

Balranald Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*COMMITTED TO BALRANALD SHIRE,
PROVIDING FOR OUR PEOPLE
PROTECTING OUR HERITAGE, AND
PLANNING FOR OUR FUTURE*



Balranald 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 Balranald Shire Council.

(ii) Balranald 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 09 December 2015. Council has the power to amend and reissue these financial statements.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Balranald 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 19 November 2015.


Leigh Byron
MAYOR
Ken Barnes
COUNCILLOR
Aaron Drenovski
GENERAL MANAGER
Elizabeth White
RESPONSIBLE ACCOUNTING OFFICER

Balranald 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: | | | | |
| 2,029 | Rates & Annual Charges | 3a | 2,025 | 1,987 |
| 2,178 | User Charges & Fees | 3b | 1,685 | 1,936 |
| 198 | Interest & Investment Revenue | 3c | 151 | 204 |
| 219 | Other Revenues | 3d | 298 | 347 |
| 5,950 | Grants & Contributions provided for Operating Purposes | 3e,f | 6,669 | 5,961 ² |
| 2,310 | Grants & Contributions provided for Capital Purposes | 3e,f | 656 | 355 |
| Other Income: | | | | |
| 133 | Net gains from the disposal of assets | 5 | 577 | 15 |
| - | Net Share of interests in Joint Ventures & Associates using the equity method | 19 | - | - |
| 13,017 | Total Income from Continuing Operations | | 12,061 | 10,805 |
| Expenses from Continuing Operations | | | | |
| 4,222 | Employee Benefits & On-Costs | 4a | 4,379 | 4,849 |
| 493 | Borrowing Costs | 4b | 252 | 264 |
| 2,926 | Materials & Contracts | 4c | 2,269 | 3,895 |
| 7,832 | Depreciation & Amortisation | 4d | 6,907 | 7,832 |
| - | Impairment | 4d | - | - |
| 1,234 | Other Expenses | 4e | 1,204 | 1,325 |
| 16,707 | Total Expenses from Continuing Operations | | 15,011 | 18,166 |
| (3,690) | Operating Result from Continuing Operations | | (2,950) | (7,361) |
| Discontinued Operations | | | | |
| - | Net Profit/(Loss) from Discontinued Operations | 24 | - | - |
| (3,690) | Net Operating Result for the Year | | (2,950) | (7,361) |
| (3,690) | Net Operating Result attributable to Council | | (2,950) | (7,361) |
| - | Net Operating Result attributable to Non-controlling Interests | | - | - |
| (6,000) | Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | | (3,606) | (7,716) |

¹ Original Budget as approved by Council - refer Note 16

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

Balranald 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) | | (2,950) | (7,361) |
| Other Comprehensive Income: | | | |
| Amounts which will not be reclassified subsequently to the Operating Result | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | (51,483) | 1,492 |
| Total Items which will not be reclassified subsequently to the Operating Result | | (51,483) | 1,492 |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met | | | |
| Nil | | | |
| Total Other Comprehensive Income for the year | | (51,483) | 1,492 |
| Total Comprehensive Income for the Year | | (54,433) | (5,869) |
| Total Comprehensive Income attributable to Council | | (54,433) | (5,869) |
| Total Comprehensive Income attributable to Non-controlling Interests | | - | - |

Balranald Shire Council

Statement of Financial Position
as at 30 June 2015

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 4,627 | 5,011 |
| Investments | 6b | - | - |
| Receivables | 7 | 710 | 595 |
| Inventories | 8 | 71 | 110 |
| Other | 8 | - | - |
| Non-current assets classified as "held for sale" | 22 | - | - |
| Total Current Assets | | 5,408 | 5,716 |
| Non-Current Assets | | | |
| Investments | 6b | - | - |
| Receivables | 7 | - | - |
| Inventories | 8 | - | - |
| Infrastructure, Property, Plant & Equipment | 9 | 98,127 | 152,674 |
| Investments accounted for using the equity method | 19 | - | - |
| Investment Property | 14 | - | - |
| Intangible Assets | 25 | 260 | 260 |
| Total Non-Current Assets | | 98,387 | 152,934 |
| TOTAL ASSETS | | 103,795 | 158,650 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 881 | 678 |
| Borrowings | 10 | 227 | 246 |
| Provisions | 10 | 775 | 932 |
| Total Current Liabilities | | 1,883 | 1,856 |
| Non-Current Liabilities | | | |
| Payables | 10 | 341 | 575 |
| Borrowings | 10 | 3,331 | 3,558 |
| Provisions | 10 | 244 | 232 |
| Total Non-Current Liabilities | | 3,916 | 4,365 |
| TOTAL LIABILITIES | | 5,799 | 6,221 |
| Net Assets | | 97,996 | 152,429 |
| EQUITY | | | |
| Retained Earnings | 20 | 44,485 | 47,435 |
| Revaluation Reserves | 20 | 53,511 | 104,994 |
| Council Equity Interest | | 97,996 | 152,429 |
| Non-controlling Equity Interests | | - | - |
| Total Equity | | 97,996 | 152,429 |

Balranald 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) | | 47,435 | 104,994 | 152,429 | - | 152,429 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/14) | | 47,435 | 104,994 | 152,429 | - | 152,429 |
| c. Net Operating Result for the Year | | (2,950) | - | (2,950) | - | (2,950) |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | (51,483) | (51,483) | - | (51,483) |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| Other Comprehensive Income | | - | (51,483) | (51,483) | - | (51,483) |
| Total Comprehensive Income (c&d) | | (2,950) | (51,483) | (54,433) | - | (54,433) |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 44,485 | 53,511 | 97,996 | - | 97,996 |

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non-controlling Interest | Total Equity |
|--|----------|-------------------|----------------------|------------------|--------------------------|----------------|
| 2014 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 54,796 | 103,502 | 158,298 | - | 158,298 |
| 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) | | 54,796 | 103,502 | 158,298 | - | 158,298 |
| c. Net Operating Result for the Year | | (7,361) | - | (7,361) | - | (7,361) |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 1,492 | 1,492 | - | 1,492 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| Other Comprehensive Income | | - | 1,492 | 1,492 | - | 1,492 |
| Total Comprehensive Income (c&d) | | (7,361) | 1,492 | (5,869) | - | (5,869) |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 47,435 | 104,994 | 152,429 | - | 152,429 |

Balranald Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

| Budget 2015 | \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|---|-------|----------------|----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 2,061 | Rates & Annual Charges | | 1,989 | 2,104 |
| 2,048 | User Charges & Fees | | 1,866 | 1,481 |
| 198 | Investment & Interest Revenue Received | | 159 | 197 |
| 8,261 | Grants & Contributions | | 7,590 | 6,810 |
| - | Bonds, Deposits & Retention amounts received | | 16 | - |
| 219 | Other | | 774 | 352 |
| Payments: | | | | |
| (4,222) | Employee Benefits & On-Costs | | (4,449) | (4,785) |
| (2,714) | Materials & Contracts | | (2,407) | (4,087) |
| (493) | Borrowing Costs | | (240) | (277) |
| (1,234) | Other | | (2,171) | (173) |
| 4,124 | Net Cash provided (or used in) Operating Activities | 11b | 3,128 | 1,621 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| 1,833 | Sale of Investment Securities | | 3,000 | 1,500 |
| 133 | Sale of Infrastructure, Property, Plant & Equipment | | 187 | 392 |
| Payments: | | | | |
| - | Purchase of Investment Securities | | (2,522) | (1,500) |
| (6,487) | Purchase of Infrastructure, Property, Plant & Equipment | | (3,931) | (3,427) |
| (4,521) | Net Cash provided (or used in) Investing Activities | | (3,266) | (3,035) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| 1,760 | Proceeds from Borrowings & Advances | | - | - |
| Payments: | | | | |
| (246) | Repayment of Borrowings & Advances | | (246) | (270) |
| 1,514 | Net Cash Flow provided (used in) Financing Activities | | (246) | (270) |
| 1,117 | Net Increase/(Decrease) in Cash & Cash Equivalents | | (384) | (1,684) |
| 3,178 | plus: Cash & Cash Equivalents - beginning of year | 11a | 5,011 | 6,695 |
| 4,295 | Cash & Cash Equivalents - end of the year | 11a | 4,627 | 5,011 |
| Additional Information: | | | | |
| | plus: Investments on hand - end of year | 6b | - | - |
| | Total Cash, Cash Equivalents & Investments | | 4,627 | 5,011 |

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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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Balranald 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 (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

Balranald 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 (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

(iii) Estimated 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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

notification that a grant has been secured, and is valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other Income

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

(c) Principles of Consolidation

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

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

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

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations
- Balranald Water Supply
- Euston Water Supply
- Balranald Sewerage Service
- Euston Sewerage Service
- Domestic Waste Management

(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

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

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 is 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.

Balranald Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

(e) Cash and Cash Equivalents

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

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & 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.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

They are generally included in non-current assets unless 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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

As a practical expedient, 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.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)

Balranald Shire Council

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

Note 1. Summary of Significant Accounting Policies

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets** (incl. roads, bridges & footpaths)
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements** (External Valuation)
- **Other Structures** (External Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)

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.

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 |

Balranald Shire Council

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

Note 1. Summary of Significant Accounting Policies

Plant & Equipment

| | |
|-------------------------|-----------|
| Office Furniture | > \$1,000 |
| Office Equipment | > \$1,000 |
| Other Plant & Equipment | > \$1,000 |

Buildings & Land Improvements

| | |
|----------------------------|-----------|
| Park Furniture & Equipment | > \$2,000 |
|----------------------------|-----------|

| | |
|---------------------------|------------------|
| Building | |
| - construction/extensions | 100% Capitalised |
| - renovations | > \$10,000 |

| | |
|------------------|-----------|
| Other Structures | > \$2,000 |
|------------------|-----------|

Water & Sewer Assets

| | |
|-------------------------|-----------|
| Reticulation extensions | > \$5,000 |
| Other | > \$5,000 |

Stormwater Assets

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

Transport Assets

| | |
|------------------------------------|------------|
| Road construction & reconstruction | > \$10,000 |
| Reseal/Re-sheet & major repairs: | > \$10,000 |

| | |
|--------------------------------------|------------|
| Bridge construction & reconstruction | > \$10,000 |
|--------------------------------------|------------|

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 | 5 to 10 years |
| - Office furniture | 10 to 20 years |
| - Computer Equipment | 4 years |
| - Vehicles | 5 to 8 years |
| - Heavy Plant/Road Making equip. | 5 to 8 years |

| | |
|-----------------------------|---------------|
| - Other plant and equipment | 5 to 15 years |
|-----------------------------|---------------|

Other Equipment

| | |
|------------------------|----------------|
| - Playground equipment | 5 to 15 years |
| - Benches, seats etc | 10 to 20 years |

Buildings

| | |
|-----------------------|-----------------|
| - Buildings : Masonry | 50 to 100 years |
| - Buildings : Other | 20 to 40 years |

Stormwater Drainage

| | |
|------------|-----------------|
| - Drains | 80 to 100 years |
| - Culverts | 50 to 75 years |

Transportation Assets

| | |
|----------------------------|-----------------|
| - Sealed Roads : Surface | 15 to 25 years |
| - Sealed Roads : Structure | 20 to 50 years |
| - Unsealed roads | 10 to 20 years |
| - Bridge : Concrete | 80 to 100 years |
| - Bridge : Other | 50 years |
| - Road Pavements | 60 years |
| - Kerb, Gutter & Paths | 40 years |

Water & Sewer Assets

| | |
|------------------------------|-----------------|
| - Dams and reservoirs | 80 to 100 years |
| - Bores | 20 to 40 years |
| - Reticulation pipes : PVC | 80 years |
| - Reticulation pipes : Other | 25 to 75 years |
| - Pumps and telemetry | 15 to 20 years |

Other Infrastructure Assets

| | |
|--|----------------|
| - Bulk earthworks | Infinite |
| - Swimming Pools | 30 to 40 years |
| - Other Open Space/ Recreational Assets | 10-80 years |
| - Other Infrastructure | 10-50 years |

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

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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Council has 13 bed licences at the Bidgee Haven Hostel Valued at \$20,000 per licence. Hostel bed licences have an indefinite life and are therefore not subject to amortisation. Bed Licences have been valued as at 30-06-2008 by Wallace Mackinnon & associates PTY LTD of 208 Belmore Road Riverwood NSW 2010, and are consistent with current value within the industry.

(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) Investment property

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

Council has no investment property.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Costs are estimated on the basis of a closure plan.

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.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(s) 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.

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.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

Balranald Shire Council

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

Note 1. Summary of Significant Accounting Policies

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick

leave expected to be wholly settled within the 12 months after the reporting period.

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

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

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

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

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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 expect future wage and salary levels, experience of employee departures and periods of service.

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/2013 and covers the period ended 30/06/2015.

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 \$69,217.39.

The amount of additional contributions included in the total employer contribution advised above is \$42,446.04.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$42,446.04 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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

the future payment of certain Leave Liabilities accrued as at 30/06/15.

(y) Self insurance

Council does not self insure.

(z) 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.

(aa) 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.

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.

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|---------------|---------------|-------------------------------------|---------------|---------------|---|----------------|-----------------|--|--------------|---|----------------|
| | Income from Continuing Operations | | | Expenses from Continuing Operations | | | Operating Result from Continuing Operations | | | Grants included in Income from Continuing Operations | | Total Assets held (Current & Non-current) | |
| | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Governance | - | 50 | 5 | 503 | 515 | 483 | (503) | (465) | (478) | - | 1,270 | 945 | 176 |
| Administration | 256 | 295 | 297 | 2,537 | 2,056 | 1,264 | (2,281) | (1,761) | (968) | 14 | 11 | 5,796 | 6,613 |
| Public Order & Safety | 216 | 220 | 186 | 405 | 323 | 331 | (189) | (103) | (145) | 219 | 186 | 383 | 405 |
| Health | 11 | 11 | 4 | 45 | 54 | 56 | (34) | (43) | (52) | 26 | - | 148 | 165 |
| Environment | 26 | 369 | 350 | 101 | 452 | 514 | (75) | (83) | (164) | 796 | 56 | - | - |
| Community Services & Education | 3,265 | 1,170 | 1,063 | 949 | 1,188 | 1,177 | 2,316 | (18) | (114) | 27 | 786 | 1,834 | 1,784 |
| Housing & Community Amenities | 355 | 245 | 145 | 969 | 559 | 705 | (614) | (314) | (560) | 6 | 19 | 5,738 | 5,645 |
| Water Supplies | 1,114 | 1,084 | 925 | 857 | 857 | 860 | 257 | 227 | 65 | 6 | 6 | 7,883 | 7,535 |
| Sewerage Services | 351 | 280 | 343 | 423 | 431 | 414 | (72) | (151) | (71) | 19 | 6 | 8,795 | 8,699 |
| Recreation & Culture | 53 | 119 | 70 | 736 | 986 | 909 | (683) | (867) | (839) | - | 30 | 7,692 | 7,081 |
| Mining, Manufacturing & Construction | - | 14 | 12 | - | 52 | 55 | - | (38) | (43) | - | - | - | - |
| Transport & Communication | 2,612 | 2,929 | 3,816 | 8,246 | 6,394 | 10,534 | (5,634) | (3,465) | (6,718) | 1,317 | 793 | 63,796 | 119,763 |
| Economic Affairs | 495 | 645 | 677 | 936 | 1,144 | 930 | (441) | (499) | (253) | - | - | 785 | 785 |
| Total Functions & Activities | 8,754 | 7,431 | 7,893 | 16,707 | 15,011 | 18,232 | (7,953) | (7,580) | (10,340) | 2,430 | 3,163 | 103,795 | 158,650 |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Purpose Income ¹ | 4,263 | 4,630 | 2,979 | - | - | - | 4,263 | 4,630 | 2,979 | 3,320 | 1,659 | - | - |
| Operating Result from Continuing Operations | 13,017 | 12,061 | 10,872 | 16,707 | 15,011 | 18,232 | (3,690) | (2,950) | (7,361) | 5,750 | 4,822 | 103,795 | 158,650 |

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

Balranald Shire Council

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

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Balranald 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 | | 195 | 207 |
| Farmland | | 835 | 826 |
| Mining | | 4 | 4 |
| Business | | 144 | 135 |
| Total Ordinary Rates | | 1,178 | 1,172 |
| Special Rates | | | |
| Nil | | | |
| Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | | |
| Domestic Waste Management Services | | 199 | 182 |
| Water Supply Services | | 411 | 385 |
| Sewerage Services | | 237 | 248 |
| Total Annual Charges | | 847 | 815 |
| <u>TOTAL RATES & ANNUAL CHARGES</u> | | <u>2,025</u> | <u>1,987</u> |

Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.

Balranald 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 | | 451 | 458 |
| Sewerage Services Contract Aboriginal Mission | | 9 | 16 |
| Sewerage Services | | 7 | 6 |
| Waste Management Services (non-domestic) | | 115 | 84 |
| Water Service Contract Aboriginal Mission | | 18 | 33 |
| Total User Charges | | 600 | 597 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s.608) | | | |
| Building Services | | 30 | 12 |
| Private Works - Section 67 | | 9 | 113 |
| Registration Fees | | 1 | 1 |
| Town Planning | | 14 | 23 |
| Total Fees & Charges - Statutory/Regulatory | | 54 | 149 |
| (ii) Fees & Charges - Other (incl. General User Charges) (per s.608) | | | |
| Aged Care | | 294 | 263 |
| Caravan Park | | 470 | 420 |
| Cemeteries | | 19 | 40 |
| Rent & Hire of non-investment property | | 90 | 69 |
| RMS (formerly RTA) Charges (State Roads not controlled by Council) | | 145 | 387 |
| Swimming Centres | | 10 | 11 |
| Other | | 3 | - |
| Total Fees & Charges - Other | | 1,031 | 1,190 |
| TOTAL USER CHARGES & FEES | | 1,685 | 1,936 |

Balranald 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) | | 6 | 15 |
| - Interest earned on Investments (interest & coupon payment income) | | 145 | 189 |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>151</u> | <u>204</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges (General Fund) | | 6 | 15 |
| General Council Cash & Investments | | 126 | 133 |
| Restricted Investments/Funds - External: | | | |
| Water Fund Operations | | 10 | 3 |
| Sewerage Fund Operations | | 9 | 53 |
| <u>Total Interest & Investment Revenue Recognised</u> | | <u>151</u> | <u>204</u> |
| (d) Other Revenues | | | |
| Rental Income - Other Council Properties | | 4 | 17 |
| Legal Fees Recovery - Rates & Charges (Extra Charges) | | 7 | 4 |
| Commissions & Agency Fees | | 49 | 48 |
| Commoner Fees | | - | 15 |
| Diesel Rebate | | 40 | 37 |
| Insurance Claim Recoveries | | 73 | 103 |
| Motor Vehicle Contributions | | 40 | 51 |
| Raw Water Sandpipe Sales | | 20 | 13 |
| Rebates | | 30 | 30 |
| Sales - Miscellaneous | | 1 | 9 |
| Tourist Information Centre Sales | | 26 | 19 |
| Other | | 8 | - |
| <u>TOTAL OTHER REVENUE</u> | | <u>298</u> | <u>347</u> |

Balranald 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 | 3,311 | 1,650 | - | - |
| Pensioners' Rates Subsidies - General Component | 9 | 9 | - | - |
| Total General Purpose | 3,320 | 1,659 | - | - |

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

| | | | | |
|---|--------------|--------------|------------|-----------|
| - Water | 6 | 6 | - | - |
| - Sewerage | 6 | 6 | - | - |
| - Domestic Waste Management | 10 | 9 | - | - |
| Bushfire & Emergency Services | 219 | 204 | - | 32 |
| Community Care | 797 | 782 | - | - |
| Community Centres | - | 1 | - | - |
| Employment & Training Programs | 14 | 13 | - | - |
| Flood Restoration | 500 | 1,182 | - | - |
| Library - per capita | 19 | 19 | - | - |
| Noxious Weeds | 27 | 56 | - | - |
| Street Lighting | 17 | 14 | - | - |
| Transport (Roads to Recovery) | 591 | 801 | - | - |
| Transport (Other Roads & Bridges Funding) | - | - | 224 | - |
| Tourism | - | 38 | - | - |
| Total Specific Purpose | 2,206 | 3,131 | 224 | 32 |
| Total Grants | 5,526 | 4,790 | 224 | 32 |

Grant Revenue is attributable to:

| | | | | |
|------------------------|--------------|--------------|------------|-----------|
| - Commonwealth Funding | 1,090 | 3,633 | - | - |
| - State Funding | 4,436 | 1,157 | - | - |
| - Other Funding | - | - | 224 | 32 |
| | 5,526 | 4,790 | 224 | 32 |

Balranald Shire Council

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

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2015 Operating | 2014 Operating | 2015 Capital | 2014 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (f) Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the LGA): | | | | |
| Nil | | | | |
| Other Contributions: | | | | |
| Community Services | - | - | 9 | - |
| Recreation & Culture | - | - | 194 | - |
| Roads & Bridges | - | 8 | 9 | - |
| RMS Contributions (Regional Roads, Block Grant) | 1,143 | 1,135 | 220 | 323 |
| Water Supplies (excl. Section 64 contributions) | - | 28 | - | - |
| Total Other Contributions | 1,143 | 1,171 | 432 | 323 |
| Total Contributions | 1,143 | 1,171 | 432 | 323 |
| TOTAL GRANTS & CONTRIBUTIONS | 6,669 | 5,961 | 656 | 355 |

| \$ '000 | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| (g) Restrictions relating to Grants and Contributions | | |
| Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Unexpended at the Close of the Previous Reporting Period | 303 | 353 |
| add: Grants & contributions recognised in the current period but not yet spent: | 244 | 68 |
| less: Grants & contributions recognised in a previous reporting period now spent: | (68) | (118) |
| Net Increase (Decrease) in Restricted Assets during the Period | 176 | (50) |
| Unexpended and held as Restricted Assets | 479 | 303 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 446 | 235 |
| - Developer Contributions | - | - |
| - Other Contributions | 33 | 68 |
| | 479 | 303 |

Balranald 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 | | 3,463 | 3,768 |
| Travelling | | 57 | 27 |
| Employee Leave Entitlements (ELE) | | 505 | 547 |
| Superannuation - Defined Contribution Plans | | 232 | 249 |
| Superannuation - Defined Benefit Plans | | 84 | 60 |
| Workers' Compensation Insurance | | 117 | 170 |
| Fringe Benefit Tax (FBT) | | 12 | 20 |
| Training Costs (other than Salaries & Wages) | | 52 | 27 |
| Protective Clothing | | 9 | 10 |
| Medicals | | 9 | - |
| Recruitment | | 34 | - |
| Total Employee Costs | | 4,574 | 4,878 |
| less: Capitalised Costs | | (195) | (29) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 4,379 | 4,849 |
| Number of "Equivalent Full Time" Employees at year end | | 63 | 63 |
| Number of "Equivalent Full Time" Employees at year end (incl. vacancies) | | 64 | |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Overdraft | | 5 | 8 |
| Interest on Loans | | 247 | 256 |
| Total Interest Bearing Liability Costs Expensed | | 252 | 264 |
| (ii) Other Borrowing Costs | | | |
| Nil | | | |
| TOTAL BORROWING COSTS EXPENSED | | 252 | 264 |

Balranald 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 | | 2,294 | 3,663 |
| Contractor & Consultancy Costs | | 295 | - |
| - Caravan Park management | | 293 | - |
| -Waste | | 150 | - |
| - Staff replacements | | 131 | - |
| Auditors Remuneration ⁽¹⁾ | | 42 | 29 |
| Legal Expenses: | | | |
| - Legal Expenses: Other | | 39 | 15 |
| Operating Leases: | | | |
| - Operating Lease Rentals: Minimum Lease Payment ⁽²⁾ | | 263 | 188 |
| Other | | 16 | - |
| Total Materials & Contracts | | 3,523 | 3,895 |
| less: Capitalised Costs | | (1,254) | - |
| TOTAL MATERIALS & CONTRACTS | | 2,269 | 3,895 |
| 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 | | 42 | 29 |
| Remuneration for audit and other assurance services | | 42 | 29 |
| Total Auditor Remuneration | | 42 | 29 |
| 2. Operating Lease Payments are attributable to: | | | |
| Sewer Reconstruction | | 74 | 44 |
| Computers | | 4 | 3 |
| Motor Vehicles | | 185 | 141 |
| | | 263 | 188 |

Balranald 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 | | - | - | 321 | 333 |
| Office Equipment | | - | - | 14 | 23 |
| Furniture & Fittings | | - | - | 11 | 12 |
| Buildings - Non Specialised | | - | - | 636 | 751 |
| Buildings - Specialised | | - | - | 6 | 5 |
| Other Structures | | - | - | 232 | 234 |
| Infrastructure: | | | | | |
| - Roads | | - | - | 4,955 | 5,784 |
| - Kerb & Gutter | | - | - | 66 | 66 |
| - Footpaths | | - | - | 77 | 75 |
| - Stormwater Drainage | | - | - | 84 | 83 |
| - Water Supply Network | | - | - | 276 | 255 |
| - Sewerage Network | | - | - | 201 | 185 |
| - Swimming Pools | | - | - | 8 | - |
| Other Assets | | | | | |
| - Other | | - | - | 20 | 26 |
| TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED | | - | - | 6,907 | 7,832 |

Balranald 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 | | 24 | 17 |
| Bad & Doubtful Debts | | - | 109 |
| Bank Charges | | 11 | 8 |
| Computer Software Charges | | 51 | 53 |
| Contributions/Levies to Other Levels of Government | | - | 43 |
| - Emergency Services Levy (includes FRNSW, SES, and RFS Levies) | | 202 | 204 |
| - NSW Fire Brigade Levy | | 25 | 13 |
| Councillor Expenses - Mayoral Fee | | 25 | 21 |
| Councillor Expenses - Councillors' Fees | | 74 | 78 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) | | 90 | 59 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | 31 | 36 |
| Electricity & Heating | | 162 | 242 |
| Insurance | | 257 | 211 |
| Postage | | 14 | 14 |
| Printing & Stationery | | 35 | 34 |
| Street Lighting | | 47 | 39 |
| Subscriptions & Publications | | 49 | 68 |
| Telephone & Communications | | 39 | 55 |
| Valuation Fees | | 14 | 13 |
| Other | | 54 | 8 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>1,204</u> | <u>1,325</u> |

Balranald 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 |
|---|-------|----------------|----------------|
| Plant & Equipment | | | |
| Proceeds from Disposal - Plant & Equipment | | 187 | 392 |
| less: Carrying Amount of P&E Assets Sold / Written Off | | (88) | (363) |
| Net Gain/(Loss) on Disposal | | 99 | 29 |
| Financial Assets* | | | |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets | | 3,000 | 1,500 |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured | | (2,522) | (1,500) |
| Net Gain/(Loss) on Disposal | | 478 | - |
| Other Water & Sewer Business Plan | | | |
| Proceeds from Disposal - Other Water & Sewer Business Plan | | - | - |
| less: Carrying Amount of Other Water & Sewer Business Plan Assets Sold | | - | (14) |
| Net Gain/(Loss) on Disposal | | - | (14) |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | 577 | 15 |
| * Financial Assets disposals / redemptions include: | | | |
| - Net Gain/(Loss) from Financial Instruments designated "Loans and Receivables" | | 478 | - |
| Net Gain/(Loss) on Disposal of Financial Instruments | | 478 | - |

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| | | 2015 | 2015 | 2014 | 2014 |
|--|-------|-------------------|-----------------------|-------------------|-----------------------|
| \$ '000 | Notes | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank | | 605 | - | 511 | - |
| Cash-Equivalent Assets ¹ | | | | | |
| - Short Term Deposits | | 4,022 | - | 4,500 | - |
| Total Cash & Cash Equivalents | | 4,627 | - | 5,011 | - |
| Investments (Note 6b) | | | | | |
| Nil | | | | | |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 4,627 | - | 5,011 | - |

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

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

| | | | | | |
|--|--|--------------|----------|--------------|----------|
| Cash & Cash Equivalents | | | | | |
| a. "At Fair Value through the Profit & Loss" | | 4,627 | - | 5,011 | - |

Investments

Nil

Note 6(b-i)

**Reconciliation of Investments classified as
"At Fair Value through the Profit & Loss"**

| | | | | |
|---------------------------------|----------|----------|----------|----------|
| Additions | 2,522 | - | - | - |
| Disposals (sales & redemptions) | (2,522) | - | - | - |
| Balance at End of Year | - | - | - | - |

Balranald Shire Council

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

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

| | 2015 Actual Current | 2015 Actual Non Current | 2014 Actual Current | 2014 Actual Non Current |
|---|---------------------------|-------------------------------|---------------------------|-------------------------------|
| \$ '000 | | | | |
| Total Cash, Cash Equivalents and Investments | 4,627 | - | 5,011 | - |
| attributable to: | | | | |
| External Restrictions (refer below) | 2,744 | - | 2,147 | - |
| Internal Restrictions (refer below) | 1,699 | - | 2,560 | - |
| Unrestricted | 184 | - | 304 | - |
| | 4,627 | - | 5,011 | - |

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

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

| | | | | | |
|--------------------------------------|-----|--------------|------------|-------------|--------------|
| RMS (formerly RTA) Contributions | (E) | 68 | 33 | (68) | 33 |
| Specific Purpose Unexpended Grants | (F) | 235 | 211 | - | 446 |
| Water Supplies | (G) | 185 | 243 | - | 428 |
| Sewerage Services | (G) | 1,631 | 146 | - | 1,777 |
| Domestic Waste Management | (G) | 28 | 32 | - | 60 |
| External Restrictions - Other | | 2,147 | 665 | (68) | 2,744 |
| Total External Restrictions | | 2,147 | 665 | (68) | 2,744 |

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.

Balranald 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 | 22 | 481 | (442) | 61 |
| Infrastructure Replacement | 180 | 430 | (127) | 483 |
| Employees Leave Entitlement | 190 | 60 | - | 250 |
| Deposits, Retentions & Bonds | - | 106 | - | 106 |
| Carry Over Works | 17 | 158 | (17) | 158 |
| Caravan Park Reserve | 46 | 42 | - | 88 |
| Euston Cemetery | 38 | - | - | 38 |
| Health Reserve | 3 | - | - | 3 |
| Heritage Trail | 3 | - | - | 3 |
| Hostel Bonds | 469 | - | (234) | 235 |
| Hostel Reserve | 79 | 30 | - | 109 |
| Interpretive Centre - Loan funding | 1,422 | 20 | (1,422) | 20 |
| Market St Improvements | 89 | - | (69) | 20 |
| Town Clock | 3 | - | - | 3 |
| Other | - | 123 | - | 123 |
| Total Internal Restrictions | 2,560 | 1,450 | (2,311) | 1,699 |
| TOTAL RESTRICTIONS | 4,707 | 2,115 | (2,379) | 4,443 |

Balranald 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 | | 367 | - | 331 | - |
| Private Works | | 193 | - | 237 | - |
| Accrued Revenues | | | | | |
| - Interest on Investments | | 16 | - | 24 | - |
| - Other Income Accruals | | 101 | - | - | - |
| Net GST Receivable | | 35 | - | 5 | - |
| Total | | 712 | - | 597 | - |
| less: Provision for Impairment | | | | | |
| Rates & Annual Charges | | (1) | - | (1) | - |
| User Charges & Fees | | (1) | - | (1) | - |
| Total Provision for Impairment - Receivables | | (2) | - | (2) | - |
| <u>TOTAL NET RECEIVABLES</u> | | <u>710</u> | <u>-</u> | <u>595</u> | <u>-</u> |
| Externally Restricted Receivables | | | | | |
| Water Supply | | | | | |
| - Rates & Availability Charges | | 189 | - | 190 | - |
| - Other | | 21 | - | - | - |
| Sewerage Services | | | | | |
| - Rates & Availability Charges | | 41 | - | 42 | - |
| - Other | | 1 | - | - | - |
| Domestic Waste Management | | 30 | - | - | - |
| Total External Restrictions | | 282 | - | 232 | - |
| Internally Restricted Receivables | | | | | |
| Nil | | | | | |
| Unrestricted Receivables | | 428 | - | 363 | - |
| TOTAL NET RECEIVABLES | | 710 | - | 595 | - |

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.

Balranald Shire Council

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

Note 8. Inventories & Other Assets

| \$ '000 | Notes | 2015 | | 2014 | |
|---|-------|-----------|-------------|------------|-------------|
| | | Current | Non Current | Current | Non Current |
| Inventories | | | | | |
| Stores & Materials | | 51 | - | 98 | - |
| Trading Stock | | 20 | - | 12 | - |
| Total Inventories | | 71 | - | 110 | - |
| Other Assets | | | | | |
| Nil | | | | | |
| TOTAL INVENTORIES / OTHER ASSETS | | 71 | - | 110 | - |

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

| | 2015 | 2014 |
|--|------|------|
| (a) Inventories recognised as an expense for the year included: | | |
| - Stores & Materials | 217 | - |
| - Trading Stock | 26 | - |

(b) Inventory Write Downs

\$53,612 was 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.

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2014 | | | Asset Movements during the Reporting Period | | | | | | | as at 30/6/2015 | | |
|---|-----------------|---------------|----------------|---|------------------------|----------------------|---------------|-------------------------|--|--|-----------------|---------------|---------------|
| | At | Accumulated | Carrying | Asset Additions | WDV of Asset Disposals | Depreciation Expense | WIP Transfers | Adjustments & Transfers | Revaluation Decrements to Equity (ARR) | Revaluation Increments to Equity (ARR) | At | Accumulated | Carrying |
| | Fair Value | Dep'n | Value | | | | | | | | Fair Value | Dep'n | Value |
| Capital Work in Progress | 73 | - | 73 | 191 | - | - | (54) | (11) | - | - | 199 | - | 199 |
| Plant & Equipment | 4,624 | 2,523 | 2,101 | 443 | (88) | (321) | - | - | - | - | 4,757 | 2,622 | 2,135 |
| Office Equipment | 428 | 389 | 39 | 14 | - | (14) | - | - | - | - | 441 | 402 | 39 |
| Furniture & Fittings | 218 | 147 | 71 | - | - | (11) | - | - | - | - | 218 | 158 | 60 |
| Land: | | | | | | | | | | | | | |
| - Operational Land | 889 | - | 889 | - | - | - | 1 | - | - | - | 890 | - | 890 |
| - Community Land | 1,046 | - | 1,046 | - | - | - | - | - | - | - | 1,046 | - | 1,046 |
| Land Improvements - non depreciable | 568 | - | 568 | - | - | - | - | - | - | - | 568 | - | 568 |
| Buildings - Non Specialised | 25,779 | 14,000 | 11,779 | 1,078 | - | (636) | 12 | (347) | - | - | 26,448 | 14,562 | 11,886 |
| Buildings - Specialised | 304 | 50 | 254 | - | - | (6) | - | - | - | - | 303 | 55 | 248 |
| Other Structures | 9,596 | 2,802 | 6,794 | 49 | - | (232) | 28 | (401) | - | - | 8,622 | 2,384 | 6,238 |
| Infrastructure: | | | | | | | | | | | | | |
| - Roads & Bridges | 144,547 | 38,261 | 106,286 | 1,931 | - | (4,955) | - | - | (50,204) | - | 107,709 | 54,651 | 53,058 |
| - Kerb & Gutter | 3,684 | 590 | 3,094 | - | - | (66) | - | - | (144) | - | 4,778 | 1,894 | 2,884 |
| - Footpaths | 1,602 | 394 | 1,208 | 27 | - | (77) | 5 | - | (236) | - | 1,620 | 693 | 927 |
| - Stormwater Drainage | 4,463 | 852 | 3,611 | - | - | (84) | - | - | (1,243) | - | 2,704 | 420 | 2,284 |
| - Water Supply Network | 15,171 | 8,024 | 7,147 | 194 | - | (276) | 8 | - | - | 171 | 15,751 | 8,507 | 7,244 |
| - Sewerage Network | 12,826 | 5,844 | 6,982 | 14 | - | (201) | - | - | - | 173 | 13,161 | 6,193 | 6,968 |
| - Swimming Pools | - | - | - | - | - | (8) | - | 748 | - | - | 1,472 | 732 | 740 |
| Other Assets: | | | | | | | | | | | | | |
| - Other | 927 | 195 | 732 | 1 | - | (20) | - | - | - | - | 928 | 215 | 713 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 226,745 | 74,071 | 152,674 | 3,942 | (88) | (6,907) | - | (11) | (51,827) | 344 | 191,615 | 93,488 | 98,127 |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$1,422,000) and New Assets (\$1,845,000).

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.

Balranald 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 | | | | | | | | |
| Plant & Equipment | - | 51 | 39 | 12 | - | 46 | 36 | 10 |
| Land | | | | | | | | |
| - Community Land | - | 35 | - | 35 | - | 32 | - | 32 |
| Other Structures | - | 35 | 28 | 7 | - | 34 | 27 | 7 |
| Infrastructure | - | - | - | - | - | 15,058 | 7,960 | 7,098 |
| Other Assets | - | 15,630 | 8,439 | 7,191 | - | - | - | - |
| Total Water Supply | - | 15,751 | 8,506 | 7,245 | - | 15,170 | 8,023 | 7,147 |
| Sewerage Services | | | | | | | | |
| Plant & Equipment | - | 122 | 69 | 53 | - | 119 | 60 | 59 |
| Land | | | | | | | | |
| - Operational Land | - | 86 | - | 86 | - | 84 | - | 84 |
| Other Structures | - | 113 | 58 | 55 | - | 110 | 55 | 55 |
| Infrastructure | - | - | - | - | - | 12,395 | 5,611 | 6,784 |
| Other Assets | - | 12,848 | 6,066 | 6,782 | - | - | - | - |
| Total Sewerage Services | - | 13,169 | 6,193 | 6,976 | - | 12,708 | 5,726 | 6,982 |
| Domestic Waste Management | | | | | | | | |
| Land | | | | | | | | |
| - Operational Land | - | 40 | - | 40 | - | 40 | - | 40 |
| - Community Land | - | 93 | - | 93 | - | 93 | - | 93 |
| Total DWM | - | 133 | - | 133 | - | 133 | - | 133 |
| TOTAL RESTRICTED I,PP&E | - | 29,053 | 14,699 | 14,354 | - | 28,011 | 13,749 | 14,262 |

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

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

Balranald 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 | | 673 | - | 623 | - |
| Accrued Expenses: | | | | | |
| - Borrowings | | 12 | - | - | - |
| - Salaries & Wages | | 152 | - | 55 | - |
| Advances | | 28 | - | - | - |
| Security Bonds, Deposits & Retentions | | 16 | - | - | - |
| Retirement Home Contributions | | - | 341 | - | 575 |
| Total Payables | | 881 | 341 | 678 | 575 |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 227 | 3,331 | 246 | 3,558 |
| Total Borrowings | | 227 | 3,331 | 246 | 3,558 |
| Provisions | | | | | |
| Employee Benefits; | | | | | |
| Annual Leave | | 359 | - | 447 | - |
| Long Service Leave | | 416 | 121 | 485 | 109 |
| Sub Total - Aggregate Employee Benefits | | 775 | 121 | 932 | 109 |
| Asset Remediation/Restoration (Future Works) | 26 | - | 123 | - | 123 |
| Total Provisions | | 775 | 244 | 932 | 232 |
| Total Payables, Borrowings & Provisions | | 1,883 | 3,916 | 1,856 | 4,365 |
| (i) Liabilities relating to Restricted Assets | | | | | |
| | | 2015 | | 2014 | |
| | | Current | Non Current | Current | Non Current |
| Externally Restricted Assets | | | | | |
| Water | | 72 | 1,065 | 62 | 1,127 |
| Liabilities relating to externally restricted assets | | 72 | 1,065 | 62 | 1,127 |
| Internally Restricted Assets | | | | | |
| Nil | | | | | |
| Total Liabilities relating to restricted assets | | 72 | 1,065 | 62 | 1,127 |
| Total Liabilities relating to Unrestricted Assets | | 1,811 | 2,851 | 1,794 | 3,238 |
| TOTAL PAYABLES, BORROWINGS & PROVISIONS | | 1,883 | 3,916 | 1,856 | 4,365 |

¹ Loans are secured over the General Rating Income of Council

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

Balranald 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 | | |
| The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions - Employees Benefits | 246 | - |
| Payables - Security Bonds, Deposits & Retentions | 341 | - |
| | 587 | - |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2014 | 2015 | | | | |
|--------------------|------------------------------------|--------------------------|-----------------------------|--|-------------------------------|-------------------------------------|
| | Opening Balance as at 1/7/14 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | Closing Balance as at 30/6/15 |
| Annual Leave | 447 | 136 | (224) | - | - | 359 |
| Long Service Leave | 594 | 10 | (67) | - | - | 537 |
| Asset Remediation | 123 | - | - | - | - | 123 |
| TOTAL | 1,164 | 146 | (291) | - | - | 1,019 |

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

Balranald 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 | 4,627 | 5,011 |
| Less Bank Overdraft | 10 | - | - |
| BALANCE as per the STATEMENT of CASH FLOWS | | 4,627 | 5,011 |

(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities

| | | | |
|---|--|----------------|----------------|
| Net Operating Result from Income Statement | | (2,950) | (7,361) |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 6,907 | 7,832 |
| Net Losses/(Gains) on Disposal of Assets | | (577) | (15) |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | (115) | 90 |
| Decrease/(Increase) in Inventories | | 39 | (42) |
| Decrease/(Increase) in Other Assets | | - | 830 |
| Increase/(Decrease) in Payables | | 50 | 274 |
| Increase/(Decrease) in accrued Interest Payable | | 12 | (13) |
| Increase/(Decrease) in other accrued Expenses Payable | | 97 | (26) |
| Increase/(Decrease) in Other Liabilities | | (190) | (6) |
| Increase/(Decrease) in Employee Leave Entitlements | | (145) | 58 |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 3,128 | 1,621 |

(c) Non-Cash Investing & Financing Activities

Nil

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

| | | |
|--|-----------|-----------|
| Credit Cards / Purchase Cards | 18 | 18 |
| Total Financing Arrangements | 18 | 18 |
| Amounts utilised as at Balance Date: | | |
| - Credit Cards / Purchase Cards | 3 | - |
| Total Financing Arrangements Utilised | 3 | - |

(ii) Secured Loan Liabilities

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

Balranald 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) | | | |
| Nil | | | |
| (b) Finance Lease Commitments | | | |
| Nil | | | |
| (c) Operating Lease Commitments (Non Cancellable) | | | |
| a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable: | | | |
| Within the next year | | 179 | 76 |
| Later than one year and not later than 5 years | | 408 | - |
| Later than 5 years | | - | - |
| Total Non Cancellable Operating Lease Commitments | | 587 | 76 |

b. Non Cancellable Operating Leases include the following assets:

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

Conditions relating to Operating Leases:

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

(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)

Balranald 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 | (4,183) | -38.64% | -74.08% | -60.42% |
| Total continuing operating revenue ⁽¹⁾ | 10,828 | | | |
| (excl. Capital Grants & Contributions) | | | | |
| 2. Own Source Operating Revenue Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| (excl. ALL Grants & Contributions) | 4,159 | 36.22% | 41.46% | 30.39% |
| Total continuing operating revenue ⁽¹⁾ | 11,484 | | | |
| 3. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽²⁾ | 2,382 | 1.95x | 1.86 | 2.36 |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | 1,224 | | | |
| 4. Debt Service Cover Ratio | | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation | 2,976 | 5.98x | 0.68 | 4.23 |
| Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) | 498 | | | |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual and Extra Charges Outstanding | 366 | 15.45% | 13.85% | 17.61% |
| Rates, Annual and Extra Charges Collectible | 2,368 | | | |
| 6. Cash Expense Cover Ratio | | | | |
| Current Year's Cash and Cash Equivalents + All Term Deposits | 4,627 | 5.84 mths | 6.27 | 7.33 |
| Payments from cash flow of operating and financing activities | 793 | | | |

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

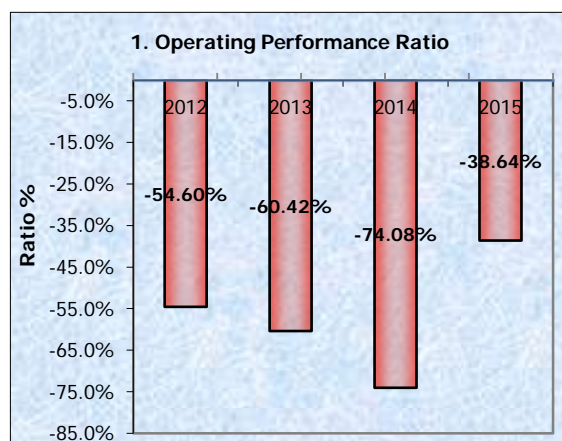
⁽³⁾ Refer to Note 10(a).

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

Balranald Shire Council

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

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

**Purpose of Operating Performance Ratio**

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



Commentary on 2014/15 Result

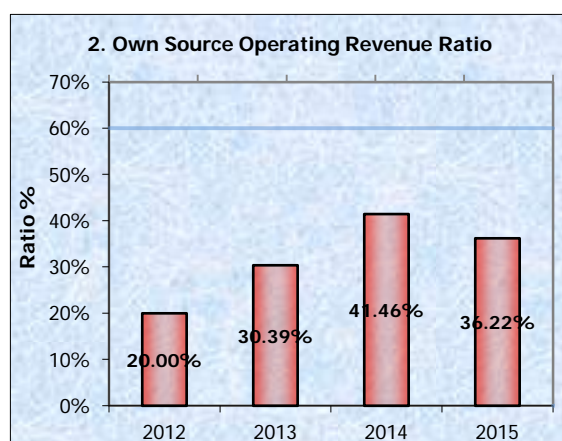
2014/15 Ratio -38.64%

Council has revalued its Roads, Bridges etc assets with a resulting decrease in depreciation of \$1.3M which will not come into effect until 15/16 and the returning to normal timing of Funds From Fags has also reduced this ratio from last year.

Benchmark: — Minimum $\geq 0.00\%$

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

 Ratio is within Benchmark
 Ratio is outside Benchmark

**Purpose of Own Source Operating Revenue Ratio**

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



Commentary on 2014/15 Result

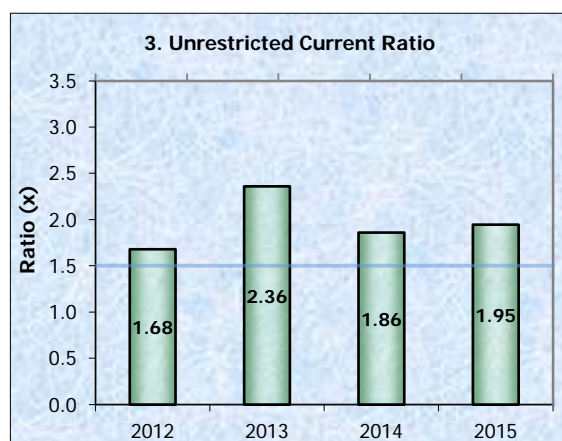
2014/15 Ratio 36.22%

If Financial Assistance Grants Of \$3.311M is taken into account (approx 67%) Council would be better than bench mark

Benchmark: — Minimum $\geq 60.00\%$

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

 Ratio is within Benchmark
 Ratio is outside Benchmark

**Purpose of Unrestricted Current Ratio**

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



Commentary on 2014/15 Result

2014/15 Ratio 1.95x

Council continues to be above bench mark of 1.5 over the last 4 years and has slightly improved from last year due to finalisation of Flood Grants

Benchmark: — Minimum ≥ 1.50

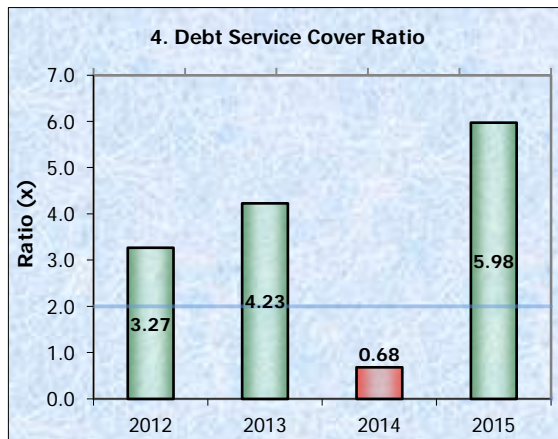
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark
 Ratio is outside Benchmark

Balranald Shire Council

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

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

Benchmark: — Minimum ≥ 2.00

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

Purpose of Debt Service Cover Ratio

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

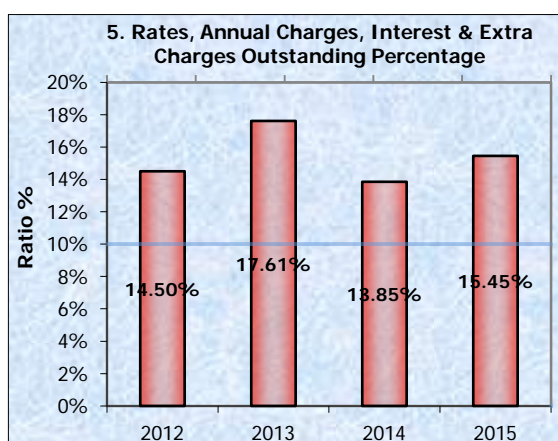
Commentary on 2014/15 Result**2014/15 Ratio 5.98x**

The payment of a full years Financial assistance grant has resulted in returning to normality for this ratio has loans are paid out this will increase. 2013/14 was an anomaly



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Maximum $< 10.00\%$

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

Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result**2014/15 Ratio 15.45%**

is preparing a property for sale for outstanding rates but further efforts are being made to reduce this level in the future back towards benchmark



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Minimum ≥ 3.00

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

Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2014/15 Result**2014/15 Ratio 5.84 mths**

Ratio is higher better than benchmark and council receives rate income on a regular basis so that this measure may not be as critical to the performance measurement of Council.



Ratio is within Benchmark

Ratio is outside Benchmark

Balranald Shire Council

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

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

| \$ '000 | Water 2015 | Sewer 2015 | General ⁵ 2015 |
|---|-----------------------|----------------|------------------------------|
| Local Government Industry Indicators - by Fund | | | |
| 1. Operating Performance Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | 20.98% | -53.93% | -45.03% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| (excl. Capital Grants & Contributions) | prior period: 6.92% | -20.76% | -84.38% |
| 2. Own Source Operating Revenue Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | 99.36% | 97.86% | 27.73% |
| <u>(excl. ALL Grants & Contributions)</u> | | | |
| Total continuing operating revenue ⁽¹⁾ | prior period: 100.00% | 100.00% | 33.58% |
| 3. Unrestricted Current Ratio | | | |
| Current Assets less all External Restrictions ⁽²⁾ | 8.86x | No Liabilities | 1.95x |
| <u>Current Liabilities less Specific Purpose Liabilities ^(3, 4)</u> | | | |
| | prior period: 6.05 | No Liabilities | 1.86 |
| 4. Debt Service Cover Ratio | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation | 4.32x | 0.00 | 6.46x |
| <u>Principal Repayments (from the Statement of Cash Flows)</u> | | | |
| + Borrowing Costs (from the Income Statement) | prior period: 5.05 | 0.00 | -0.32 |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | |
| <u>Rates, Annual and Extra Charges Outstanding</u> | 41.45% | 16.47% | 8.18% |
| Rates, Annual and Extra Charges Collectible | | | |
| | prior period: 44.71% | 15.79% | 5.81% |
| 6. Cash Expense Cover Ratio | | | |
| Current Year's Cash and Cash Equivalents | | | |
| <u>+ All Term Deposits</u> | 0.00 | 0.00 | 5.07 |
| Payments from cash flow of operating and financing activities | prior period: 3.67 | 85.84 | mths 4.38 |

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.

Balranald Shire Council

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

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

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.

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 | 4,627 | 5,011 | - | 5,011 |
| Receivables | 710 | 595 | - | 595 |
| Total Financial Assets | 5,337 | 5,606 | - | 5,606 |
| Financial Liabilities | | | | |
| Payables | 1,222 | 1,253 | - | 1,253 |
| Loans / Advances | 3,558 | 3,804 | - | 3,804 |
| Total Financial Liabilities | 4,780 | 5,057 | - | 5,057 |

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

Balranald Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and 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.

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 1% movement in Interest Rates | 50 | 50 | (50) | (50) |
| 2014 | | | | |
| Possible impact of a 1% movement in Interest Rates | 30 | 30 | (30) | (30) |

Balranald 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.

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

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

| | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables - % | | | | |
| Current (not yet overdue) | 0% | 23% | 0% | 24% |
| Overdue | 100% | 77% | 100% | 76% |
| | 100% | 100% | 100% | 100% |

| | | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|---|--------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (ii) Ageing of Receivables - value | | | | | |
| Rates & Annual Charges | Other Receivables | | | | |
| Current | Current | 245 | 79 | 331 | 65 |
| < 1 year overdue | 0 - 30 days overdue | 122 | 152 | - | - |
| 1 - 2 years overdue | 30 - 60 days overdue | - | 2 | - | - |
| 2 - 5 years overdue | 60 - 90 days overdue | - | - | - | 62 |
| > 5 years overdue | > 90 days overdue | - | 112 | - | 139 |
| | | 367 | 345 | 331 | 266 |

(iii) Movement in Provision for Impairment of Receivables

| | 2015 | 2014 |
|---------------------------------------|----------|----------|
| Balance at the beginning of the year | 2 | 2 |
| Balance at the end of the year | 2 | 2 |

Balranald 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 | 16 | 1,178 | - | - | - | - | - | 1,194 | 1,222 |
| Loans & Advances | - | 226 | 239 | 255 | 247 | 264 | 2,327 | 3,558 | 3,558 |
| Total Financial Liabilities | 16 | 1,404 | 239 | 255 | 247 | 264 | 2,327 | 4,752 | 4,780 |
| 2014 | | | | | | | | | |
| Trade/Other Payables | - | 1,253 | - | - | - | - | - | 1,253 | 1,253 |
| Loans & Advances | - | 243 | 383 | 336 | 345 | 355 | 2,142 | 3,804 | 3,804 |
| Total Financial Liabilities | - | 1,496 | 383 | 336 | 345 | 355 | 2,142 | 5,057 | 5,057 |

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

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

| | 2015 | | 2014 | |
|--|-------------------|--------------------------|-------------------|--------------------------|
| | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables | 1,222 | 0.0% | 1,253 | 0.0% |
| Loans & Advances - Fixed Interest Rate | 3,558 | 6.8% | 3,804 | 6.8% |
| | <u>4,780</u> | | <u>5,057</u> | |

Balranald Shire Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

| \$ '000 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | |
|--|----------------|----------------|-------------------------------|----------------|
| REVENUES | | | | |
| Rates & Annual Charges | 2,029 | 2,025 | (4) | (0%) U |
| User Charges & Fees | 2,178 | 1,685 | (493) | (23%) U |
| Private works in plant not realised \$100,000.00, Budget for RMCC over estimated by \$296,000 and maintenance | | | | |
| Interest & Investment Revenue | 198 | 151 | (47) | (24%) U |
| Levels of funds held have reduced over the period along with lower interest rates than originally estimated | | | | |
| Other Revenues | 219 | 298 | 79 | 36% F |
| Wages paid for workers compensation reimbursed was greater than original estimates by \$68,0000 | | | | |
| Operating Grants & Contributions | 5,950 | 6,669 | 719 | 12% F |
| Natural Disaster grant of \$500,000 was not included in estimates but relating to expenditure incurred in prior year FAG grant understated by \$240,000. | | | | |
| Capital Grants & Contributions | 2,310 | 656 | (1,654) | (72%) U |
| The Project for Hostel expansion did not commence during the year for \$2,000,000 and the contribution for Euston toilets and the skate park of 194,000 were not included in original estimates | | | | |
| Net Gains from Disposal of Assets | 133 | 577 | 444 | 334% F |
| The net sale of investments was not included in budget | | | | |

Balranald Shire Council

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

Note 16. Material Budget Variations (continued)

| \$ '000 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | |
|---|----------------|----------------|-------------------------------|---------------|
| EXPENSES | | | | |
| Employee Benefits & On-Costs | 4,222 | 4,379 | (157) | (4%) U |
| Borrowing Costs | 493 | 252 | 241 | 49% F |
| Borrowing costs for loans were overstated by 252,000 | | | | |
| Materials & Contracts | 2,926 | 2,269 | 657 | 22% F |
| Original estimates for projects included plant, wages etc which made it difficult to estimate the real value of materials & contracts | | | | |
| Depreciation & Amortisation | 7,832 | 6,907 | 925 | 12% F |
| Original estimates were based on previous years experience and was over stated by \$925,000 | | | | |
| Other Expenses | 1,234 | 1,204 | 30 | 2% F |

Budget Variations relating to Council's Cash Flow Statement include:

| | | | | |
|---|----------------|----------------|----------------|-------------------|
| Cash Flows from Operating Activities | 4,124 | 3,128 | (996) | (24.2%) U |
| Grant income for Hostel expansion not received due to works not commencing \$1,000,000.00 | | | | |
| Cash Flows from Investing Activities | (4,521) | (3,266) | 1,255 | (27.8%) F |
| Money to be spent from loan on Hostel not carried out \$2,000,000.00 and grant for same project of \$1,000,000.00 | | | | |
| Cash Flows from Financing Activities | 1,514 | (246) | (1,760) | (116.2%) U |
| \$2,000,000.00 loan not taken up | | | | |

Note 17. Statement of Developer Contributions

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(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 Councils 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.

Balranald 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) Third Party Claims

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

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

(ii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

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.

(iii) Rural Fire Fighting Assets

Council has title to, and is the registered owner of, 18 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Service to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

Note 19. Interests in Other Entities

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

Balranald 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) | | 47,435 | 54,796 |
| a. Net Operating Result for the Year | | (2,950) | (7,361) |
| Balance at End of the Reporting Period | | 44,485 | 47,435 |

(b) Reserves

(i) Reserves are represented by:

| | | |
|---|---------------|----------------|
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | 53,511 | 104,994 |
| Total | 53,511 | 104,994 |

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

| | | |
|---------------------------------|---------------|----------------|
| - Opening Balance | 104,994 | 103,502 |
| - Revaluations for the year | (51,483) | 1,492 |
| - Balance at End of Year | 53,511 | 104,994 |

TOTAL VALUE OF RESERVES

| | |
|---------------|----------------|
| 53,511 | 104,994 |
|---------------|----------------|

(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.

(c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

| Income Statement by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| Continuing Operations | Water | Sewer | General¹ |
| Income from Continuing Operations | | | |
| Rates & Annual Charges | 456 | 249 | 1,320 |
| User Charges & Fees | 615 | 16 | 1,054 |
| Interest & Investment Revenue | 10 | 9 | 132 |
| Other Revenues | - | - | 298 |
| Grants & Contributions provided for Operating Purposes | 6 | 6 | 6,657 |
| Grants & Contributions provided for Capital Purposes | - | - | 656 |
| Other Income | | | |
| Net Gains from Disposal of Assets | - | - | 577 |
| Share of interests in Joint Ventures & Associates using the Equity Method | - | - | - |
| Total Income from Continuing Operations | 1,087 | 280 | 10,694 |
| Expenses from Continuing Operations | | | |
| Employee Benefits & on-costs | 135 | 39 | 4,205 |
| Borrowing Costs | 84 | - | 168 |
| Materials & Contracts | 223 | 179 | 1,867 |
| Depreciation & Amortisation | 276 | 201 | 6,430 |
| Impairment | - | - | - |
| Other Expenses | 141 | 12 | 1,051 |
| Total Expenses from Continuing Operations | 859 | 431 | 13,721 |
| Operating Result from Continuing Operations | 228 | (151) | (3,027) |
| Discontinued Operations | | | |
| Net Profit/(Loss) from Discontinued Operations | - | - | - |
| Net Operating Result for the Year | 228 | (151) | (3,027) |
| Net Operating Result attributable to each Council Fund | 228 | (151) | (3,027) |
| Net Operating Result attributable to Non-controlling Interests | - | - | - |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | 228 | (151) | (3,683) |

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

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

Balranald Shire Council

Notes to the Financial Statements
as at 30 June 2015

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

| Statement of Financial Position by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| ASSETS | Water | Sewer | General¹ |
| Current Assets | | | |
| Cash & Cash Equivalents | 328 | 277 | 2,422 |
| Investments | 100 | 1,500 | - |
| Receivables | 210 | 42 | 458 |
| Inventories | - | - | 71 |
| Total Current Assets | 638 | 1,819 | 2,951 |
| Non-Current Assets | | | |
| Infrastructure, Property, Plant & Equipment | 7,245 | 6,976 | 83,906 |
| Intangible Assets | - | - | 260 |
| Total Non-Current Assets | 7,245 | 6,976 | 84,166 |
| TOTAL ASSETS | 7,883 | 8,795 | 87,117 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 2 | - | 879 |
| Borrowings | 70 | - | 157 |
| Provisions | - | - | 775 |
| Total Current Liabilities | 72 | - | 1,811 |
| Non-Current Liabilities | | | |
| Payables | - | - | 341 |
| Borrowings | 1,065 | - | 2,266 |
| Provisions | - | - | 244 |
| Total Non-Current Liabilities | 1,065 | - | 2,851 |
| TOTAL LIABILITIES | 1,137 | - | 4,662 |
| Net Assets | 6,746 | 8,795 | 82,455 |
| EQUITY | | | |
| Retained Earnings | 2,423 | 3,054 | 39,008 |
| Revaluation Reserves | 4,323 | 5,741 | 43,447 |
| Total Equity | 6,746 | 8,795 | 82,455 |

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

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

Balranald Shire Council

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

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

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

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

Accordingly, the "authorised for issue" date is 09/12/15.

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

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

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

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

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

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

Note 24. Discontinued Operations

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

Balranald Shire Council

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

Note 25. Intangible Assets

| | Actual | Actual |
|---------|--------|--------|
| \$ '000 | 2015 | 2014 |

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

Intangible Assets are as follows;

Opening Values:

| | | |
|---|------------|------------|
| Gross Book Value (1/7) | 260 | 260 |
| Accumulated Amortisation (1/7) | - | - |
| Accumulated Impairment (1/7) | - | - |
| Net Book Value - Opening Balance | 260 | 260 |

Closing Values:

| | | |
|---------------------------------|-----|-----|
| Gross Book Value (30/6) | 260 | 260 |
| Accumulated Amortisation (30/6) | - | - |
| Accumulated Impairment (30/6) | - | - |

TOTAL INTANGIBLE ASSETS - NET BOOK VALUE ¹

| | |
|------------|------------|
| 260 | 260 |
|------------|------------|

¹ The Net Book Value of Intangible Assets represent:

| | | |
|--------------------------------------|------------|------------|
| - Bidgee Haven Hostel (Bed Licences) | 260 | 260 |
| | 260 | 260 |

Balranald 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 |
| Gravel Pits (x82) | | 123 | 123 |
| Balance at End of the Reporting Period | 10(a) | <u>123</u> | <u>123</u> |

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.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

Reconciliation of movement in Provision for year:

| | | |
|--|-------------------|-------------------|
| Balance at beginning of year | 123 | 123 |
| Total - Reinstatement, rehabilitation and restoration provision | <u>123</u> | <u>123</u> |

Balranald Shire Council

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

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment

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

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

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

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

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

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

| 2015 | Date of latest Valuation | Fair Value Measurement Hierarchy | | | Total |
|---|--------------------------------|---|--|--|--------|
| | | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | | |
| Infrastructure, Property, Plant & Equipment | | | | | |
| WIP | 30/06/15 | - | - | 199 | 199 |
| Plant & Equipment | 30/06/15 | - | - | 2,135 | 2,135 |
| Office Equipment | 30/06/15 | - | - | 39 | 39 |
| Furniture & Fittings | 30/06/15 | - | - | 60 | 60 |
| Land- Operational | 30/06/14 | - | - | 890 | 890 |
| Land Community | 30/06/14 | - | - | 1,046 | 1,046 |
| Land Improvements | 30/06/14 | - | - | 568 | 568 |
| Buildings Specialised | 30/06/14 | - | - | 248 | 248 |
| Buildings Non - Specialised | 30/06/14 | - | - | 11,886 | 11,886 |
| Other Structures | 30/06/14 | - | - | 6,238 | 6,238 |
| Roads & Bridges | 30/06/15 | - | - | 53,058 | 53,058 |
| Kerb & Channels | 30/06/15 | - | - | 2,884 | 2,884 |
| Footpaths | 30/06/15 | - | - | 927 | 927 |
| Stormwater Drainage | 30/06/15 | - | - | 2,284 | 2,284 |
| Water Supply network | 30/06/15 | - | - | 7,244 | 7,244 |
| Sewerage Network | 30/06/15 | - | - | 6,968 | 6,968 |
| Swimming pools | 30/06/14 | - | - | 740 | 740 |
| Other | 30/06/14 | - | - | 713 | 713 |
| Total Infrastructure, Property, Plant & Equipment | | - | - | 98,127 | 98,127 |

Balranald Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

| 2014 | Fair Value Measurement Hierarchy | | | Total |
|---|---|--|--|---------|
| | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | |
| Infrastructure, Property, Plant & Equipment | | | | |
| Plant & Equipment | - | - | 2,101 | 2,101 |
| Office Equipment | - | - | 39 | 39 |
| Furniture & Fittings | - | - | 71 | 71 |
| Land- Operational | - | - | 889 | 889 |
| Land Community | - | - | 1,046 | 1,046 |
| Land Improvements | - | - | 568 | 568 |
| Buildings Specialised | - | - | 254 | 254 |
| Buildings Non - Specialised | - | - | 11,779 | 11,779 |
| Other Structures | - | - | 6,794 | 6,794 |
| Roads | - | - | 106,286 | 106,286 |
| Kerb & Gutter | - | - | 3,094 | 3,094 |
| Footpaths | - | - | 1,208 | 1,208 |
| Stormwater Drainage | - | - | 3,611 | 3,611 |
| Water Supply network | - | - | 7,147 | 7,147 |
| Sewerage Network | - | - | 6,982 | 6,982 |
| Other | - | - | 732 | 732 |
| Total Infrastructure, Property, Plant & Equipment | - | - | 152,601 | 152,601 |

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Balranald Shire Council

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

Note 27. Fair Value Measurement

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

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

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

Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & equipment, Office Equipment and Furniture & fittings are valued at 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 & equipment- Graders, Trucks, rollers, tractors and motor vehicles.
- Office equipment- Computers, photocopies, calculators etc.
- Furniture & Fittings- Chairs, desks and display boards.

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

Operational & Community Land

Operational & community Land are based on either the Land Value provided by the Valuer General 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 of the Land. Operational Land is based on the Valuer General's land value as these are representative of the actual market values in the Balranald Shire LGA. As these rates were not considered to be observable market evidence they have been classified at a level 3.

Buildings- Non Specialised & Specialised

Non- Specialised & Specialised Buildings have been valued externally using Herron Todd (Murray Riverina) Pty Ltd, 185 Annesley Street, Eucha using the cost approach. The approach estimated the replacement cost of each building by componentising the building into significant parts. While all buildings were physically inspected and the

Balranald Shire Council

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

Note 27. Fair Value Measurement

unit rates based on square market based evidence (level) 2 could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

While these costs were current and the impact of depreciable negligible, the building has been classified as level 3 as they are immaterial in relation to the overall value of the asset type.

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

Other structures

Other structures comprise of aerodrome runway, lighting, irrigation systems and fencing etc. and have been valued externally using Herron Todd white (Murray Riverina) Pty Ltd, 185 Annesley Street Echua using the cost approach. The approach estimated the replacement cost of the asset by componentising the asset into significant parts. No market evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Roads, Bridges, Footpaths & Drainage Infrastructure.

Roads comprise roads carriageway, roadside shoulders & Kerb and Gutter and Channels. Bridges comprised of Bridges and Major Culverts. All these asset classes were valued by Malcolm Styles (Engineering Management Styles) Gold Square Victoria for the period ending 30th June 2015. The approach estimated the replacement cost for each asset by componentising the assets into significant parts using Balranald Shire Council's internal data base of costs. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Water Supply Network

Assets within this class comprise reservoirs, pumping stations and water pipelines.

The cost approach estimated the replacement cost for each asset by componentising the asset into significant parts with different useful lives and taking into account a range of factors. While the unit rate is based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on

Balranald Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is 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.

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

Sewerage Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) 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. Additionally due to limitations in the historical records of very long lived assets there is 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.

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

Swimming Pools

Assets within this class comprise Council's outdoor swimming pool. The swimming pool was valued in-house by experienced staff in Council's Health & Development Department using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts. 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.

Other Open Space/Recreational Assets

Assets within this class comprise synthetic & turf surfaces, lighting, playground equipment etc. All assets in Other Structures were 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.

Balranald Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

| | Plant & Equipment | Office Equipment | Furniture & Fittings | Operational Land | Total |
|---|----------------------|---------------------|----------------------------|---------------------|--------------|
| Opening Balance - 1/7/13 | 2,413 | 45 | 83 | 917 | 3,458 |
| Purchases (GBV) | 491 | 17 | - | - | 508 |
| Disposals (WDV) | (349) | - | - | - | (349) |
| Depreciation & Impairment | (333) | (23) | (12) | - | (368) |
| Adjustments & Transfers | (78) | - | - | (84) | (162) |
| Revaluations | (43) | - | - | 56 | 13 |
| Closing Balance - 30/6/14 | 2,101 | 39 | 71 | 889 | 3,100 |
| Transfers from/(to) another asset class | - | - | - | 1 | 1 |
| Purchases (GBV) | 443 | 14 | - | - | 457 |
| Disposals (WDV) | (88) | - | - | - | (88) |
| Depreciation & Impairment | (321) | (14) | (11) | - | (346) |
| Closing Balance - 30/6/15 | 2,135 | 39 | 60 | 890 | 3,124 |

| | Community Land | Land Improvements | Buildings Non Specialised | Buildings Specialised | Total |
|---|-------------------|----------------------|---------------------------------|--------------------------|---------------|
| Opening Balance - 1/7/13 | 1,590 | - | 10,884 | 223 | 12,697 |
| Purchases (GBV) | 18 | - | 1,048 | 36 | 1,102 |
| Depreciation & Impairment | - | - | (751) | (5) | (756) |
| Adjustments & Transfers | (50) | - | - | - | (50) |
| Revaluations | (512) | 568 | 598 | - | 654 |
| Closing Balance - 30/6/14 | 1,046 | 568 | 11,779 | 254 | 13,647 |
| Transfers from/(to) another asset class | - | - | 12 | - | 12 |
| Purchases (GBV) | - | - | 1,078 | - | 1,078 |
| Depreciation & Impairment | - | - | (636) | (6) | (642) |
| Adjustments & Transfers | - | - | (347) | - | (347) |
| Closing Balance - 30/6/15 | 1,046 | 568 | 11,886 | 248 | 13,748 |

Balranald Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

| | Other Structures | Roads | Kerb & Gutter | Footpaths | Total |
|---|---------------------|----------------|------------------|--------------|----------------|
| Opening Balance - 1/7/13 | 7,438 | 112,024 | - | - | 119,462 |
| Purchases (GBV) | 187 | 1,119 | - | 210 | 1,516 |
| Depreciation & Impairment | (234) | (5,784) | (66) | (75) | (6,159) |
| Adjustments & Transfers | (55) | (1,073) | 3,160 | 1,073 | 3,105 |
| Revaluations | (542) | - | - | - | (542) |
| Closing Balance - 30/6/14 | 6,794 | 106,286 | 3,094 | 1,208 | 117,382 |
| Transfers from/(to) another asset class | (373) | - | - | 5 | (368) |
| Purchases (GBV) | 49 | 1,931 | - | 27 | 2,007 |
| Depreciation & Impairment | (232) | (4,955) | (66) | (77) | (5,330) |
| Revaluations | - | (50,204) | (144) | (236) | (50,584) |
| Closing Balance - 30/6/15 | 6,238 | 53,058 | 2,884 | 927 | 63,107 |

| | Stormwater Drainage | Water Supply Network | Sewer Network | Swimming Pool & Other | Total |
|---|------------------------|----------------------------|------------------|-----------------------------|---------------|
| Opening Balance - 1/7/13 | 6,797 | 6,894 | 6,583 | 73 | 20,347 |
| Purchases (GBV) | 57 | 97 | 31 | 102 | 287 |
| Disposals (WDV) | - | (14) | - | - | (14) |
| Depreciation & Impairment | (83) | (255) | (185) | (26) | (549) |
| Adjustments & Transfers | (3,160) | 68 | 212 | (13) | (2,893) |
| Revaluations | - | 357 | 341 | 669 | 1,367 |
| Closing Balance - 30/6/14 | 3,611 | 7,147 | 6,982 | 805 | 18,545 |
| Transfers from/(to) another asset class | - | 8 | - | 748 | 756 |
| Purchases (GBV) | - | 194 | 14 | 127 | 335 |
| Depreciation & Impairment | (84) | (276) | (201) | (28) | (589) |
| Revaluations | (1,243) | 171 | 173 | - | (899) |
| Closing Balance - 30/6/15 | 2,284 | 7,244 | 6,968 | 1,652 | 18,148 |

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

No Transfers were made in or out of the Level 3 Fair Value Hierarchy.

(5). Highest and best use

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

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BALRANALD SHIRE COUNCIL
Independent Audit Report to the Council
General Purpose Financial Statements for the Year ended 30 June 2015

Report on the Financial Report

We have audited the general purpose financial statements of Balranald Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's Responsibilities for the Financial Statements

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

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Cash Flow Statement, Notes 2(a), and 16 to the financial statements, estimated expenditure in note 17, additional Council disclosure notes, nor the attached Special Schedules. Accordingly, no opinion is expressed on these matters.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Balranald Shire Council as of 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Council's Responsibilities for compliance with other legal and regulatory requirements

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

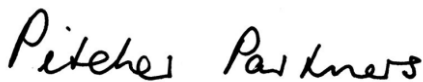
Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

Auditors' Opinion on other legal and regulatory requirements

In our opinion:

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and the Local Government (General) Regulation 2005; and
- (b) the Council's general purpose financial statements
 - i) have been prepared in accordance with the requirements of this Division and Regulation;
 - ii) are consistent with the Council's accounting records;
 - iii) present fairly the Council's financial position and the results of its operations;
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.


PITCHER PARTNERS


CARL MILLINGTON
Partner

Sydney, 9 December 2015

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BALRANALD SHIRE COUNCIL
INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT
(Local Government Act, 1993 – Sections 417 (1) and 417(3))
YEAR ENDED 30 JUNE 2015

Balranald Shire Council has prepared general and special purpose financial reports for the year ended 30 June 2015 on which we issued separate audit reports to the Council dated 9 December 2015. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Sections 417(1) and 417(3) of the Local Government Act, 1993.

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 New South Wales Office of Local Government, or for any purpose other than that for which it was prepared.

Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2015 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

| | 2015 Actual | 2015 Budget | * Budget | 2014 Actual |
|---|-------------|-------------|------------|-------------|
| | \$'000 | \$'000 | Variance % | \$'000 |
| Operating result | (2,950) | (3,690) | 20.1.%F | (7,361) |
| Operating result before capital revenue | (3,606) | (6,000) | 39.9.%F | (7,716) |
| Rates & annual charges | 2,025 | 2,029 | 0.19%U | 1,987 |
| Operating grants & contributions | 6,669 | 5,950 | 10.78.%F | 5,961 |
| Capital grants & contributions | 656 | 2,310 | 71.60%U | 355 |
| Depreciation & amortisation | 6,907 | 7,832 | 13.39.%F- | 7,832 |

* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

Operating Result. Council's operating result was a deficit of \$2.950M a significant improvement from the 2014 deficit of \$7.361M and in accordance with the budgeted deficit of \$3.690M. The most significant items impacting the operating result were:

- an increase in grants and contributions for operating purposes as a full complement of quarterly instalments for the Financial Assistance Grant were received in 2015 compared to 2 quarters only in 2014. This resulted in an increase of \$1.661M which was offset by a decrease of \$0.682M in the amount received for flood restoration contributions; and
- a decrease in materials and contracts has occurred as a result of the reduction in the expense component of the restorative work required for flood damaged road infrastructure incurred in previous years.
- a decrease in the depreciation expense has occurred as a number of infrastructure asset items reached their residual value as set as part of the previous infrastructure fair valuation.

Operating Result before Capital. The operating result before Capital grants and contributions was a deficit of \$3.606M compared with the prior year deficit of \$7.716M. The result was significantly better than originally estimated as reduced capital grants and contributions were offset by favourable operating grants and contributions and material and contracts expenditure.

Rates and Annual Charges. Revenue from rates and annual charges increased to \$2.025M from \$1.987M in the prior year, and matched the budget for the 2015 year.

Grants and Contributions. Operating grants and contributions for the year totalled \$6.669M and represented 55.29% of total income from continuing operations (2014 60.56% and 2013: 56.07%). This compares with budget of \$5.950M.

Capital grants and contributions amounted to \$656K for the 2015 year and represented 5.44% of total income from continuing operations (2014: 3.28%). This compares to the budget of \$2.310M which included an unsuccessful grant application for \$2.0M.

Depreciation. Included in the operating result was \$6.907M for the depreciation of infrastructure, property, plant and equipment which decreased from \$7.832M in 2014 and as budgeted for in 2015. Depreciation (and amortization) represents 46.01% (2014: 42.96%) of total expenses and 56.26% (2014: 72.48%) of total income for the year. The reduction has primarily occurred in the Roads and Kerb & Gutter categories of IPPE which has decreased by \$829K due to further unsealed road assets reaching their assessed residual value during 2015 eliminating the depreciation charge previously incurred in the 3 years since the fair valuation occurred.

Statement of Financial Position

Council's equity at 30 June 2015 amounted to \$97.996M comprised of retained earnings, and reserves arising from revaluation of infrastructure assets in prior years.

The most significant impact on retained earnings for the 2015 year was the fair valuation of infrastructure assets at 30 June 2015 which resulted in a decrease to the Infrastructure, Property, Plant & Equipment Reserve from \$104.994M to \$53.511M. This reduction was the result of management and consultant assessment of the current replacement cost and accumulated depreciation applicable to infrastructure assets at 30 June 2015. The assessment is thought to more accurately reflect the infrastructure situation after the fair valuation assessment performed as at 30 June 2011.

At balance date Council had not utilised any of its bank overdraft facility with Westpac of \$200K.

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

| Activities | 2015 Actual \$'000 | 2015 Budget \$'000 | * Budget Variance % | 2014 Actual \$'000 |
|--------------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| Net cash flows from operations | 3,127 | 4,124 | 24.18%U | 1,621 |
| Net cash flows from investing | (3,265) | (4,521) | 38.47%F | (3,035) |
| Net cash flows from financing | (246) | 1,514 | 116.25%U | (270) |
| Net movement in cash | (384) | 1,117 | 134.38%F | (1,684) |

* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances decreased to a total of \$4.627M during the year, with \$3.127M being provided from operations, \$3.265M utilised in net investing activities for Infrastructure, Property, Plant & Equipment purchases, and \$246K being utilised in net movements of borrowings and advances.

Total Investments and Cash Balances

Council's total cash balance at 30 June 2015 was comprised of the following:

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Externally restricted cash | 2,744 | 2,147 |
| Internally restricted cash | 1,699 | 2,560 |
| Unrestricted cash | 184 | 304 |
| Total Cash, Cash Equivalents and Investments | 4,627 | 5,011 |

Externally restricted cash balances remained stable with increases related to water supplies and sewer services.

Internally restricted cash balances have decreased as the funds for the Balranald Interpretative Centre funding received in 2014 were expended and the project completed.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2015 year results with prior years.

Operating performance ratio. At -38.64% this ratio is below the benchmark set by NSW TCorp and expectations of the NSW Office of Local Government. The result is a significant improvement over 2014 and reflects the receipt of the full Financial Assistance Grant in 2015, the reduction in operational costs including repairs and maintenance and the decrease in depreciation expense for the major infrastructure categories in the final year of the initial fair valuation period.

Own source operating revenue ratio. The ratio of 36.22% is below industry benchmarks however in accordance with the historical ratio indicating that Council is heavily dependent on outside grant funding to meet service levels.

Unrestricted Current Ratio. This ratio of 1.95:1 has improved from 2014 (1.86:1) and is approaching the industry benchmark of 2:1.

Debt Service Ratio. The ratio has returned to pre-2014 levels as a result of the EBIDTA improving with the increase in grant and contribution revenue and the reduction in operating costs for 2015.

Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage. The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 16.48% increasing from 13.49% in 2014 and remaining above the industry benchmark of 10%.

Cash expense cover ratio. This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. Council's ratio of 5.84 exceeds the industry benchmark of 3 and indicates that Council has sufficient liquidity to adequately fund its short term obligations.

Legislative Compliance

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 23), and other legislatively prescribed standards.

Conduct of the audit

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

We would like to commend the courteous and professional manner in which Council's staff has acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.


PITCHER PARTNERS


CARL MILLINGTON

Partner

Sydney, 9 December 2015

Balranald Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*COMMITTED TO BALRANALD SHIRE,
PROVIDING FOR OUR PEOPLE
PROTECTING OUR HERITAGE, AND
PLANNING FOR OUR FUTURE*



Balranald Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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| 2. Special Purpose Financial Statements: | |
| Income Statement - Water Supply Business Activity | 3 |
| Income Statement - Sewerage Business Activity | 4 |
| Income Statement - Other Business Activities | n/a |
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| Statement of Financial Position - Other Business Activities | n/a |
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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).
-

Balranald 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:

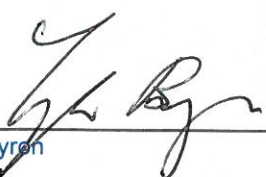
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- 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 19 November 2015.


 Leigh Byren
 MAYOR


 Ken Barnes
 COUNCILLOR


 Aaron Drenovski
 GENERAL MANAGER


 Elizabeth White
 RESPONSIBLE ACCOUNTING OFFICER

Balranald 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 | 456 | 425 |
| User charges | 615 | 491 |
| Fees | - | - |
| Interest | 10 | 3 |
| Grants and contributions provided for non capital purposes | 6 | 6 |
| Profit from the sale of assets | - | - |
| Other income | - | 14 |
| Total income from continuing operations | 1,087 | 939 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 135 | 188 |
| Borrowing costs | 84 | 79 |
| Materials and contracts | 223 | 185 |
| Depreciation and impairment | 276 | 255 |
| Water purchase charges | 16 | 153 |
| Loss on sale of assets | - | 14 |
| Calculated taxation equivalents | - | - |
| Debt guarantee fee (if applicable) | - | - |
| Other expenses | 125 | - |
| Total expenses from continuing operations | 859 | 874 |
| Surplus (deficit) from Continuing Operations before capital amounts | 228 | 65 |
| Grants and contributions provided for capital purposes | - | - |
| Surplus (deficit) from Continuing Operations after capital amounts | 228 | 65 |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | 228 | 65 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | (68) | (20) |
| SURPLUS (DEFICIT) AFTER TAX | 160 | 46 |
| plus Opening Retained Profits | 2,195 | 2,130 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | - | - |
| - Debt guarantee fees | - | - |
| - Corporate taxation equivalent | 68 | 20 |
| less: | | |
| - Tax Equivalent Dividend paid | - | - |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 2,423 | 2,195 |
| Return on Capital % | 4.3% | 2.0% |
| Subsidy from Council | - | 110 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 160 | 46 |
| less: Capital grants and contributions (excluding developer contributions) | - | - |
| Surplus for dividend calculation purposes | 160 | 46 |
| Potential Dividend calculated from surplus | 80 | 23 |

Balranald 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 | 249 | 266 |
| User charges | 15 | 23 |
| Liquid Trade Waste charges | - | - |
| Fees | 1 | - |
| Interest | 9 | 53 |
| Grants and contributions provided for non capital purposes | 6 | - |
| Profit from the sale of assets | - | - |
| Other income | - | - |
| Total income from continuing operations | 280 | 342 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 39 | 47 |
| Borrowing costs | - | - |
| Materials and contracts | 179 | 135 |
| Depreciation and impairment | 201 | 185 |
| Loss on sale of assets | - | - |
| Calculated taxation equivalents | - | - |
| Debt guarantee fee (if applicable) | - | - |
| Other expenses | 12 | 46 |
| Total expenses from continuing operations | 431 | 413 |
| Surplus (deficit) from Continuing Operations before capital amounts | (151) | (71) |
| Grants and contributions provided for capital purposes | - | - |
| Surplus (deficit) from Continuing Operations after capital amounts | (151) | (71) |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | (151) | (71) |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | (151) | (71) |
| plus Opening Retained Profits | 3,205 | 3,276 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | - | - |
| - Debt guarantee fees | - | - |
| - Corporate taxation equivalent | - | - |
| less: | | |
| - Tax Equivalent Dividend paid | - | - |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 3,054 | 3,205 |
| Return on Capital % | -2.2% | -1.0% |
| Subsidy from Council | 362 | 320 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | (151) | (71) |
| less: Capital grants and contributions (excluding developer contributions) | - | - |
| Surplus for dividend calculation purposes | - | - |
| Potential Dividend calculated from surplus | - | - |

Balranald 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 | 328 | 185 |
| Investments | 100 | - |
| Receivables | 210 | 190 |
| Inventories | - | - |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 638 | 375 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 7,245 | 7,147 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Intangible Assets | - | - |
| Other | - | 13 |
| Total non-Current Assets | 7,245 | 7,160 |
| TOTAL ASSETS | 7,883 | 7,535 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | 2 | - |
| Interest bearing liabilities | 70 | 62 |
| Provisions | - | - |
| Total Current Liabilities | 72 | 62 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | 1,065 | 1,127 |
| Provisions | - | - |
| Total Non-Current Liabilities | 1,065 | 1,127 |
| TOTAL LIABILITIES | 1,137 | 1,189 |
| NET ASSETS | 6,746 | 6,346 |
| EQUITY | | |
| Retained earnings | 2,423 | 2,195 |
| Revaluation reserves | 4,323 | 4,151 |
| Council equity interest | 6,746 | 6,346 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 6,746 | 6,346 |

Balranald 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 | 277 | 1,631 |
| Investments | 1,500 | - |
| Receivables | 42 | 42 |
| Inventories | - | - |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 1,819 | 1,673 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 6,976 | 6,982 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Intangible Assets | - | - |
| Other | - | - |
| Total non-Current Assets | 6,976 | 6,982 |
| TOTAL ASSETS | 8,795 | 8,655 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | - | - |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Total Current Liabilities | - | - |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Total Non-Current Liabilities | - | - |
| TOTAL LIABILITIES | - | - |
| NET ASSETS | 8,795 | 8,655 |
| EQUITY | | |
| Retained earnings | 3,054 | 3,205 |
| Revaluation reserves | 5,741 | 5,450 |
| Council equity interest | 8,795 | 8,655 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 8,795 | 8,655 |

Balranald 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 |
| 3 | Sewerage Business Best Practice Management disclosure requirements | 13 |

Balranald 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)

Nil

Category 2

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

a. Balranald Shire Council Combined Water Supplies

Comprising the whole of the operations and assets of the raw and filtered water supply systems, that services the towns of Balranald and Euston.

b. Balranald Shire Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems, that services the towns of Balranald and Euston.

Monetary Amounts

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

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Balranald Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Balranald Shire Council

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

Note 1. Significant Accounting Policies

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

The 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.

Balranald 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 | - |
| (ii) | No of assessments multiplied by \$3/assessment | 2,874 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | - |
| (iv) | Amounts actually paid for Tax Equivalents | - |

2. Dividend from Surplus

| | | |
|-------|--|--------|
| (i) | 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines] | 79,800 |
| (ii) | No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | 28,740 |
| (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 | 64,100 |

| | | | | | |
|--------------|---------|---------------|--------|---------------|-----------|
| 2015 Surplus | 159,600 | 2014 Surplus | 45,500 | 2013 Surplus | (141,000) |
| | | 2014 Dividend | - | 2013 Dividend | - |

| | | |
|------|--|--------|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | 28,740 |
| (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) | NO |
| (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] | NO |
| | - DSP with Commercial Developer Charges [Item 2(e) in Table 1] | NO |
| | - If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1] | NO |
| (iii) | Sound Water Conservation and Demand Management implemented | YES |
| (iv) | Sound Drought Management implemented | YES |
| (v) | Complete Performance Reporting Form (by 15 September each year) | NO |
| (vi) | a. Integrated Water Cycle Management Evaluation | NO |
| | b. Complete and implement Integrated Water Cycle Management Strategy | NO |

Balranald Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 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 | 1,077 |
| 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)] | % | 47.47% |
| NWI F9 | Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47) | \$'000 | 7,237 |
| NWI F11 | Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2) | \$'000 | 499 |
| NWI F14 | Capital Expenditure (Water) Acquisition of fixed assets (w16) | \$'000 | - |
| 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)] | % | 2.09% |
| NWI F26 | Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a) | \$'000 | - |

- 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.

Balranald 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 | - |
| (ii) | No of assessments multiplied by \$3/assessment | 2,694 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | - |
| (iv) | Amounts actually paid for Tax Equivalents | - |

2. Dividend from Surplus

| | | |
|-------|--|-----------|
| (i) | 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines] | - |
| (ii) | No. of assessments x (\$30 less tax equivalent charges per assessment) | 26,940 |
| (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 | (228,000) |

| | | | | | |
|--------------|-----------|---------------|----------|---------------|---------|
| 2015 Surplus | (151,000) | 2014 Surplus | (71,000) | 2013 Surplus | (6,000) |
| | | 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) | NO |
| (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] | NO |
| | DSP with Commercial Developer Charges [Item 2(e) in Table 1] | NO |
| | Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1] | YES |
| (iii) | Complete Performance Reporting Form (by 15 September each year) | NO |
| (iv) | a. Integrated Water Cycle Management Evaluation | NO |
| | b. Complete and implement Integrated Water Cycle Management Strategy | NO |

Balranald 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 | 262 |
| NWI F10 | Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48) | \$'000 | 6,923 |
| NWI F12 | Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2) | \$'000 | 230 |
| NWI F15 | Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17) | \$'000 | - |
| 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)] | % | -2.29% |
| 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 | 1,348 |
| NWI F8 | Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3) | % | 0.96% |
| NWI F16 | Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17) | \$'000 | - |
| 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)] | % | 0.66% |
| 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% |

Balranald Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2015

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

| | | | |
|----------------|--|--------|--------|
| NWI F22 | Net Debt to Equity (Water & Sewerage) | % | -6.89% |
| | Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)] | | |
| NWI F23 | Interest Cover (Water & Sewerage) | | 2 |
| | Earnings before Interest & Tax (EBIT) divided by Net Interest | | |
| | Earnings before Interest & Tax (EBIT): | | 142 |
| | 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: | | 65 |
| | Interest Expense (w4a + s4a) - Interest Income (w9 + s10) | | |
| NWI F24 | Net Profit After Tax (Water & Sewerage) | \$'000 | 77 |
| | Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv)) | | |
| NWI F25 | Community Service Obligations (Water & Sewerage) | \$'000 | 13 |
| | Grants for Pensioner Rebates (w11b + s12b) | | |

- 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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BALRANALD SHIRE COUNCIL
Special Purpose Financial Report
Independent Auditors' Report to the Council for the Year ended 30 June 2015

Report on the Financial Statements of Council's Declared Business Activities

We have audited the accompanying financial statements, being special purpose financial statements, of Balranald Shire Council's declared business activities, which comprises the statement of financial position as at 30 June 2015 and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes and the Statement by Councillors and Management.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to their needs. Council's responsibility also includes such internal controls as the Council determines are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 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 entity'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 entity'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.

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

Auditor's Opinion

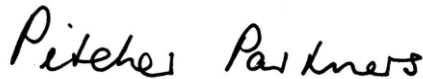
In our opinion, the financial statements present fairly, in all material respects, the financial position of Balranald Shire Council as of 30 June 2015 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis of Accounting

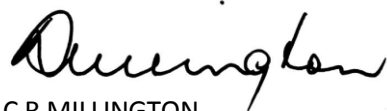
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

Other Matter

Balranald Shire Council has prepared a separate financial report for the year ended 30 June 2015 in accordance with Australian Accounting Standards and the Code of Accounting Practice and Financial Reporting on which we issued a separate auditor's report to the Council dated 9 December 2015.



PITCHER PARTNERS



C R MILLINGTON
Partner

Sydney, 9 December 2015

Balranald Shire Council

SPECIAL SCHEDULES

for the year ended 30 June 2015

*COMMITTED TO BALRANALD SHIRE,
PROVIDING FOR OUR PEOPLE
PROTECTING OUR HERITAGE, AND
PLANNING FOR OUR FUTURE*



Balranald Shire Council

Special Schedules

for the financial year ended 30 June 2015

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Special Schedules¹

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| - Special Schedule No. 2(a) | Statement of Long Term Debt (all purposes) | 4 |
| - Special Schedule No. 2(b) | Statement of Internal Loans (Sect. 410(3) LGA 1993) | n/a |
| - Special Schedule No. 3 | Water Supply Operations - incl. Income Statement | 5 |
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| - Special Schedule No. 5 | Sewerage Service Operations - incl. Income Statement | 10 |
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| - Notes to Special Schedules No. 3 & 5 | | 15 |
| - Special Schedule No. 7 | Report on Infrastructure Assets (as at 30 June 2015) | 16 |
| - Special Schedule No. 8 | Financial Projections | n/a |
| - Special Schedule No. 9 | Permissible Income Calculation | 25 |

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.

Balranald 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 | 515 | 50 | - | (465) |
| Administration | 2,056 | 295 | - | (1,761) |
| Public Order and Safety | | | | |
| Fire Service Levy, Fire Protection, Emergency Services | 312 | 219 | - | (93) |
| Beach Control | - | - | - | - |
| Enforcement of Local Govt. Regulations | - | - | - | - |
| Animal Control | 11 | 1 | - | (10) |
| Other | - | - | - | - |
| Total Public Order & Safety | 323 | 220 | - | (103) |
| Health | 54 | 11 | - | (43) |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | 52 | 27 | - | (25) |
| Other Environmental Protection | - | - | - | - |
| Solid Waste Management | 228 | 342 | - | 114 |
| Street Cleaning | 27 | - | - | (27) |
| Drainage | - | - | - | - |
| Stormwater Management | 145 | - | - | (145) |
| Total Environment | 452 | 369 | - | (83) |
| Community Services and Education | | | | |
| Administration & Education | - | - | - | - |
| Social Protection (Welfare) | - | - | - | - |
| Aged Persons and Disabled | 1,175 | 1,160 | 9 | (6) |
| Children's Services | 13 | 1 | - | (12) |
| Total Community Services & Education | 1,188 | 1,161 | 9 | (18) |
| Housing and Community Amenities | | | | |
| Public Cemeteries | 36 | 19 | - | (17) |
| Public Conveniences | 77 | - | 115 | 38 |
| Street Lighting | 93 | 17 | - | (76) |
| Town Planning | 43 | 35 | - | (8) |
| Other Community Amenities | 310 | 59 | - | (251) |
| Total Housing and Community Amenities | 559 | 130 | 115 | (314) |
| Water Supplies | 857 | 1,084 | - | 227 |
| Sewerage Services | 431 | 280 | - | (151) |

Balranald 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 | 61 | 19 | - | (42) |
| Museums | 44 | - | - | (44) |
| Art Galleries | - | - | - | - |
| Community Centres and Halls | 37 | 1 | - | (36) |
| Performing Arts Venues | 117 | 3 | - | (114) |
| Other Performing Arts | - | - | - | - |
| Other Cultural Services | - | - | - | - |
| Sporting Grounds and Venues | 326 | 7 | 79 | (240) |
| Swimming Pools | 142 | 10 | - | (132) |
| Parks & Gardens (Lakes) | 259 | - | - | (259) |
| Other Sport and Recreation | - | - | - | - |
| Total Recreation and Culture | 986 | 40 | 79 | (867) |
| Fuel & Energy | - | - | - | - |
| Agriculture | - | - | - | - |
| Mining, Manufacturing and Construction | | | | |
| Building Control | 52 | 14 | - | (38) |
| Other Mining, Manufacturing & Construction | - | - | - | - |
| Total Mining, Manufacturing and Const. | 52 | 14 | - | (38) |
| Transport and Communication | | | | |
| Urban Roads (UR) - Local | 399 | - | 224 | (175) |
| Urban Roads - Regional | - | - | - | - |
| Sealed Rural Roads (SRR) - Local | 631 | 591 | - | (40) |
| Sealed Rural Roads (SRR) - Regional | 1,584 | 1,143 | 220 | (221) |
| Unsealed Rural Roads (URR) - Local | 3,054 | 751 | - | (2,303) |
| Unsealed Rural Roads (URR) - Regional | 305 | - | - | (305) |
| Bridges on UR - Local | - | - | - | - |
| Bridges on SRR - Local | - | - | - | - |
| Bridges on URR - Local | - | - | - | - |
| Bridges on Regional Roads | 28 | - | - | (28) |
| Parking Areas | - | - | - | - |
| Footpaths | 103 | - | - | (103) |
| Aerodromes | 110 | - | - | (110) |
| Other Transport & Communication | 180 | - | - | (180) |
| Total Transport and Communication | 6,394 | 2,485 | 444 | (3,465) |
| Economic Affairs | | | | |
| Camping Areas & Caravan Parks | 429 | 470 | - | 41 |
| Other Economic Affairs | 715 | 166 | 9 | (540) |
| Total Economic Affairs | 1,144 | 636 | 9 | (499) |
| Totals – Functions | 15,011 | 6,775 | 656 | (7,580) |
| General Purpose Revenues ⁽²⁾ | | 4,630 | | 4,630 |
| Share of interests - joint ventures & associates using the equity method | - | - | | - |
| NET OPERATING RESULT ⁽¹⁾ | 15,011 | 11,405 | 656 | (2,950) |

(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

Balranald 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) | | | | | | | | | | | |
| Commonwealth Government | - | - | - | | | | | | | - | - |
| Treasury Corporation | - | - | - | | | | | | | - | - |
| Other State Government | - | - | - | | | | | | | - | - |
| Public Subscription | - | - | - | | | | | | | - | - |
| Financial Institutions | 246 | 3,558 | 3,804 | - | 246 | - | - | 247 | 227 | 3,331 | 3,558 |
| Other | - | - | - | | | | | | | - | - |
| Total Loans | 246 | 3,558 | 3,804 | - | 246 | - | - | 247 | 227 | 3,331 | 3,558 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | - | - | - | | | | | | | - | - |
| Government Advances | - | - | - | | | | | | | - | - |
| Finance Leases | - | - | - | | | | | | | - | - |
| Deferred Payments | - | - | - | | | | | | | - | - |
| Total Long Term Debt | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 246 | 3,558 | 3,804 | - | 246 | - | - | 247 | 227 | 3,331 | 3,558 |

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).

Balranald 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 | 96 | 139 |
| b. Engineering and Supervision | - | - |
| 2. Operation and Maintenance expenses | | |
| - Dams & Weirs | | |
| a. Operation expenses | - | - |
| b. Maintenance expenses | - | - |
| - Mains | | |
| c. Operation expenses | - | - |
| d. Maintenance expenses | 77 | 60 |
| - Reservoirs | | |
| e. Operation expenses | 16 | - |
| f. Maintenance expenses | 5 | 10 |
| - Pumping Stations | | |
| g. Operation expenses (excluding energy costs) | - | - |
| h. Energy costs | 87 | 48 |
| i. Maintenance expenses | 127 | 138 |
| - Treatment | | |
| j. Operation expenses (excluding chemical costs) | - | - |
| k. Chemical costs | 35 | 45 |
| l. Maintenance expenses | - | - |
| - Other | | |
| m. Operation expenses | 1 | - |
| n. Maintenance expenses | 39 | 72 |
| o. Purchase of water | 16 | 14 |
| 3. Depreciation expenses | | |
| a. System assets | 276 | 255 |
| b. Plant and equipment | - | - |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 84 | 79 |
| 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) | - | - |
| 5. Total expenses | 859 | 860 |

Balranald 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) | 456 | 317 |
| b. Usage charges | 412 | 343 |
| 7. Non-residential charges | | |
| a. Access (including rates) | - | 108 |
| b. Usage charges | 194 | 114 |
| 8. Extra charges | - | - |
| 9. Interest income | 10 | 3 |
| 10. Other income | 8 | 20 |
| 10a. Aboriginal Communities Water and Sewerage Program | - | 34 |
| 11. Grants | | |
| a. Grants for acquisition of assets | - | - |
| b. Grants for pensioner rebates | 7 | - |
| c. Other grants | - | - |
| 12. Contributions | | |
| a. Developer charges | - | - |
| b. Developer provided assets | - | - |
| c. Other contributions | - | - |
| 13. Total income | 1,087 | 939 |
| 14. Gain (or loss) on disposal of assets | - | (14) |
| 15. Operating Result | 228 | 65 |
| 15a. Operating Result (less grants for acquisition of assets) | 228 | 65 |

Balranald 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 | - | - |
| c. Renewals | - | - |
| d. Plant and equipment | - | - |
| 17. Repayment of debt | | |
| a. Loans | 52 | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 18. Transfer to sinking fund | - | - |
| 19. Totals | 52 | - |
| 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) | 801 | 801 |
| b. Residential (unoccupied, ie. vacant lot) | - | - |
| c. Non-residential (occupied) | - | - |
| d. Non-residential (unoccupied, ie. vacant lot) | 157 | 157 |
| 25. Number of ETs for which developer charges were received | - ET | - ET |
| 26. Total amount of pensioner rebates (actual dollars) | \$ 11,813 | \$ 11,736 |

Balranald 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"/> | <input type="checkbox"/> NO | |
| b. Total cross-subsidy in water supply developer charges for 2014/15 (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="-"/> |
| <p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>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.</p> | | | |

Balranald 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 | - | - | - |
| b. Special purpose grants | - | - | - |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | - | - | - |
| e. Sinking fund | - | - | - |
| f. Other | 428 | - | 428 |
| 31. Receivables | | | |
| a. Specific purpose grants | - | - | - |
| b. Rates and Availability Charges | 189 | - | 189 |
| c. User Charges | 21 | - | 21 |
| d. Other | - | - | - |
| 32. Inventories | - | - | - |
| 33. Property, plant and equipment | | | |
| a. System assets | - | 8 | 8 |
| b. Plant and equipment | - | 7,237 | 7,237 |
| 34. Other assets | - | - | - |
| 35. Total assets | 638 | 7,245 | 7,883 |
| LIABILITIES | | | |
| 36. Bank overdraft | - | - | - |
| 37. Creditors | 2 | - | 2 |
| 38. Borrowings | | | |
| a. Loans | 70 | 1,065 | 1,135 |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 39. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 40. Total liabilities | 72 | 1,065 | 1,137 |
| 41. NET ASSETS COMMITTED | 566 | 6,180 | 6,746 |
| EQUITY | | | |
| 42. Accumulated surplus | | | 2,423 |
| 43. Asset revaluation reserve | | | 4,323 |
| 44. TOTAL EQUITY | | | 6,746 |
| Note to system assets: | | | |
| 45. Current replacement cost of system assets | | | 15,744 |
| 46. Accumulated current cost depreciation of system assets | | | (8,507) |
| 47. Written down current cost of system assets | | | 7,237 |

Balranald 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 | 45 | 84 |
| b. Engineering and Supervision | - | - |
| 2. Operation and Maintenance expenses | | |
| - Mains | | |
| a. Operation expenses | 50 | 32 |
| b. Maintenance expenses | - | - |
| - Pumping Stations | | |
| c. Operation expenses (excluding energy costs) | - | - |
| d. Energy costs | 10 | 21 |
| e. Maintenance expenses | 49 | 42 |
| - Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs) | - | - |
| g. Chemical costs | 2 | 5 |
| h. Energy costs | - | - |
| i. Effluent Management | - | - |
| j. Biosolids Management | - | - |
| k. Maintenance expenses | - | - |
| - Other | | |
| l. Operation expenses | 74 | 44 |
| m. Maintenance expenses | - | - |
| 3. Depreciation expenses | | |
| a. System assets | 201 | 185 |
| b. Plant and equipment | - | - |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | - | - |
| 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) | - | - |
| 5. Total expenses | 431 | 413 |

Balranald 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) | 249 | 229 |
| 7. Non-residential charges | | |
| a. Access (including rates) | - | 37 |
| b. Usage charges | 7 | 6 |
| 8. Trade Waste Charges | | |
| a. Annual Fees | - | - |
| b. Usage charges | - | - |
| c. Excess mass charges | - | - |
| d. Re-inspection fees | - | - |
| 9. Extra charges | - | - |
| 10. Interest income | 9 | 53 |
| 11. Other income | - | - |
| 11a. Aboriginal Communities Water & Sewerage Program | 9 | 17 |
| 12. Grants | | |
| a. Grants for acquisition of assets | - | - |
| b. Grants for pensioner rebates | 6 | - |
| c. Other grants | - | - |
| 13. Contributions | | |
| a. Developer charges | - | - |
| b. Developer provided assets | - | - |
| c. Other contributions | - | - |
| 14. Total income | 280 | 342 |
| 15. Gain (or loss) on disposal of assets | - | - |
| 16. Operating Result | (151) | (71) |
| 16a. Operating Result (less grants for acquisition of assets) | (151) | (71) |

Balranald 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 | - | - |
| c. Renewals | - | - |
| d. Plant and equipment | - | - |
| 18. Repayment of debt | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 19. Transfer to sinking fund | - | - |
| 20. Totals | - | - |
| 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) | 774 | 774 |
| b. Residential (unoccupied, ie. vacant lot) | - | - |
| c. Non-residential (occupied) | 124 | 124 |
| d. Non-residential (unoccupied, ie. vacant lot) | - | - |
| 26. Number of ETs for which developer charges were received | - ET | - ET |
| 27. Total amount of pensioner rebates (actual dollars) | \$ 11,463 | \$ - |

Balranald 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"/> | <input type="checkbox"/> NO | |
| b. Total cross-subsidy in sewerage developer charges for 2014/15 (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" value="-"/> |

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

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

Balranald 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 | - | - | - |
| b. Special purpose grants | - | - | - |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | - | - | - |
| e. Sinking fund | - | - | - |
| f. Other | 1,777 | - | 1,777 |
| 32. Receivables | | | |
| a. Specific purpose grants | - | - | - |
| b. Rates and Availability Charges | 41 | - | 41 |
| c. User Charges | - | - | - |
| d. Other | 1 | - | 1 |
| 33. Inventories | - | - | - |
| 34. Property, plant and equipment | | | |
| a. System assets | - | 6,923 | 6,923 |
| b. Plant and equipment | - | 53 | 53 |
| 35. Other assets | - | - | - |
| 36. Total Assets | 1,819 | 6,976 | 8,795 |
| LIABILITIES | | | |
| 37. Bank overdraft | - | - | - |
| 38. Creditors | - | - | - |
| 39. Borrowings | | | |
| a. Loans | - | - | - |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 40. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 41. Total Liabilities | - | - | - |
| 42. NET ASSETS COMMITTED | 1,819 | 6,976 | 8,795 |
| EQUITY | | | |
| 42. Accumulated surplus | | | 3,054 |
| 44. Asset revaluation reserve | | | 5,741 |
| 45. TOTAL EQUITY | | | 8,795 |
| Note to system assets: | | | |
| 46. Current replacement cost of system assets | | | 13,108 |
| 47. Accumulated current cost depreciation of system assets | | | (6,185) |
| 48. Written down current cost of system assets | | | 6,923 |

Balranald 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.

Balranald Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|-------------|---|---|--|---|---|-----------------------------------|------|------|------|----|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Buildings | Council Offices / Administration Centres | - | 10 | 12 | 505 | | 100% | | | 0% |
| | Council Works Depot | - | 12 | 27 | 734 | 38% | 4% | 49% | 8% | 0% |
| | Council Public Halls | - | 7 | 4 | 194 | | 25% | 75% | | 0% |
| | Libraries | - | 4 | 2 | 83 | | | | 100% | 0% |
| | Council Houses | 135 | 20 | 19 | 903 | 5% | 35% | 60% | | 0% |
| | Museum | 12 | 1 | 1 | 40 | | | | 100% | 0% |
| | Youth centre | - | 1 | 1 | 132 | | 100% | | | 0% |
| | Retirement Hostel | - | 40 | 37 | 953 | | | 100% | | 0% |
| | Waste Disposal unit | - | - | - | 16 | | | 100% | | 0% |
| | RF Self Care Units | - | 6 | 6 | 432 | 100% | | | | 0% |
| | Court St. Units (MILU) | - | - | - | 563 | | 100% | | | 0% |
| | Pre-School | - | 2 | 2 | 570 | | 78% | 22% | | 0% |
| | Senior Citizens | - | 5 | 6 | 68 | | | 100% | | 0% |
| | Health Buildings | - | 6 | 6 | 213 | 14% | 42% | 44% | | 0% |
| | Women's Rest Centre (CWA) | - | 3 | 3 | 71 | | 100% | | | 0% |
| | Theatre Royal | 185 | 10 | 27 | 771 | | | 100% | | 0% |
| | SES | - | - | - | 28 | | | 100% | | 0% |
| | Golf Club | - | 3 | 3 | 187 | 98% | | 2% | | 0% |
| | Euston Court | 39 | 5 | 15 | 143 | | 100% | | | 0% |
| | Art Gallery | - | 5 | - | 62 | | | | 100% | 0% |
| | Euston Rec Res | - | 18 | 25 | 654 | | 100% | | | 0% |
| | Aerodrome | 10 | 1 | 2 | 649 | | | | 100% | 0% |

Balranald Shire Council

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

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|----------------------------------|--|---|--|---|---|-----------------------------------|--------------|--------------|--------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Buildings (continued) | Caravan Park | - | 14 | 14 | 544 | | 25% | | 75% | 0% |
| | Amenities/Toilets | 549 | 6 | 21 | 330 | 36% | | | 30% | 34% |
| | RFS Sheds | - | 2 | 2 | 44 | | | 100% | | 0% |
| | Interpretative Centre | - | - | - | 1,553 | 100% | | | | 0% |
| | Sport & Rec facilities | - | 60 | 54 | 1,552 | 13% | 65% | 6% | 1% | 15% |
| | Tourism | - | 10 | 14 | 140 | | 63% | | 37% | 0% |
| | sub total | 930 | 251 | 303 | 12,134 | 23.4% | 34.8% | 26.7% | 12.1% | 2.9% |
| Other Structures | Other Structures | - | - | - | 194 | 25% | 25% | 25% | 25% | 0% |
| | Aerodrome | - | 62 | 58 | 32 | | 100% | | | 0% |
| | Balranald Boat Ramp | - | - | - | 147 | 100% | | | | 0% |
| | Balranald Caravan Park | - | 29 | 29 | 86 | | | 100% | | 0% |
| | Balranald Cemetery Fencing | - | - | - | 22 | | | 100% | | 0% |
| | Balranald Golf Club | - | - | - | 33 | | | 100% | | 0% |
| | Balranald Levee Bank Stage 1 | - | - | - | 1,956 | 100% | | | | 0% |
| | Balranald Levee Bank Stage 2 | - | - | - | 430 | 100% | | | | 0% |
| | Balranald Market St Demonstration Site | - | - | - | 92 | 100% | | | | 0% |
| | Balranald Pool Shade Sails | - | - | - | 30 | | 100% | | | 0% |
| | Balranald Pre-School | - | - | - | 45 | | 100% | | | 0% |
| | Balranald Waste Disposal Unit | 6 | - | - | 25 | | 100% | | | 0% |
| | Balranald Works Depot | 8 | - | - | 30 | | | 100% | | 0% |
| | BBQ/FurnFence | - | - | - | 11 | | | 100% | | 0% |
| | Bidgee Haven Hostel | - | - | - | 30 | | 100% | | | 0% |

Balranald Shire Council

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

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|---------------------------------|--|---|--|---|---|-----------------------------------|------|------|---|----|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Other Structures (continued) | Birdcage Fencing | 2 | - | - | 10 | | 100% | | | 0% |
| | Bores at Melton | - | - | - | 22 | | 100% | | | 0% |
| | Bore at Wampo | - | - | - | 30 | 100% | | | | 0% |
| | Bore at Baymore | - | - | - | 28 | 100% | | | | 0% |
| | Caravan Park BBQ | - | - | - | 4 | 100% | | | | 0% |
| | Caravan Park Internal Road | - | - | - | 2 | 100% | | | | 0% |
| | Caravan Park Pool | - | - | - | 30 | | | 100% | | 0% |
| | Clare Public School Multi Purpose Court | - | - | - | 11 | 100% | | | | 0% |
| | Concrete Pavement For Cabin | - | - | - | 32 | 100% | | | | 0% |
| | Connect Bird Trail with Raw Water | 34 | - | - | 144 | 100% | | | | 0% |
| | Euston Boat Ramp | - | - | - | 102 | | 100% | | | 0% |
| | Euston Cemetery Path | - | - | - | 12 | 100% | | | | 0% |
| | Euston Levee Bank | - | - | - | 1,090 | 100% | | | | 0% |
| | Euston Main Street Beautification | - | - | - | 14 | | 100% | | | 0% |
| | Euston Netball Court | - | - | - | 44 | 100% | | | | 0% |
| | Euston Pre-School 27-29 Perry St | - | - | - | 12 | | 100% | | | 0% |
| | Euston Public Wharf | - | - | - | 40 | | 100% | | | 0% |
| | Euston Rec Reserve Lightin & Watering Sy | - | - | - | 25 | | 100% | | | 0% |
| | Euston Recreational Ground | - | - | - | 30 | | 100% | | | 0% |
| | Euston Tip Fence | - | - | - | 14 | 100% | | | | 0% |
| | Flood Mitigation Works | 12 | - | - | 58 | 100% | | | | 0% |

Balranald Shire Council

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

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|---------------------------------|---------------------------------------|---|--|---|---|-----------------------------------|--------------|-------------|-------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Other Structures (continued) | Glimmer Garden | - | - | - | 28 | 100% | | | | 0% |
| | Greenham Park Sporting Complex | 18 | - | - | 86 | | 100% | | | 0% |
| | Hatfield Tower | 21 | - | - | 88 | | 100% | | | 0% |
| | Heritage Park | 2 | - | - | 10 | | 100% | | | 0% |
| | Improvements Lake Benanee | - | - | - | 27 | 100% | | | | 0% |
| | Kyalite Boat Ramp | 25 | - | - | 140 | | 100% | | | 0% |
| | Library & CWA Buildings | 4 | - | - | 16 | | | 100% | | 0% |
| | Mandoola Independent Living Units | - | - | - | 23 | | 100% | | | 0% |
| | Medium Strip Sprinklers Euston | - | - | - | 10 | 100% | | | | 0% |
| | Netball Courts | 20 | - | - | 214 | 100% | | | | 0% |
| | Old Balranald Boat Ramp | 15 | - | - | 47 | | | 100% | | 0% |
| | Oxley High Tower | 35 | - | - | 128 | | 100% | | | 0% |
| | Penarie High Tower | - | - | - | 137 | | 100% | | | 0% |
| | Penarie Low Tower | - | - | - | 58 | | 100% | | | 0% |
| | Playground Anderson Park Selwyn St | - | - | - | 27 | | 100% | | | 0% |
| | Playground Greenham Park Church St | - | - | - | 22 | 100% | | | | 0% |
| | Playground Lions Park Market St | - | - | - | 21 | | 100% | | | 0% |
| | Playground Tennis Courts We St GPK | 15 | - | - | 59 | | 100% | | | 0% |
| | Reserve on River at end of Mayall St. | 6 | - | - | 27 | | 100% | | | 0% |
| | Running Stalls | - | - | - | 16 | | | 100% | | 0% |
| | Senior Citizens Centre | - | - | - | 18 | | 100% | | | 0% |
| | Sprinkler Sys Balranald Lawn Cemetery | 7 | - | - | 26 | | 100% | | | 0% |
| | Stables | 6 | - | - | 40 | | 100% | | | 0% |
| | Tennis Courts | 4 | - | - | 53 | | 100% | | | 0% |
| | sub total | 240 | 91 | 87 | 6,238 | 71.2% | 22.5% | 5.4% | 0.8% | 0.0% |

Balranald Shire Council

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

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|-------------------------|-------------------|---|--|---|---|-----------------------------------|--------------|--------------|-------------|--------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Roads | Sealed Roads | - | 310 | 394 | 32,802 | 90% | 8% | | 2% | 0% |
| | Unsealed Roads | 8,514 | 691 | 653 | 16,161 | 20% | 22% | 34% | 25% | 0% |
| | Bridges | - | 5 | 2 | 1,212 | 14% | | 86% | | 0% |
| | Footpaths | - | 22 | 28 | 927 | 29% | 67% | 3% | | 0% |
| | Kerb and Gutter | 149 | 17 | 31 | 2,883 | 46% | 38% | 15% | 2% | 0% |
| | sub total | 8,663 | 1,045 | 1,108 | 53,985 | 63.9% | 14.5% | 12.8% | 8.8% | -0.1% |
| Water Supply Network | Mains | - | 62 | 76 | 2,972 | | | 100% | | 0% |
| | Reservoirs | - | 8 | 5 | 1,257 | | 100% | | | 0% |
| | Pumping Station/s | - | 141 | 127 | 395 | | | 100% | | 0% |
| | Treatment | - | 29 | 111 | 2,386 | | | 100% | | 0% |
| | Equip etc | - | - | - | 234 | 25% | 25% | 25% | 25% | 0% |
| | sub total | - | 240 | 319 | 7,244 | 0.8% | 18.2% | 80.2% | 0.8% | 0.0% |
| Sewerage Network | Mains | - | 26 | 50 | 4,611 | | | 100% | | 0% |
| | Pumping Station/s | - | 40 | 48 | 1,650 | | | 100% | | 0% |
| | Treatment | - | 2 | 3 | 601 | | 100% | | | 0% |
| | Equip Etc | - | - | - | 106 | 25% | 25% | 25% | 25% | 0% |
| | sub total | - | 68 | 101 | 6,968 | 0.4% | 9.0% | 90.2% | 0.4% | 0.0% |

Balranald Shire Council

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

as at 30 June 2015

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV | | | | |
|------------------------|---------------------------|---|--|---|---|-----------------------------------|--------------|--------------|-------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | refer (4) & (5) | | | | |
| Stormwater Drainage | Drains | 10 | 8 | 3 | 17 | | 82% | 18% | | 0% |
| | Stormwater Culverts | - | - | - | 1,978 | 94% | 2% | 3% | 1% | 0% |
| | Stormwater Conduits | - | - | - | 224 | 2% | 73% | 25% | | 0% |
| | Head Walls | - | - | - | 65 | 83% | 8% | 6% | 3% | 0% |
| | sub total | 10 | 8 | 3 | 2,284 | 84.2% | 9.7% | 5.6% | 0.5% | 0.0% |
| Open Space/ | Swimming Pools | - | 20 | 23 | 740 | 11% | 35% | 54% | | 0% |
| | sub total | - | 20 | 23 | 740 | 11.1% | 34.7% | 54.2% | 0.0% | 0.0% |
| | TOTAL - ALL ASSETS | 9,843 | 1,723 | 1,944 | 89,593 | 49.0% | 17.7% | 25.8% | 7.1% | 0.3% |

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 |

Balranald 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 20142013 | |
|---|-----------------|-------------------|---------------------------|--------|
| Infrastructure Asset Performance Indicators Consolidated | | | | |
| 1. Building, Infrastructure & Other Structures Renewals Ratio | | | | |
| Asset Renewals | | | | |
| (Building, Infrastructure & Other Structures) ⁽¹⁾ | - | 0.00% | 10.02% | 10.20% |
| Depreciation, Amortisation & Impairment | 6,475 | | | |
| 2. Infrastructure Backlog Ratio | | | | |
| Estimated Cost to bring Assets to a Satisfactory Condition | 9,843 | 10.99% | 21.40% | 0.00% |
| Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets | 89,593 | | | |
| 3. Asset Maintenance Ratio | | | | |
| Actual Asset Maintenance | 1,944 | 1.13 | 1.08 | 1.09 |
| Required Asset Maintenance | 1,723 | | | |
| 4. Capital Expenditure Ratio | | | | |
| Annual Capital Expenditure | 3,854 | 0.56 | 0.39 | 0.28 |
| Annual Depreciation | 6,907 | | | |

Notes

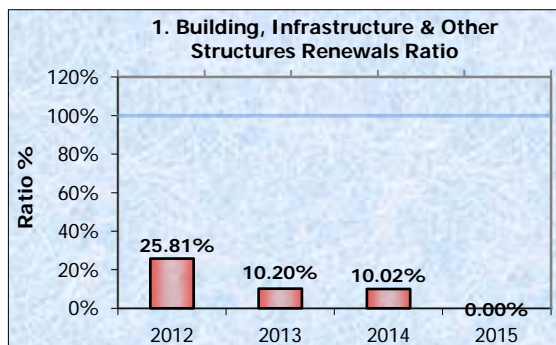
⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure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

⁽²⁾ Written Down Value

Balranald Shire Council

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

for the financial year ended 30 June 2015



Benchmark: — Minimum $\geq 100.00\%$

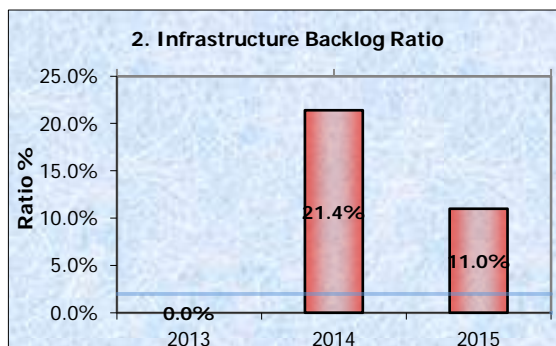
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

2014/15 Ratio 0.00%

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Maximum < 0.02

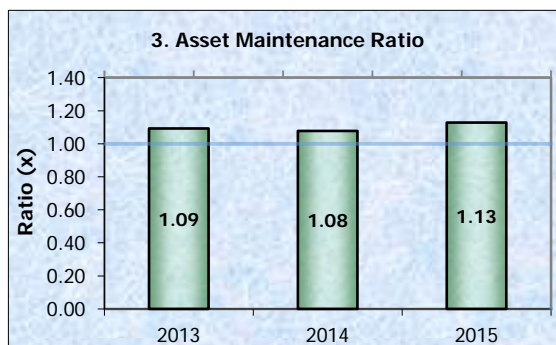
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

2014/15 Ratio 10.99%

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.00

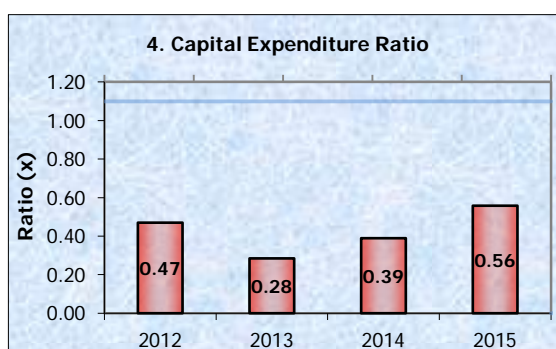
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

2014/15 Ratio 1.13 x

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.10

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

Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

2014/15 Ratio 0.56 x

Ratio is within Benchmark
Ratio is outside Benchmark

Balranald 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⁾ | 0.00% | 0.00% | 0.00% |
| Depreciation, Amortisation & Impairment | | | |
| prior period: | 0.00% | 0.00% | 10.66% |
| 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 | 0.00% | 0.00% | 13.06% |
| prior period: | 15.84% | 25.01% | 22.02% |
| 3. Asset Maintenance Ratio | | | |
| Actual Asset Maintenance | | | |
| Required Asset Maintenance | 1.33 | 1.49 | 1.08 |
| prior period: | 0.75 | 0.68 | 1.11 |
| 4. Capital Expenditure Ratio | | | |
| Annual Capital Expenditure | | | |
| Annual Depreciation | 0.00 | 0.00 | 0.60 |
| prior period: | 0.00 | 0.00 | 0.41 |

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

Balranald 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 | 1,212 | 1,240 |
| Plus or minus Adjustments ⁽²⁾ | b | - | - |
| Notional General Income | c = (a + b) | 1,212 | 1,240 |
| Permissible Income Calculation | | | |
| Special variation percentage ⁽³⁾ | d | 0.00% | 0.00% |
| or Rate peg percentage | e | 2.30% | 0.00% |
| or Crown land adjustment (incl. rate peg percentage) | f | 0.00% | 0.00% |
| less expiring Special variation amount | g | - | - |
| plus Special variation amount | h = d x (c-g) | - | - |
| or plus Rate peg amount | i = c x e | 28 | - |
| or plus Crown land adjustment and rate peg amount | j = c x f | - | - |
| sub-total | k = (c+g+h+i+j) | 1,240 | 1,240 |
| plus (or minus) last year's Carry Forward Total | l | 1 | 1 |
| less Valuation Objections claimed in the previous year | m | - | - |
| sub-total | n = (l + m) | 1 | 1 |
| Total Permissible income | o = k + n | 1,241 | 1,241 |
| less Notional General Income Yield | p | 1,240 | - |
| Catch-up or (excess) result | q = o - p | 1 | 1,241 |
| plus Income lost due to valuation objections claimed ⁽⁴⁾ | r | - | - |
| less Unused catch-up ⁽⁵⁾ | s | - | - |
| Carry forward to next year | t = q + r - s | 1 | 1,241 |

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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BALRANALD SHIRE COUNCIL

Special Schedule No. 9

Independent Auditors' Report to the Council for the Year ended 30 June 2016

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Balranald Shire Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

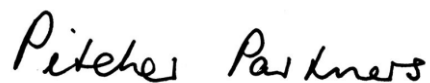
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

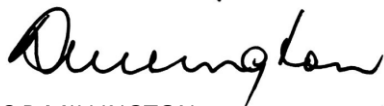
In our opinion, Special Schedule No. 9 of Balranald Shire Council for the year ending 30 June 2016 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income for the year ending 30 June 2016 is presented fairly. As a result, the schedule may not be suitable for another purpose.



PITCHER PARTNERS



C R MILLINGTON
Partner

Sydney, 9 December 2015