,531	8,835
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(74)	(127)
SURPLUS (DEFICIT) AFTER TAX	1,457	8,708
plus Opening Retained Profits	58,156	48,935
plus/less: Other Adjustments - T'fer to Ret.Earnings-Asset Disposals/Sales	5	14
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	21	18
- Debt guarantee fees	259	372
- Corporate taxation equivalent	74	127
less:		
- Tax Equivalent Dividend paid	(21)	(18)
Closing Retained Profits	59,951	58,156
Return on Capital %	1.9%	2.1%
Subsidy from Council	1,014	1,195
Calculation of dividend payable:		
Surplus (deficit) after tax	1,457	8,708
less: Capital grants and contributions (excluding developer contributions)	(902)	(8,273)
Surplus for dividend calculation purposes	555	435
Potential Dividend calculated from surplus	277	218

Nambucca Shire Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	3,453	3,431
User charges	686	742
Interest	243	358
Grants and contributions provided for non capital purposes	75	75
Other income	131	112
Total income from continuing operations	4,588	4,718
Expenses from continuing operations		
Employee benefits and on-costs	1,494	1,343
Borrowing costs	259	283
Materials and contracts	1,274	1,491
Depreciation and impairment	1,688	1,829
Calculated taxation equivalents	20	-
Debt guarantee fee (if applicable)	108	178
Total expenses from continuing operations	4,843	5,124
Surplus (deficit) from Continuing Operations before capital amounts	(255)	(406)
Grants and contributions provided for capital purposes	622	192
Surplus (deficit) from Continuing Operations after capital amounts	367	(214)
Surplus (deficit) from ALL Operations before tax	367	(214)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	367	(214)
plus Opening Retained Profits	52,244	52,280
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	20	-
- Debt guarantee fees	108	178
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(20)	-
Closing Retained Profits	52,719	52,244
Return on Capital %	0.0%	-0.2%
Subsidy from Council	2,279	2,816
Calculation of dividend payable:		
Surplus (deficit) after tax	367	(214)
less: Capital grants and contributions (excluding developer contributions)	(268)	(101)
Surplus for dividend calculation purposes	99	-
Potential Dividend calculated from surplus	50	-

Nambucca Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	14,271	21,091
Receivables	1,210	3,199
Inventories	40	42
Total Current Assets	15,521	24,332
Non-Current Assets		
Infrastructure, property, plant and equipment	93,239	82,605
Intangible Assets	208	-
Total non-Current Assets	93,447	82,605
TOTAL ASSETS	108,968	106,937
LIABILITIES		
Current Liabilities		
Payables	122	123
Interest bearing liabilities	332	314
Total Current Liabilities	454	437
Non-Current Liabilities		
Interest bearing liabilities	23,650	23,982
Total Non-Current Liabilities	23,650	23,982
TOTAL LIABILITIES	24,104	24,419
NET ASSETS	84,864	82,518
EQUITY		
Retained earnings	59,951	58,156
Revaluation reserves	24,913	24,362
Council equity interest	84,864	82,518
TOTAL EQUITY	84,864	82,518

Nambucca Shire Council

Statement of Financial Position - Council's Sewerage Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	7,319	6,915
Receivables	434	473
Total Current Assets	7,753	7,388
Non-Current Assets		
Receivables	401	429
Infrastructure, property, plant and equipment	75,605	75,654
Total non-Current Assets	76,006	76,083
TOTAL ASSETS	83,759	83,471
LIABILITIES		
Current Liabilities		
Payables	53	62
Interest bearing liabilities	1,619	1,602
Total Current Liabilities	1,672	1,664
Non-Current Liabilities		
Interest bearing liabilities	7,476	8,733
Total Non-Current Liabilities	7,476	8,733
TOTAL LIABILITIES	9,148	10,397
NET ASSETS	74,611	73,074
EQUITY		
Retained earnings	52,719	52,244
Revaluation reserves	21,892	20,830
Council equity interest	74,611	73,074
TOTAL EQUITY	74,611	73,074

Nambucca 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
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2	Water Supply Business Best Practice Management disclosure requirements	11-12
3	Sewerage Business Best Practice Management disclosure requirements	13-15

Nambucca 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

Comprising the whole of the operations and assets of the water supply function.

b. Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment service.

Category 2

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

NIL

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

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.

Nambucca Shire Council

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

Note 1. Significant Accounting Policies

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.

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.

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.

Nambucca Shire Council

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

Note 1. Significant Accounting Policies

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 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.

Nambucca 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	280,000
(ii) No of assessments multiplied by \$3/assessment	20,058
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	20,058
(iv) Amounts actually paid for Tax Equivalents	20,795

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	277,450
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	180,522
(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	1,958,400

2015 Surplus	554,900	2014 Surplus	435,400	2013 Surplus	968,100
		2014 Dividend	-	2013 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	180,522
(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

Nambucca 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	5,334
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)]	%	76.73%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	93,239
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	2,215
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	11,175
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)]	%	2.20%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	743

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Nambucca 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	128,000
(ii) No of assessments multiplied by \$3/assessment	18,060
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	18,060
(iv) Amounts actually paid for Tax Equivalents	20,321

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	49,500
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	162,540
(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	(1,614,000)

2015 Surplus	99,000	2014 Surplus	(315,000)	2013 Surplus	(1,398,000)
		2014 Dividend	-	2013 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	YES
(c) Trade Waste [Item 2(d) in Table 1]	YES
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	4,967
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	75,605
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,405
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	576
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.15%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	10,300
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.21%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	11,751
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.73%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2015

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	7.20%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 2,928 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: 1,338 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	1,481
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	125

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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Forsyth's Business Services Pty Ltd
ABN 66 182 781 401

INDEPENDENT AUDIT REPORT
Report on the special purpose financial statements

To Nambucca Shire Council

SCOPE

We have audited the special purpose financial statements of Nambucca Shire Council for the year ended 30th June 2015 comprising the Statement by Councillors and Management, Income Statement of Business Activities, Balance Sheet by Business Activities, and Note 1 to the Financial Statements. The financial statements include the financial results of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year.

Councils' responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the requirements of the Division of Local Government and Council. The Councils' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are 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 the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council or the Division of Local Government. 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 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 judgment, 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 the Council, as well as evaluating the overall presentation of the financial statements.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

The special purpose financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the report was prepared.

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 followed applicable independence requirements of Australian professional ethical pronouncements.

AUDIT OPINION

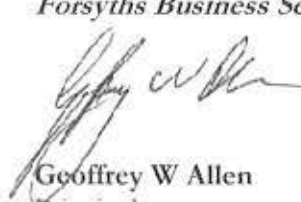
In our opinion, the Special Purpose Financial Statements of the Nambucca Shire Council for the year ended 30th June 2015 are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

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 Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

Forsyths

Forsyths Business Services Pty Ltd


Geoffrey W Allen
Principal

27th October 2015
92 Rusden Street Armidale