

# COFFS HARBOUR CITY COUNCIL

## FINANCIAL STATEMENTS

for the year ended 30 June 2015



Helping to achieve the 2030 Community Vision

*Cover image:2015 Saltwater Freshwater Festival*

# Coffs Harbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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“Coffs Harbour - the Healthy City, the Smart  
City, the Cultural City for a Sustainable Future”



# Coffs Harbour City 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 Coffs Harbour City Council.
- (ii) Coffs Harbour City 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 30 October 2015. Council has the power to amend and reissue these financial statements.
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## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Understanding Council's Financial Statements

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### 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.

## Coffs Harbour City 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.

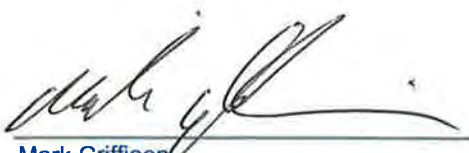
We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 08 October 2015.

  
Denise Knight  
MAYOR

  
Garry Innes  
COUNCILLOR

  
Steve McGrath  
GENERAL MANAGER

  
Mark Griffioen  
RESPONSIBLE ACCOUNTING OFFICER



# Coffs Harbour City Council

## Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup> 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
79,573	Rates & Annual Charges	3a	81,083	75,971
29,101	User Charges & Fees	3b	37,461	30,878
6,928	Interest & Investment Revenue	3c	7,358	9,449
7,604	Other Revenues	3d	8,486	7,386
16,390	Grants & Contributions provided for Operating Purposes	3e,f	16,897	12,198 <sup>2</sup>
15,883	Grants & Contributions provided for Capital Purposes	3e,f	25,323	11,878
<b>155,479</b>	<b>Total Income from Continuing Operations</b>		<b>176,608</b>	<b>147,760</b>
<b>Expenses from Continuing Operations</b>				
29,334	Employee Benefits & On-Costs	4a	41,159	39,128
14,316	Borrowing Costs	4b	14,228	15,316
65,953	Materials & Contracts	4c	49,819	46,569
48,436	Depreciation & Amortisation	4d	44,517	44,941
-	Impairment	4d	-	-
6,278	Other Expenses	4e	11,033	11,203
-	Net Losses from the Disposal of Assets	5	3,772	2,830
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
<b>164,317</b>	<b>Total Expenses from Continuing Operations</b>		<b>164,528</b>	<b>159,987</b>
<b>(8,838)</b>	<b>Operating Result from Continuing Operations</b>		<b>12,080</b>	<b>(12,227)</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(8,838)</b>	<b>Net Operating Result for the Year</b>		<b>12,080</b>	<b>(12,227)</b>
(8,838)	Net Operating Result attributable to Council		12,080	(12,227)
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(24,721)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(13,243)</b>	<b>(24,105)</b>

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

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

# Coffs Harbour City Council

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>12,080</b>	<b>(12,227)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(139,415)	76,532
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>(139,415)</b>	<b>76,532</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	(263)
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>-</b>	<b>(263)</b>
<b>Total Other Comprehensive Income for the year</b>		<b>(139,415)</b>	<b>76,269</b>
<b>Total Comprehensive Income for the Year</b>		<b>(127,335)</b>	<b>64,042</b>
Total Comprehensive Income attributable to Council		(127,335)	64,042
Total Comprehensive Income attributable to Non-controlling Interests		-	-



# Coffs Harbour City Council

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	15,434	12,032
Investments	6b	50,413	32,510
Receivables	7	18,471	19,367
Inventories	8	1,960	1,578
Other	8	520	638
Non-current assets classified as "held for sale"	22	532	1,487
<b>Total Current Assets</b>		<b>87,330</b>	<b>67,612</b>
<b>Non-Current Assets</b>			
Investments	6b	86,495	104,247
Receivables	7	2,596	2,283
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,777,892	1,918,612
Investments accounted for using the equity method	19	-	-
Investment Property	14	3,698	3,712
Intangible Assets	25	67,107	67,607
<b>Total Non-Current Assets</b>		<b>1,937,788</b>	<b>2,096,461</b>
<b>TOTAL ASSETS</b>		<b>2,025,118</b>	<b>2,164,073</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	8,765	10,332
Borrowings	10	17,880	18,688
Provisions	10	14,108	12,965
<b>Total Current Liabilities</b>		<b>40,753</b>	<b>41,985</b>
<b>Non-Current Liabilities</b>			
Payables	10	216	787
Borrowings	10	178,562	194,360
Provisions	10	5,022	6,071
<b>Total Non-Current Liabilities</b>		<b>183,800</b>	<b>201,218</b>
<b>TOTAL LIABILITIES</b>		<b>224,553</b>	<b>243,203</b>
<b>Net Assets</b>		<b>1,800,565</b>	<b>1,920,870</b>
<b>EQUITY</b>			
Retained Earnings	20	1,198,151	1,179,041
Revaluation Reserves	20	602,414	741,829
Council Equity Interest		1,800,565	1,920,870
Non-controlling Equity Interests		-	-
<b>Total Equity</b>		<b>1,800,565</b>	<b>1,920,870</b>

# Coffs Harbour City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,179,041	741,829	<b>1,920,870</b>	-	<b>1,920,870</b>
a. Correction of Prior Period Errors	20 (c)	7,030	-	<b>7,030</b>	-	<b>7,030</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/14)		<b>1,186,071</b>	<b>741,829</b>	<b>1,927,900</b>	-	<b>1,927,900</b>
<b>c. Net Operating Result for the Year</b>		<b>12,080</b>	-	<b>12,080</b>	-	<b>12,080</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(139,415)	<b>(139,415)</b>	-	<b>(139,415)</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>(139,415)</b>	<b>(139,415)</b>	-	<b>(139,415)</b>
<b>Total Comprehensive Income</b> (c&d)		<b>12,080</b>	<b>(139,415)</b>	<b>(127,335)</b>	-	<b>(127,335)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,198,151</b>	<b>602,414</b>	<b>1,800,565</b>	-	<b>1,800,565</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,196,670	665,560	<b>1,862,230</b>	-	<b>1,862,230</b>
a. Correction of Prior Period Errors	20 (c)	(5,402)	-	<b>(5,402)</b>	-	<b>(5,402)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>1,191,268</b>	<b>665,560</b>	<b>1,856,828</b>	-	<b>1,856,828</b>
<b>c. Net Operating Result for the Year</b>		<b>(12,227)</b>	-	<b>(12,227)</b>	-	<b>(12,227)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	76,532	<b>76,532</b>	-	<b>76,532</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	(263)	<b>(263)</b>	-	<b>(263)</b>
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>76,269</b>	<b>76,269</b>	-	<b>76,269</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(12,227)</b>	<b>76,269</b>	<b>64,042</b>	-	<b>64,042</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,179,041</b>	<b>741,829</b>	<b>1,920,870</b>	-	<b>1,920,870</b>

# Coffs Harbour City Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
78,866	Rates & Annual Charges		80,937	75,664
29,101	User Charges & Fees		39,337	30,737
6,928	Investment & Interest Revenue Received		7,063	8,546
32,273	Grants & Contributions		28,354	25,648
-	Bonds, Deposits & Retention amounts received		97	-
7,569	Other		16,812	13,853
<b>Payments:</b>				
(29,334)	Employee Benefits & On-Costs		(41,716)	(38,680)
(62,945)	Materials & Contracts		(56,963)	(53,615)
(14,316)	Borrowing Costs		(13,966)	(15,221)
-	Bonds, Deposits & Retention amounts refunded		-	(153)
(8,543)	Other		(13,329)	(13,085)
<b>39,599</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>46,626</b>	<b>33,694</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
23,279	Sale of Investment Securities		72,174	88,874
2,246	Sale of Infrastructure, Property, Plant & Equipment		3,600	677
24	Deferred Debtors Receipts		43	36
<b>Payments:</b>				
-	Purchase of Investment Securities		(72,348)	(70,904)
(43,542)	Purchase of Infrastructure, Property, Plant & Equipment		(30,087)	(38,103)
-	Deferred Debtors & Advances Made		-	(35)
<b>(17,993)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(26,618)</b>	<b>(19,455)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		2,200	4,800
<b>Payments:</b>				
(19,029)	Repayment of Borrowings & Advances		(18,806)	(18,834)
<b>(19,029)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(16,606)</b>	<b>(14,034)</b>
<b>2,577</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>3,402</b>	<b>205</b>
3,683	plus: Cash & Cash Equivalents - beginning of year	11a	12,032	11,827
<b>6,260</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>15,434</b>	<b>12,032</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	136,908	136,757
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>152,342</b>	<b>148,789</b>

Please refer to Note 11 for additional cash flow information

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

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,

(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

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.

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

### **(i) The Consolidated Fund**

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



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

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

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

- *General Purpose Operations*
- *Water Supply*
- *Sewerage Service*
- *Airport Operations*

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

- *Woolgoolga Community Village Management Committee*
- *Nana Glen Sport, Rec. & Equestrian Centre Management Committee*
- *Bayldon Community Centre Management Committee*
- *Eastern Dorrigo Showground Management Committee*
- *Ayrshire Park Management Committee*
- *Lowanna Hall Management Committee*
- *Lower Bucca Community Centre Management Committee*
- *Coramba Hall Management Committee*

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

<b>Total income from continuing operations</b>	\$92,346
<b>Total expenditure from continuing operations</b>	\$52,237
<b>Total net assets held (ie Equity)</b>	\$323,490

**Note:**

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

**(ii) The Trust Fund**

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a

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

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

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

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

**(iii) Joint Arrangements**

Council has no interest in any Joint Arrangements.

**(iv) Associates**

Council has no interest in any Associates.

**(v) County Councils**

Council is not a member of any County Councils.

**(vi) Unconsolidated Structured Entities**

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities,

Detailed information relating to Council's interest in Unconsolidated Structured Entities can be found at Note 19 (d).

**(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.

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.

Derivatives are classified as held for trading unless they are designated as hedges.

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

### (ii) Loans and receivables

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

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

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

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

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

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

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

### **(iv) Available-for-sale financial assets**

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

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

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

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

### **Financial Assets – Reclassification**

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading

category if the financial asset is no longer held for the purpose of selling it in the near term.

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

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

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

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

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

#### **(i) Initial Recognition**

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

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

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

#### **(ii) Subsequent Measurement**

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

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

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

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

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

### **Impairment**

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

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

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

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

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

### **(iii) Types of Investments**

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

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

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### **(g) Fair value estimation**

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

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

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

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

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

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

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

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

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

## **(h) Receivables**

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

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

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

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 except for Dams which have been valued internally)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)
- **Swimming Pools**  
(as approximated by depreciated historical cost)
- **Other Open Space/Recreational 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;

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
<hr/>	
<b>Plant &amp; Equipment</b>	
Office Furniture	> \$2,000
Office Equipment	> \$2,000
Office Equipment - Communications	> \$1,000
Other Plant & Equipment	> \$2,000
<hr/>	
<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$5,000
<hr/>	
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$10,000
<hr/>	
<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000
<hr/>	
<b>Stormwater Assets</b>	
Drains & Culverts	> \$5,000
Other	> \$5,000

### Transport Assets

Road construction & reconstruction	> \$5,000
Reseal/Re-sheet & major repairs:	> \$5,000
Bridge construction & reconstruction	> \$5,000

### Library Assets

Reference Collection in its entirety	> \$1,000,000
Heritage Items	> \$5,000

Note common use library items will be expensed.

### Other Infrastructure Assets

Swimming Pools	> \$5,000
Other Open Space/Recreational Assets	> \$5,000
Other Infrastructure	> \$5,000

### Depreciation

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

Land is not depreciated.

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

### Plant & Equipment

- Office Equipment	3 to 7 years
- Office furniture	5 to 25 years
- Computer Equipment	3 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	15 to 20 years
- Benches, seats etc	10 to 20 years

### Buildings

- Buildings	25 to 50 years
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### Stormwater Drainage

- Drains	80 to 100 years
- Pipes, Pits & Culverts	60 to 120 years
- Gross Pollutant Traps	30 years

### Transportation Assets

- Sealed Roads: Surface	18-22 years
- Sealed Roads: Structure	52 years



- Unsealed roads	40 years
- Bridge: Concrete	120 years
- Bridge: Other	60 years
- Footpaths & Cycleways	100 years
- Kerb, Gutter & Paths	100 years

#### **Water Assets**

- Pump Stations	58 years
- Mains	66 to 81 years
- Treatment Plants	33 to 71 years
- Dams & Reservoirs	96 to 100 years
- Telemetry	20 to 26 years

#### **Sewer Assets**

- Pumping Stations	41 to 51 years
- Mains	34 to 80 years
- Ancillary	16 to 18 years
- Treatment Works	30 to 50 years

#### **Other Infrastructure Assets**

- Bulk earthworks	Infinite
- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	15 to 50 years
- Other Infrastructure	15 to 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.

#### **Disposal and De-recognition**

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

Any gain or loss arising on der ecognition 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**

##### **IT Development and Software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### **Goodwill**

Goodwill arising from business combinations is included in Intangibles on the Balance Sheet. It has an infinite useful life and is initially measured at cost,

being the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired as at the date of acquisition. Council's goodwill has arisen from the acquisition of the Airport Security Car Park. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

#### **(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.

Investment property is carried at fair value, representing a desk top valuation undertaken by external valuers in 2015.

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

Full revaluations are carried out every five years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/13.

#### **(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 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 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.

### **(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 out flow 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 service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

### **(iii) Retirement benefit obligations**

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

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

#### **Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

experience of employee departures and periods of service.

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, deficiency of assets over liabilities still exists.

As a result, they have asked for a continuation of increased contributions in the current future to recover that deficiency.

Council’s share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

#### **Defined Contribution Plans**

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

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

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

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

#### **(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).

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.

# Coffs Harbour City 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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	-	1,387	1,374	1,381	(1,387)	(1,374)	(1,381)	-	-	-	-
Office of the General Manager	-	9	11	728	632	864	(728)	(623)	(853)	-	-	1	2
Financial Sustainability	2,020	2,020	-	410	510	-	1,610	1,510	-	-	-	-	-
Business Transformation	1,500	-	-	1,000	1,292	-	500	(1,292)	-	-	-	-	-
Community Facilities	1,873	1,967	1,902	353	421	440	1,520	1,546	1,462	50	25	2	880
CBD Masterplan Works	748	773	732	303	75	41	445	698	691	-	-	-	258
Jetty Foreshores	-	-	-	197	105	79	(197)	(105)	(79)	-	-	-	-
Coffs Coast Tourism and Marketing	564	818	671	1,715	1,894	1,641	(1,151)	(1,076)	(970)	102	-	85	26
Sustainable and Precinct Planning	9	415	443	2,004	1,977	2,188	(1,995)	(1,562)	(1,745)	320	377	9	61
Development Assessment and Building Services	1,837	1,881	1,870	2,724	2,454	2,548	(887)	(573)	(678)	-	(2)	73	86
Environmental Services	251	332	346	1,026	964	1,188	(775)	(632)	(842)	(1)	36	618	668
Public Health and Safety	172	233	218	648	694	1,219	(476)	(461)	(1,001)	2	-	74	92
Ranger Services	476	462	531	914	840	857	(438)	(378)	(326)	-	-	20	19
Domestic Waste Management	16,447	16,717	15,387	16,601	13,476	14,314	(154)	3,241	1,073	1	7	9,734	17,837
Non Domestic Waste Management	5,612	5,445	5,022	5,879	5,107	4,819	(267)	338	203	192	251	6,643	11
Commercial Property	-	-	1,725	-	-	264	-	-	1,461	-	-	-	44,047
Property Assets	1,229	10,353	1,280	3,283	5,083	2,551	(2,054)	5,270	(1,271)	-	-	143,663	101,184
Swimming Pools	-	-	22	578	549	605	(578)	(549)	(583)	-	-	2,483	2,664
Airport	7,415	6,669	5,377	5,295	5,517	4,266	2,120	1,152	1,111	-	-	85,831	86,043
Sports Unit	545	690	508	2,180	2,104	1,886	(1,635)	(1,414)	(1,378)	10	-	9,129	8,994
Administration	-	-	70	-	-	969	-	-	(899)	-	-	-	1,081
Legal and Audit Services	101	182	102	2,294	3,103	2,382	(2,193)	(2,921)	(2,280)	-	-	248	-
Rural Fire Services	1,556	2,291	800	1,491	1,858	1,726	65	433	(926)	2,290	799	6,812	5,768
Corporate Information Services	8	10	11	3,704	2,910	3,758	(3,696)	(2,900)	(3,747)	-	-	933	937
Telecommunications and New Technology	1,481	2,446	2,202	1,172	2,263	1,951	309	183	251	-	-	1,750	1,624
Finance	452	519	512	4,074	3,567	3,921	(3,622)	(3,048)	(3,409)	-	-	81,005	69,968

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant	664	968	950	5,853	5,486	6,145	(5,189)	(4,518)	(5,195)	-	-	11,350	8,940
Program Support	79	-	-	174	167	171	(95)	(167)	(171)	-	-	-	-
Human Resources and Organisational Development	58	147	225	1,469	1,248	1,610	(1,411)	(1,101)	(1,385)	-	1	83	172
Customer Services	10	65	-	214	892	-	(204)	(827)	-	-	-	12	-
City Infrastructure Support	-	-	-	638	680	623	(638)	(680)	(623)	-	-	4	6
Sustainability	-	5	-	184	224	-	(184)	(219)	-	-	-	-	-
Asset Planning	-	-	-	322	172	298	(322)	(172)	(298)	-	-	-	3
Lifeguard Services	2	32	-	646	614	-	(644)	(582)	-	-	-	-	-
Library	168	227	224	1,755	1,825	1,945	(1,587)	(1,598)	(1,721)	183	181	94	145
Cultural Services	236	437	-	1,080	1,123	-	(844)	(686)	-	1	-	-	-
Community Services	48	345	614	1,346	1,329	2,309	(1,298)	(984)	(1,695)	96	107	19,229	20,540
Enterprise Coffs	201	308	377	906	884	983	(705)	(576)	(606)	27	109	16	18
Environmental Laboratory	381	458	404	472	525	494	(91)	(67)	(90)	-	-	170	193
City Services Operational Administration	35	30	38	933	875	884	(898)	(845)	(846)	-	-	2,820	2,861
Recreational Services	697	2,609	1,952	8,329	6,864	7,853	(7,632)	(4,255)	(5,901)	433	113	37,273	43,621
Regional Roads	1,151	2,408	2,561	2,673	2,110	3,261	(1,522)	298	(700)	2,408	2,512	53,746	65,407
Local Roads	896	4,056	2,647	13,864	13,599	14,398	(12,968)	(9,543)	(11,751)	2,392	1,357	392,671	480,351
Bridges	842	906	870	889	962	958	(47)	(56)	(88)	59	48	57,109	62,255
Footpaths, Cycleways and Bus Shelters	-	1,687	290	942	866	903	(942)	821	(613)	906	278	31,337	28,949
Parking	-	369	276	1,056	1,079	1,093	(1,056)	(710)	(817)	-	-	29,152	25,068
Quarries	301	-	-	301	106	245	-	(106)	(245)	-	-	291	148
Street and Toilet Cleaning	-	-	-	893	713	709	(893)	(713)	(709)	-	-	-	-
Drainage	2,429	3,056	4,030	4,196	3,353	5,183	(1,767)	(297)	(1,153)	434	1,056	128,185	176,055
Harbour and Jetty	-	-	-	196	122	147	(196)	(122)	(147)	-	-	-	-
City Works Private Works	350	9,739	4,038	691	6,727	3,128	(341)	3,012	910	-	-	64	166

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Survey and Design	91	959	772	1,995	2,288	2,217	(1,904)	(1,329)	(1,445)	902	494	714	1,145
Street Lighting	154	148	148	977	861	885	(823)	(713)	(737)	148	148	151	148
Contracts and Subdivisions	74	232	245	485	390	492	(411)	(158)	(247)	-	-	-	8
General Fund Untied Funding	46,368	39,119	34,865	90	132	121	46,278	38,987	34,744	7,842	4,245	-	-
Water Supplies	22,731	23,048	21,724	20,241	18,539	20,048	2,490	4,509	1,676	256	253	384,872	387,491
Sewer Services	33,217	30,977	30,703	30,547	30,937	27,886	2,670	40	2,817	543	1,248	512,012	518,133
Oncost Recoveries	-	41	65	-	67	(860)	-	(26)	925	-	-	-	-
<b>Total Functions &amp; Activities</b>	<b>155,479</b>	<b>176,608</b>	<b>147,760</b>	<b>164,317</b>	<b>164,528</b>	<b>159,987</b>	<b>(8,838)</b>	<b>12,080</b>	<b>(12,227)</b>	<b>19,596</b>	<b>13,643</b>	<b>2,010,468</b>	<b>2,164,073</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Result from Continuing Operations</b>	<b>155,479</b>	<b>176,608</b>	<b>147,760</b>	<b>164,317</b>	<b>164,528</b>	<b>159,987</b>	<b>(8,838)</b>	<b>12,080</b>	<b>(12,227)</b>	<b>19,596</b>	<b>13,643</b>	<b>2,010,468</b>	<b>2,164,073</b>

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

# Coffs Harbour City 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.

#### **OFFICE OF THE GENERAL MANAGER**

Sister City Exchange programs, naturalisations, donations to community groups, Australia Day Committee, Web and Media Services, Election Expenses, Civic Receptions, Elected Member Expenses.

#### **FINANCIAL SUSTAINABILITY**

Reflects Special Rate Variations programs as approved by IPART.

#### **COMMUNITY FACILITIES**

Provision of major infrastructure i.e. regional roads, jetty structure, from special rate variation funding.

#### **CBD MASTERPLAN WORKS**

Upgrading of amenities, lighting, street and landscaping within Council's Central Business District.

#### **JETTY FORESHORES**

Upgrading of amenities, walkways, drainage, parking, lighting, street and landscaping within the Jetty Foreshores area.

#### **COFFS COAST TOURISM AND MARKETING**

Trade Exhibitions, Travel Shows, Tourism Promotion, Advertising and Promotions

#### **SUSTAINABLE AND PRECINCT PLANNING**

Local Environment Plan reviews, heritage programs, planning studies.

#### **DEVELOPMENT ASSESSMENT AND BUILDING SERVICES**

Compliance for construction and development. Drainage diagrams, sewer inspections, building inspections.

#### **ENVIRONMENTAL SERVICES**

Domestic Sewage supervision and administration, water quality monitoring, parks and street litter bins contract.

#### **PUBLIC HEALTH AND SAFETY**

Sullage collection, caravan park approvals, public pools inspection.

#### **RANGER SERVICES**

Rangers, stray animal management, parking inspectors.

#### **DOMESTIC WASTE MANAGEMENT**

Recycling, waste collection and processing, tip facilities.

#### **NON DOMESTIC WASTE MANAGEMENT**

Recycling, waste collection and processing, tip facilities, hazardous material disposal, concrete crushing, Clean Up Australia Day, tip fees.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### **COMMERCIAL PROPERTY**

Valuation Services, land acquisition and development.

#### **PROPERTY ASSETS**

Maintenance, repair and operation of Council buildings. Management of leased facilities.

#### **SWIMMING POOLS**

Contractor costs for operation of swimming pools, pumps and equipment maintenance and repair.

#### **AIRPORT**

Maintenance, repair, operation and development of Regional Passenger Terminal, General Aviation Area and Aerodrome facilities.

#### **SPORTS UNIT**

Stadium Operations, Sports Facilities and Ovals Maintenance, Sports Events.

#### **ADMINISTRATION**

Provision of administration services, office equipment, furniture and fittings.

#### **LEGAL AND AUDIT SERVICES**

Internal audit, legal advice, insurance services.

#### **RURAL FIRE SERVICES**

Hazard reduction, brigade station operations, fire attendances.

#### **CORPORATE INFORMATION SERVICES**

Hardware and software acquisition and maintenance, rural house numbering, information technology conference, geographical information services, records management.

#### **TELECOMMUNICATIONS AND NEW TECHNOLOGY**

Telemetry Switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy

#### **FINANCE**

Procurement, customer services, accounts payable, accounts receivable, investment management, asset accounting, water meter reading and billing, rates management, tax management.

#### **PLANT**

Fleet management, plant hire, mechanical workshop operations.

#### **PROGRAM SUPPORT**

Developer Contributions administration, environmental levy administration, budgeting.

#### **HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT**

Payroll services, training, selection, recruitment, induction, Occupational Health and Safety, Workers Compensation management, health and wellbeing program.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### **CUSTOMER SERVICES**

Provision of administration and customer services.

#### **CITY INFRASTRUCTURE SUPPORT**

Two way radio operations, SES contributions.

#### **SUSTAINABILITY**

Sustainability services, environmental levy projects.

#### **ASSET PLANNING**

Development of asset management plans and strategies. Recording, monitoring and reviewing all assets disposed and acquired.

#### **LIFEGUARD SERVICES**

Beach patrols and beach safety education

#### **LIBRARY SERVICES**

Development, maintenance, and operation of library facilities. Collection processing.

#### **CULTURAL SERVICES**

Museum, Theatre, Art Gallery and Community Centre operations.

#### **COMMUNITY SERVICES**

Community engagement and consultation, aboriginal services and youth projects.

#### **ENTERPRISE COFFS**

Marketing, Buskers Festival, Farmers Markets, Investment Attraction, Business Development.

#### **ENVIRONMENTAL LABORATORY**

Water, waste water, soil, swimming pool testing for public and private sectors.

#### **CITY SERVICES OPERATIONAL ADMINISTRATION**

Works depots operations, development, maintenance and repairs.

#### **RECREATIONAL SERVICES**

Reserves, street trees and gardens maintenance. Noxious weeds control, cemeteries operations, nursery operations, tree farm operations, environmental levy projects, playgrounds, footbridges and boardwalks.

#### **REGIONAL ROADS**

Development and maintenance of regional roads, RTA block grant funding.

#### **LOCAL ROADS**

Urban Roads, rural roads sealed and unsealed maintenance, reseals, resheeting and rehabilitation. Roads and traffic Signs, transfer bins, kerb and gutter repairs.

#### **BRIDGES**

Maintenance and repair of concrete and timber bridges.



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### **FOOTPATHS, CYCLEWAYS AND BUS SHELTERS**

Footpaths, cycleways, bus shelters and street furniture construction, maintenance and repairs.

#### **PARKING**

Multi level and ground level car park construction, maintenance and repairs.

#### **QUARRIES**

Extraction, production and distribution of quarry materials.

#### **STREET AND TOILET CLEANING**

Street and toilet cleaning (including Marina public toilets).

#### **DRAINAGE**

Stormwater drainage improvement and nuisance flooding construction, maintenance and repair.

#### **HARBOUR AND JETTY**

Boat ramp dredging and maintenance. Historical jetty maintenance and repair.

#### **CITY WORKS PRIVATE WORKS**

External works undertaken to return a profit to the community by way of investment in local infrastructure and services.

#### **SURVEY AND DESIGN**

Road safety officer program, flood mitigation and stormwater works, coastal hazard and estuary studies, traffic safety works, private footpath crossings, road surveys.

#### **STREET LIGHTING**

Operations of street lighting.

#### **CONTRACTS AND SUBDIVISION**

Contracts management, supervision of subdivision works.

#### **GENERAL FUND UNTIED FUNDING**

General rates, environmental levy, investment, financial assistance grants and pensioner subsidy income.

#### **WATER SUPPLIES**

Maintenance, operation and construction of dams, reservoirs, pump stations, mains, chlorination plants, fluoridation plants, telemetry, regional water supply, standpipes and meters. Water quality monitoring & public awareness campaigns.

#### **SEWER SERVICES**

Maintenance, operation and construction of treatment works, pumping stations, sewers, sullage collection, reclaimed water, ocean outfall, biosolids disposal and reuse management. Public awareness campaigns.

#### **ONCOST RECOVERIES**

Employee Leave Entitlements, Workers Compensation Insurance, Superannuation Contributions.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		27,104	24,823
Farmland		1,270	1,176
Business		7,052	6,485
<b>Total Ordinary Rates</b>		<b>35,426</b>	<b>32,484</b>
<b>Special Rates</b>			
Environmental		1,153	1,120
Other		12	-
<b>Total Special Rates</b>		<b>1,165</b>	<b>1,120</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		15,790	14,699
Stormwater Management Services		681	672
Water Supply Services		3,999	3,872
Sewerage Services		22,324	21,510
Waste Management Services (non-domestic)		1,551	1,473
Other		147	141
<b>Total Annual Charges</b>		<b>44,492</b>	<b>42,367</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>81,083</b>	<b>75,971</b>

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

# Coffs Harbour City 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>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		13,095	13,217
Sewerage Services		2,421	2,372
Waste Management Services (non-domestic)		2,755	2,842
Other		91	101
<b>Total User Charges</b>		<b>18,362</b>	<b>18,532</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		991	1,022
Construction Certificates		219	242
Domestic Sewerage System Approval		241	227
Private Works - Section 67		8,744	3,584
Section 149 Certificates (EPA Act)		153	162
Section 603 Certificates		138	133
Town Planning		728	685
Other		233	148
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>11,447</b>	<b>6,203</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		6,135	4,173
Back Feed Water Charges - Clarence Valley Council		-	60
Cemeteries		211	236
Community Village Income		66	84
Laboratory Income		416	362
RMS (formerly RTA) Charges (State Roads not controlled by Council)		123	120
Sports Stadium		97	113
Trade Waste Application Fee		9	8
Water Supply Recovery Charges		75	156
Watermain Connections		374	265
Other		146	566
<b>Total Fees &amp; Charges - Other</b>		<b>7,652</b>	<b>6,143</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>37,461</b>	<b>30,878</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		372	374
- Interest earned on Investments (interest & coupon payment income)		6,954	8,012
- Interest on Deferred Debtors		9	18
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV/Held for Trading)		(23)	726
<b>Available for Sale Revaluation Reserves realised on Investment sale</b>		-	263
<b>Fair Valuation of Financial Liabilities on recognition</b>			
- Interest Free (or favourable) Loans & Advances Received		46	56
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>7,358</u></b>	<b><u>9,449</u></b>

#### Interest Revenue is attributable to:

##### Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges (General Fund)	372	374
General Council Cash & Investments	2,255	436

##### Restricted Investments/Funds - External:

Development Contributions		
- Section 94	600	739
- Section 64	10	12
Water Fund Operations	1,533	1,995
Sewerage Fund Operations	2,439	3,321
Domestic Waste Management operations	102	48
Local Infrastructure Renewal Scheme - Interest Subsidy	46	56
Other Externally Restricted Assets	1	1

##### Restricted Investments/Funds - Internal:

Internally Restricted Assets	-	2,467
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<b>Total Interest &amp; Investment Revenue Recognised</b>	<b><u>7,358</u></b>	<b><u>9,449</u></b>
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#### (d) Other Revenues

Fair Value Adjustments - Investment Properties	14	(14)	207
Rental Income - Investment Properties	14	58	62
Rental Income - Other Council Properties		1,632	1,588
Fines		360	389
Airport Parking		910	552
Banana Sales from Reuse Trial		182	134
Commissions & Agency Fees		178	170
Conferences		538	551
ICT Projects & Consultancy		589	839
Jetty Theatre Income		238	216
Nursery Sales		300	157

(continued on the next page...)

# Coffs Harbour City 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>(d) Other Revenues (continued)</b>			
Optical Fibre Lease		148	152
Recoverable Rates Legals		100	91
Reimbursements		359	192
Sale of Switchboards		1,691	1,116
Sports Stadium Food & Drink		464	330
Other		753	640
<b>TOTAL OTHER REVENUE</b>		<b>8,486</b>	<b>7,386</b>

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
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### (e) Grants

#### General Purpose (Untied)

Financial Assistance	6,987	3,400	-	-
Pensioners' Rates Subsidies - General Component	854	845	-	-
<b>Total General Purpose</b>	<b>7,841</b>	<b>4,245</b>	<b>-</b>	<b>-</b>

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

#### Specific Purpose

##### Pensioners' Rates Subsidies:

- Water	256	253	-	-
- Sewerage	249	246	-	-
- Domestic Waste Management	1	2	-	-
Sewerage Services	-	-	294	1,002
Bushfire & Emergency Services	517	556	1,773	243
Community Care	69	54	50	34
Environmental Protection	516	529	50	87
Flood Studies & Mitigation Works	57	39	434	1,040
Footpaths & Cycleways	-	-	906	278
Heritage & Cultural	13	13	-	(10)
Library	133	131	50	50
Natural Disaster	2,061	1,319	-	-
Noxious Weeds	227	186	-	-
Orara River Health	70	112	-	-
Street Lighting	148	148	-	-
Transport (Roads to Recovery)	932	-	-	896
Transport (Other Roads & Bridges Funding)	1,095	1,098	1,161	740
Other	(791)	134	1,484	218
<b>Total Specific Purpose</b>	<b>5,553</b>	<b>4,820</b>	<b>6,202</b>	<b>4,578</b>
<b>Total Grants</b>	<b>13,394</b>	<b>9,065</b>	<b>6,202</b>	<b>4,578</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	29	102	957	931
- State Funding	13,353	8,960	5,236	3,642
- Other Funding	12	3	9	5
	<b>13,394</b>	<b>9,065</b>	<b>6,202</b>	<b>4,578</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	2,379	1,856
S 64 - Water Supply Contributions	-	-	2,647	1,819
S 64 - Sewerage Service Contributions	-	-	2,370	1,738
<b>Total Developer Contributions</b>	17 -	-	<b>7,396</b>	<b>5,413</b>
<b>Other Contributions:</b>				
Caravan Parks	137	125	-	-
Contributions to Works	2,718	2,336	-	-
Diesel Fuel Rebate	111	98	-	-
RMS Contributions - Pine Creek Handover	-	-	804	-
Section 355 Committee - Payroll Processing	20	18	-	-
Subdivider Dedications (other than by S94)	-	-	10,445	1,516
Vehicle Lease Payments	424	416	-	-
Optical Fibre Contribution	-	-	-	113
Arararra Boat Ramp Stage 2	-	-	-	126
Local Roads Restoration	-	-	350	-
Other	93	140	126	132
<b>Total Other Contributions</b>	<b>3,503</b>	<b>3,133</b>	<b>11,725</b>	<b>1,887</b>
<b>Total Contributions</b>	<b>3,503</b>	<b>3,133</b>	<b>19,121</b>	<b>7,300</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>16,897</b>	<b>12,198</b>	<b>25,323</b>	<b>11,878</b>

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

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

Unexpended at the Close of the Previous Reporting Period	17,485	22,358
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	7,110	6,158
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(8,331)	(11,031)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(1,221)</b>	<b>(4,873)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>16,264</b>	<b>17,485</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,279	2,880
- Developer Contributions	12,964	12,554
- Other Contributions	2,021	2,051
	<b>16,264</b>	<b>17,485</b>



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		30,868	29,085
Travelling		67	51
Employee Leave Entitlements (ELE)		5,542	5,742
Superannuation - Defined Contribution Plans		2,679	2,405
Superannuation - Defined Benefit Plans		1,366	1,460
Workers' Compensation Insurance		1,581	1,414
Fringe Benefit Tax (FBT)		40	64
Payroll Tax		470	480
Training Costs (other than Salaries & Wages)		725	897
Protective Clothing		138	190
Other		229	155
<b>Total Employee Costs</b>		<b>43,705</b>	<b>41,943</b>
less: Capitalised Costs		(2,546)	(2,815)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>41,159</b>	<b>39,128</b>
Number of "Equivalent Full Time" Employees at year end		<b>438</b>	<b>503</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		13,878	14,962
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>13,878</b>	<b>14,962</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	219	216
Interest applicable on Interest Free (& favourable) Loans to Council		131	138
<b>Total Other Borrowing Costs</b>		<b>350</b>	<b>354</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>14,228</b>	<b>15,316</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		14,119	13,732
Contractor & Consultancy Costs		34,589	32,026
Auditors Remuneration <sup>(1)</sup>		72	91
Legal Expenses:			
- Legal Expenses: Planning & Development		501	280
- Legal Expenses: Other		486	416
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>		52	24
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>49,819</b>	<b>46,569</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		72	91
<b>Remuneration for audit and other assurance services</b>		<b>72</b>	<b>91</b>
<b>Total Auditor Remuneration</b>		<b>72</b>	<b>91</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Buildings		52	24
		<b>52</b>	<b>24</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	3,833	3,901
Office Equipment		-	-	348	346
Furniture & Fittings		-	-	152	177
Land Improvements (depreciable)		-	-	928	1,598
Buildings - Non Specialised		-	-	669	469
Buildings - Specialised		-	-	142	371
Other Structures		-	-	27	24
Infrastructure:					
- Roads		-	-	12,806	13,786
- Bridges		-	-	721	774
- Footpaths		-	-	1,217	1,343
- Stormwater Drainage		-	-	2,173	2,985
- Water Supply Network		-	-	5,592	6,034
- Sewerage Network		-	-	13,166	10,466
- Swimming Pools		-	-	84	84
- Other Open Space/Recreational Assets		-	-	624	636
Other Assets					
- Other		-	-	217	209
Asset Reinstatement Costs	9 & 26	-	-	1,243	924
Intangible Assets	25	-	-	851	997
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>44,793</b>	<b>45,124</b>
less: Capitalised Costs		-	-	(276)	(183)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>44,517</b>	<b>44,941</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		13	62
Bank Charges		281	290
Contributions/Levies to Other Levels of Government			
- Contributions to Regional Parks		162	147
- NSW Fire Brigade Levy		435	436
- NSW Rural Fire Service Levy		546	562
- Contributions to State Parks		970	1,055
- Other Contributions/Levies		153	145
Councillor Expenses - Mayoral Fee		39	37
Councillor Expenses - Councillors' Fees		163	154
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		43	41
Donations, Contributions & Assistance to other organisations (Section 356)		869	1,087
Electricity & Heating		3,271	3,499
Insurance		2,369	2,214
Street Lighting		855	884
Telephone & Communications		644	335
Other		220	255
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>11,033</u></b>	<b><u>11,203</u></b>

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

<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		2,188	-
less: Carrying Amount of Property Assets Sold / Written Off		(4,658)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(2,470)</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		1,412	677
less: Carrying Amount of P&E Assets Sold / Written Off		(1,122)	(1,050)
<b>Net Gain/(Loss) on Disposal</b>		<b>290</b>	<b>(373)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,592)	(2,457)
<b>Net Gain/(Loss) on Disposal</b>		<b>(1,592)</b>	<b>(2,457)</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(3,772)</u></b>	<b><u>(2,830)</u></b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		4,155	-	7,221	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		11,279	-	4,811	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>15,434</b>	<b>-</b>	<b>12,032</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		44,550	51,890	25,500	69,534
- Floating Rate Term Deposits		1,500	2,000	2,000	1,500
- NCD's, FRN's (with Maturities > 3 months)		2,334	28,332	5,010	18,196
- Fixed Coupon Bonds		-	-	-	10,859
- Other Long Term Financial Assets		2,029	4,273	-	4,158
<b>Total Investments</b>		<b>50,413</b>	<b>86,495</b>	<b>32,510</b>	<b>104,247</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>65,847</b>	<b>86,495</b>	<b>44,542</b>	<b>104,247</b>

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

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

#### Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		<b>15,434</b>	<b>-</b>	<b>12,032</b>	<b>-</b>
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#### Investments

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	4,362	32,605	5,010	33,213
b. "Held to Maturity"	6(b-ii)	46,051	53,890	27,500	71,034
<b>Investments</b>		<b>50,413</b>	<b>86,495</b>	<b>32,510</b>	<b>104,247</b>

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	5,010	33,213	4,783	44,844
Revaluations (through the Income Statement)	(2)	20	-	726
Additions	-	27,816	-	15,304
Disposals (sales & redemptions)	(10,055)	(19,035)	(4,790)	(22,644)
Transfers between Current/Non Current	9,409	(9,409)	5,017	(5,017)
<b>Balance at End of Year</b>	<b>4,362</b>	<b>32,605</b>	<b>5,010</b>	<b>33,213</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	2,333	28,332	5,010	18,196
- Other Long Term Financial Assets	2,029	4,273	-	15,017
<b>Total</b>	<b>4,362</b>	<b>32,605</b>	<b>5,010</b>	<b>33,213</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	27,500	71,034	33,800	69,579
Additions	25,751	18,740	32,100	23,500
Disposals (sales & redemptions)	(42,500)	(584)	(59,900)	(545)
Transfers between Current/Non Current	35,300	(35,300)	21,500	(21,500)
<b>Balance at End of Year</b>	<b>46,051</b>	<b>53,890</b>	<b>27,500</b>	<b>71,034</b>
<b>Comprising:</b>				
- Long Term Deposits	44,550	51,890	25,500	69,534
- Floating Rate Term Deposits	1,500	2,000	2,000	1,500
- Other Long Term Financial Assets	1	-	-	-
<b>Total</b>	<b>46,051</b>	<b>53,890</b>	<b>27,500</b>	<b>71,034</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>65,847</b>	<b>86,495</b>	<b>44,542</b>	<b>104,247</b>
<b>attributable to:</b>				
External Restrictions (refer below)	31,272	62,743	34,822	64,986
Internal Restrictions (refer below)	33,256	23,752	9,532	39,261
Unrestricted	1,319	-	188	-
	<b>65,847</b>	<b>86,495</b>	<b>44,542</b>	<b>104,247</b>

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

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-Water (A)	23,990	-	(2,211)	21,779
Specific Purpose Unexpended Loans-Sewer (A)	29,881	-	(1,942)	27,939
<b>External Restrictions - Included in Liabilities</b>	<b>53,871</b>	<b>-</b>	<b>(4,153)</b>	<b>49,718</b>

##### External Restrictions - Other

Developer Contributions - General (D)	12,252	3,079	(2,489)	12,835
Developer Contributions - Water Fund (D)	250	2,662	(2,807)	105
Developer Contributions - Sewer Fund (D)	52	2,379	(2,407)	24
Specific Purpose Unexpended Grants (F)	-	-	(2)	(2)
Water Supplies (G)	9,265	10,823	(12,584)	7,505
Sewerage Services (G)	22,536	2,964	(5,738)	19,763
Domestic Waste Management (G)	1,518	16,748	(14,260)	4,006
Other	64	-	(3)	61
<b>External Restrictions - Other</b>	<b>45,937</b>	<b>38,655</b>	<b>(40,290)</b>	<b>44,297</b>
<b>Total External Restrictions</b>	<b>99,808</b>	<b>38,655</b>	<b>(44,443)</b>	<b>94,015</b>

**A** Loan moneys which must be applied for the purposes for which the loans were raised.

**D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

**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.



# Coffs Harbour City 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
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	6,832	9,778	(7,667)	8,943
Employees Leave Entitlement	5,271	14,763	(13,351)	6,683
General Fund Revotes	2,377	2,447	(2,677)	2,147
EDP Equipment	759	150	-	909
Non Domestic Waste Management	1,101	6,070	(5,185)	1,986
Other Contributions	2,051	436	(466)	2,021
Airport	9	6,924	(6,881)	52
RTA Contributions - Pacific Highway Garden Works	110	5	(45)	70
Unexpended Loans	9,394	-	(698)	8,696
Unexpended Grants	2,880	496	(2,095)	1,281
Open Space Land	49	2	-	51
Jetty M&R	231	11	-	242
Asset Replacement	525	31	-	556
Rural Fire Services	16	-	(16)	(0)
Future Road Network	1,949	317	-	2,266
Environmental Levy	235	1,342	(1,475)	102
Community Facilities	1,414	2,347	(2,181)	1,580
Moonee Beach Road Upgrade	0	-	-	0
Environmental Laboratory	826	726	(589)	963
Car Parking Upgrade	2,124	77	(1,121)	1,080
Future Fund	1,404	1,469	(748)	2,125
Business Development	1,259	3,329	(2,312)	2,276
Project Contingency	1,137	56	-	1,193
RTA Contributions - Pine Creek Hand Over	743	1,439	-	2,182
Projects - Private Works Funding	1,484	6,398	(4,489)	3,393
Flood Mitigation Works	3,089	732	(1,500)	2,321
Technology Group	351	2,446	(2,395)	402
CBD Masterplan	1,174	773	(457)	1,490
Asset Renewal	-	2,004	(5)	1,999
<b>Total Internal Restrictions</b>	<b>48,793</b>	<b>64,568</b>	<b>(56,353)</b>	<b>57,008</b>
<b>TOTAL RESTRICTIONS</b>	<b>148,601</b>	<b>103,223</b>	<b>(100,796)</b>	<b>151,023</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		3,191	1,471	3,610	906
Interest & Extra Charges		448	348	304	453
User Charges & Fees		2,750	52	2,028	35
Private Works		632	1	2,693	14
Accrued Revenues					
- Interest on Investments		2,437	-	2,204	-
- User Charges & Fees		1,867	-	1,890	-
Government Grants & Subsidies		4,070	437	1,714	554
Deferred Debtors		14	245	38	264
Net GST Receivable		425	-	945	-
Airport Landing Charges		1,019	42	920	42
Caravan Parks		486	-	923	-
Economic Development Unit		4	-	5	-
Environmental Lab		68	-	77	-
Lease Rentals		25	-	10	-
Tip Charges		249	-	393	-
Workers Comp. Premium reduction		-	-	112	-
Switchboard Sales		611	-	699	-
Back Feed Water Charges		-	-	56	-
Other Debtors		231	-	821	15
<b>Total</b>		<b>18,527</b>	<b>2,596</b>	<b>19,442</b>	<b>2,283</b>
<b>less: Provision for Impairment</b>					
Other Debtors		(56)	-	(75)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(56)</b>	<b>-</b>	<b>(75)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>18,471</b>	<b>2,596</b>	<b>19,367</b>	<b>2,283</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		136	106	180	61
- Other		4,442	31	3,502	18
<b>Sewerage Services</b>					
- Rates & Availability Charges		736	571	965	324
- Other		1,108	48	1,080	46
<b>Domestic Waste Management</b>		-	-	680	240
<b>Stormwater Management</b>		-	-	23	17
<b>Other</b>					
- Other - Environmental Levy		-	-	60	43
<b>Total External Restrictions</b>		<b>6,422</b>	<b>756</b>	<b>6,490</b>	<b>749</b>
<b>Internally Restricted Receivables - Nil</b>					
<b>Unrestricted Receivables</b>		<b>12,049</b>	<b>1,840</b>	<b>12,877</b>	<b>1,534</b>
<b>TOTAL NET RECEIVABLES</b>		<b>18,471</b>	<b>2,596</b>	<b>19,367</b>	<b>2,283</b>

#### Notes on Debtors above:

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

# Coffs Harbour City 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
<b>Inventories</b>					
Stores & Materials		1,301	-	1,193	-
Trading Stock		659	-	385	-
<b>Total Inventories</b>		<b>1,960</b>	<b>-</b>	<b>1,578</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		520	-	638	-
<b>Total Other Assets</b>		<b>520</b>	<b>-</b>	<b>638</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>2,480</b>	<b>-</b>	<b>2,216</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		225	-	245	-
Prepayments		-	-	-	-
<b>Total Water</b>		<b>225</b>	<b>-</b>	<b>245</b>	<b>-</b>
<b>Sewerage</b>					
Nil					
<b>Domestic Waste Management</b>					
Prepayments		258	-	283	-
<b>Total Domestic Waste Management</b>		<b>258</b>	<b>-</b>	<b>283</b>	<b>-</b>
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>483</b>	<b>-</b>	<b>528</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>1,997</b>	<b>-</b>	<b>1,688</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>2,480</b>	<b>-</b>	<b>2,216</b>	<b>-</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period									as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Other Movements (Prior Period Error)	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment													Dep'n	Impairment	
Capital Work in Progress	17,671	-	-	-	17,671	16,705	-	-	(12,141)	(113)	-	-	-	-	22,122	-	-	-	22,122
Plant & Equipment	-	37,608	20,229	-	17,379	5,267	(1,122)	(3,833)	-	-	-	-	-	-	-	38,883	21,192	-	17,691
Office Equipment	-	3,458	2,527	-	931	151	-	(348)	-	-	-	-	-	-	-	3,609	2,875	-	734
Furniture & Fittings	-	3,512	1,624	-	1,888	13	-	(152)	-	-	-	-	-	-	-	3,525	1,776	-	1,749
<b>Land:</b>																			
- Operational Land	-	117,504	-	-	117,504	-	(1,660)	-	-	-	-	989	-	765	-	117,598	-	-	117,598
- Community Land	-	37,029	-	-	37,029	417	(2,998)	-	-	-	-	(33)	-	-	-	34,415	-	-	34,415
- Land under Roads (post 30/6/08)	-	1,980	-	-	1,980	805	-	-	-	-	-	-	(860)	-	-	1,925	-	-	1,925
Land Improvements - depreciable	-	16,462	12,761	-	3,701	223	-	(928)	885	-	-	-	-	-	-	17,562	13,681	-	3,881
Buildings - Non Specialised	-	57,686	10,603	-	47,083	578	-	(669)	710	(237)	-	-	-	915	-	58,446	10,066	-	48,380
Buildings - Specialised	-	53,703	4,687	-	49,016	79	-	(142)	181	(2,615)	-	-	-	97	-	51,365	4,749	-	46,616
Other Structures	-	1,212	482	-	730	-	-	(27)	-	-	-	-	-	-	-	1,212	509	-	703
<b>Infrastructure:</b>																			
- Roads	-	535,883	148,254	-	387,629	3,448	(323)	(12,806)	699	2,851	2,446	-	-	12,910	-	517,007	120,153	-	396,854
- Bridges	-	67,343	5,526	-	61,817	550	(133)	(721)	379	-	758	-	(6,327)	-	-	61,084	4,761	-	56,323
- Footpaths	-	47,939	6,047	-	41,892	1,022	-	(1,217)	176	-	2,521	-	(8,970)	-	-	42,639	7,215	-	35,424
- Bulk Earthworks (non-depreciable)	-	216,186	-	-	216,186	344	-	-	-	-	-	-	(91,998)	-	-	124,532	-	-	124,532
- Stormwater Drainage	-	237,895	52,912	-	184,983	6,331	(315)	(2,173)	92	-	1,302	-	(54,170)	-	-	176,713	40,663	-	136,050
- Water Supply Network	-	407,444	129,945	-	277,499	1,131	(140)	(5,592)	186	-	-	-	-	3,294	-	413,574	137,196	-	276,378
- Sewerage Network	-	624,291	185,305	-	438,986	3,961	(671)	(13,166)	8,692	(14)	-	-	-	4,929	-	643,550	200,833	-	442,717
- Swimming Pools	-	4,210	1,646	-	2,564	-	-	(84)	-	-	-	-	-	-	-	4,210	1,730	-	2,480
- Other Open Space/Recreational Assets	-	10,604	5,267	-	5,337	321	(10)	(624)	116	-	3	-	-	-	-	10,922	5,779	-	5,143
<b>Other Assets:</b>																			
- Other	-	6,186	2,008	-	4,178	550	-	(217)	25	76	-	-	-	-	-	6,838	2,226	-	4,612
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):																			
- Tip Assets	-	5,107	2,478	-	2,629	-	-	(1,243)	-	179	-	-	-	-	-	5,286	3,721	-	1,565
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>17,671</b>	<b>2,493,242</b>	<b>592,301</b>	<b>-</b>	<b>1,918,612</b>	<b>41,896</b>	<b>(7,372)</b>	<b>(43,942)</b>	<b>-</b>	<b>127</b>	<b>7,030</b>	<b>956</b>	<b>(162,325)</b>	<b>22,910</b>	<b>22,122</b>	<b>2,334,895</b>	<b>579,125</b>	<b>-</b>	<b>1,777,892</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,099,000) and New Assets (\$24,551,000). 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.

## Coffs Harbour City 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
<b>Water Supply</b>								
WIP	4,564	-	-	<b>4,564</b>	818	-	-	<b>818</b>
Plant & Equipment	-	3,783	2,218	<b>1,565</b>	-	3,569	2,008	<b>1,561</b>
Office Equipment	-	233	223	<b>10</b>	-	224	221	<b>3</b>
Land								
- Operational Land	-	4,695	-	<b>4,695</b>	-	4,657	-	<b>4,657</b>
Infrastructure	-	413,574	137,196	<b>276,378</b>	-	407,444	129,945	<b>277,499</b>
<b>Total Water Supply</b>	<b>4,564</b>	<b>422,285</b>	<b>139,637</b>	<b>287,212</b>	<b>818</b>	<b>415,894</b>	<b>132,174</b>	<b>284,538</b>
<b>Sewerage Services</b>								
WIP	2,698	-	-	<b>2,698</b>	9,971	-	-	<b>9,971</b>
Plant & Equipment	-	3,638	2,418	<b>1,220</b>	-	3,659	2,126	<b>1,533</b>
Office Equipment	-	52	36	<b>16</b>	-	42	28	<b>14</b>
Furniture & Fittings	-	78	78	<b>-</b>	-	78	78	<b>-</b>
Land								
- Operational Land	-	12,616	-	<b>12,616</b>	-	12,744	-	<b>12,744</b>
Infrastructure	-	643,550	200,833	<b>442,717</b>	-	624,291	185,304	<b>438,987</b>
<b>Total Sewerage Services</b>	<b>2,698</b>	<b>659,934</b>	<b>203,365</b>	<b>459,267</b>	<b>9,971</b>	<b>640,814</b>	<b>187,536</b>	<b>463,249</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	314	256	<b>58</b>	-	314	229	<b>85</b>
Office Equipment	-	3	-	<b>3</b>	-	-	-	<b>-</b>
Land								
- Operational Land	-	10,932	-	<b>10,932</b>	-	10,932	-	<b>10,932</b>
Buildings	-	1,948	221	<b>1,727</b>	-	1,921	218	<b>1,703</b>
Other Structures	-	5,593	3,877	<b>1,716</b>	-	5,414	2,628	<b>2,786</b>
Other Assets	-	408	40	<b>368</b>	-	408	31	<b>377</b>
<b>Total DWM</b>	<b>-</b>	<b>19,198</b>	<b>4,394</b>	<b>14,804</b>	<b>-</b>	<b>18,989</b>	<b>3,106</b>	<b>15,883</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>7,262</b>	<b>1,101,417</b>	<b>347,396</b>	<b>761,283</b>	<b>10,789</b>	<b>1,075,697</b>	<b>322,816</b>	<b>763,670</b>

#### 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.

# Coffs Harbour City 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
<b>Payables</b>					
Goods & Services - operating expenditure		3,578	-	3,844	-
Goods & Services - capital expenditure		731	-	863	-
Payments Received In Advance		1,322	-	2,462	-
Accrued Expenses:					
- Borrowings		1,744	-	1,880	-
- Salaries & Wages		235	-	342	-
- Other Expenditure Accruals		170	216	30	526
Security Bonds, Deposits & Retentions		466	-	108	261
Government Grants and Subsidies		-	-	185	-
Waste Levy		179	-	485	-
Workers Compensation Premium Adjustment		209	-	-	-
Other		131	-	133	-
<b>Total Payables</b>		<b>8,765</b>	<b>216</b>	<b>10,332</b>	<b>787</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		17,880	178,562	18,688	194,360
<b>Total Borrowings</b>		<b>17,880</b>	<b>178,562</b>	<b>18,688</b>	<b>194,360</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		2,977	-	2,894	-
Sick Leave		237	-	255	-
Long Service Leave		8,928	99	7,913	1,546
Accrued Leave		152	-	118	-
ELE On-Costs		1,814	251	1,785	251
<b>Sub Total - Aggregate Employee Benefits</b>		<b>14,108</b>	<b>350</b>	<b>12,965</b>	<b>1,797</b>
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	4,672	-	4,274
<b>Total Provisions</b>		<b>14,108</b>	<b>5,022</b>	<b>12,965</b>	<b>6,071</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>40,753</b>	<b>183,800</b>	<b>41,985</b>	<b>201,218</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		5,728	72,478	7,114	77,069
Sewer		9,897	84,201	10,460	92,887
Domestic Waste Management		179	4,672	485	4,274
Liabilities relating to externally restricted assets		15,804	161,351	18,059	174,230
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		<b>15,804</b>	<b>161,351</b>	<b>18,059</b>	<b>174,230</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>24,949</b>	<b>22,449</b>	<b>23,926</b>	<b>26,988</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>40,753</b>	<b>183,800</b>	<b>41,985</b>	<b>201,218</b>

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

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



## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

Provisions - Employees Benefits	11,694	10,685
	<u>11,694</u>	<u>10,685</u>

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

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,894	2,797	(2,714)	-	-	2,977
Sick Leave	255	1,245	(1,263)	-	-	237
Long Service Leave	9,459	721	(1,153)	-	-	9,027
Other Leave (enter deta	118	281	(247)	-	-	152
ELE On-Costs	2,036	29	-	-	-	2,065
Asset Remediation	4,274	179	-	219	-	4,672
<b>TOTAL</b>	<b>19,036</b>	<b>5,252</b>	<b>(5,377)</b>	<b>219</b>	<b>-</b>	<b>19,130</b>

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	15,434	12,032
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>15,434</b>	<b>12,032</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>12,080</b>	<b>(12,227)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		44,517	44,941
Net Losses/(Gains) on Disposal of Assets		3,772	2,830
Non Cash Capital Grants and Contributions		(12,144)	(1,920)
Investment Income relating to "Available for Sale" Investments sold		-	(263)
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "At Fair Value" or "Held for Trading"		23	(726)
- Investment Properties		14	(207)
<b>Amortisation of Premiums, Discounts &amp; Prior Period Fair Valuations</b>			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		46	194
Unwinding of Discount Rates on Reinstatement Provisions		398	216
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		559	(505)
Increase/(Decrease) in Provision for Doubtful Debts		(19)	60
Decrease/(Increase) in Inventories		(382)	(66)
Decrease/(Increase) in Other Assets		118	143
Increase/(Decrease) in Payables		(266)	(441)
Increase/(Decrease) in accrued Interest Payable		(136)	(121)
Increase/(Decrease) in other accrued Expenses Payable		(277)	95
Increase/(Decrease) in Other Liabilities		(1,373)	1,359
Increase/(Decrease) in Employee Leave Entitlements		(304)	482
Increase/(Decrease) in Other Provisions		-	(150)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>46,626</b>	<b>33,694</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		1,375	179
Other Dedications (Developer)		10,445	1,516
Future Reinstatement Costs Re-measurement		219	216
Artworks Donated		105	9
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>12,144</b>	<b>1,920</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Credit Cards / Purchase Cards		1,200	1,200
Loan Facilities		196,442	213,048
<b>Total Financing Arrangements</b>		<b>197,642</b>	<b>214,248</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		235	269
- Loan Facilities		196,442	213,048
<b>Total Financing Arrangements Utilised</b>		<b>196,677</b>	<b>213,317</b>
<b>(ii) Secured Loan Liabilities</b>			

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		68	-
Plant & Equipment		289	1,157
Sewer Network		48	2,134
Transport Assets		324	961
Water Network		-	2,168
Stormwater Drainage		-	1,889
Other		214	31
<b>Total Commitments</b>		<b>943</b>	<b>8,340</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		943	8,340
<b>Total Payable</b>		<b>943</b>	<b>8,340</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		538	992
Internally Restricted Reserves		289	1,157
Unexpended Loans		116	6,191
<b>Total Sources of Funding</b>		<b>943</b>	<b>8,340</b>

#### (b) Finance Lease Commitments

Nil

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

Nil

#### (d) Investment Property Commitments

Nil

# Coffs Harbour City 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 2014      2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(9,434)</u>	<b>-6.23%</b>	-16.46%	-15.42%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<b>151,322</b>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>134,425</u>	<b>76.10%</b>	83.60%	80.22%
Total continuing operating revenue <sup>(1)</sup>	<b>176,645</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>49,153</u>	<b>3.71x</b>	1.95	1.42
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>13,255</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>49,311</u>	<b>1.49x</b>	1.11	1.22
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>33,034</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>5,458</u>	<b>6.29%</b>	6.49%	6.48%
Rates, Annual and Extra Charges Collectible	<u>86,728</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>111,874</u>	<b>9.27 mths</b>	9.20	9.67
Payments from cash flow of operating and financing activities	<u>12,065</u>			

#### Notes

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

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

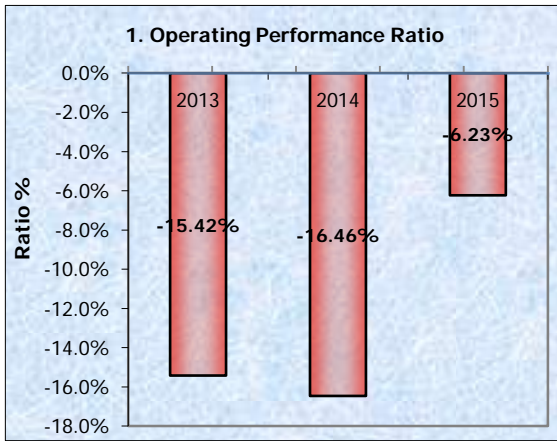
Also excludes any real estate & land for resale not expected to be sold in the next 12 months

<sup>(3)</sup> Refer to Note 10(a).

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

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**

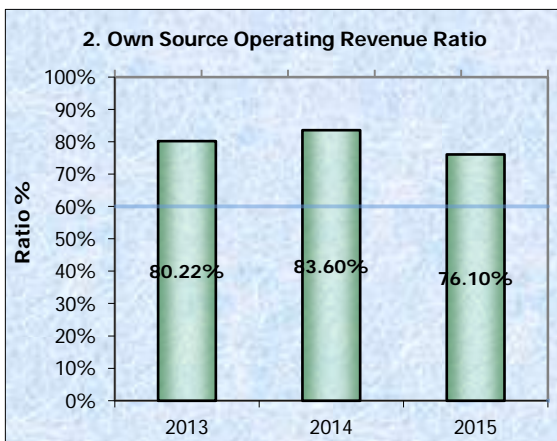
**2014/15 Ratio -6.23%**

The Operating Performance Ratio has improved significantly during the financial year. This can be attributed to an increase in revenue due to the Special Rates Variation and the decrease in depreciation expense which has been realised by more accurate useful lives and units rates being used in the valuation of assets.

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**

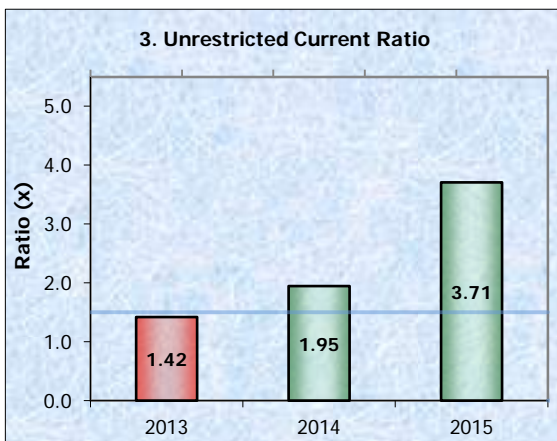
**2014/15 Ratio 76.10%**

The own source operating revenue ratio has decreased during the financial year. This is mainly attributable to the large increase experienced in Grants and Contributions received for Capital Purposes being approximately \$14 million higher than last financial year.

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 3.71x**

Current Assets increased to \$87,330,000 in 2014/15, largely attributed to an increase in the investments due to be redeemed within the next 12 months totalling \$19,050,000.

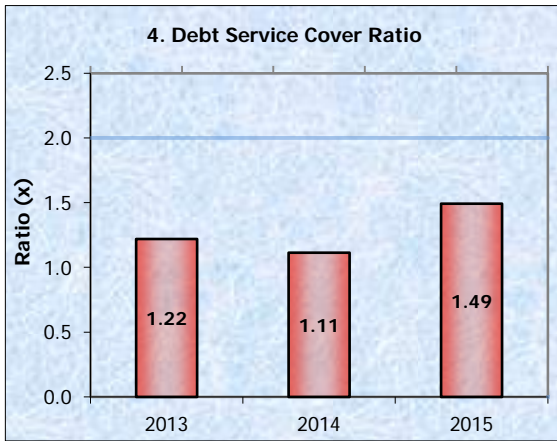
Benchmark: Minimum  $\geq 1.50$

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

Ratio is within Benchmark  
 Ratio is outside Benchmark

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

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



**Purpose of Debt Service Cover Ratio**

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

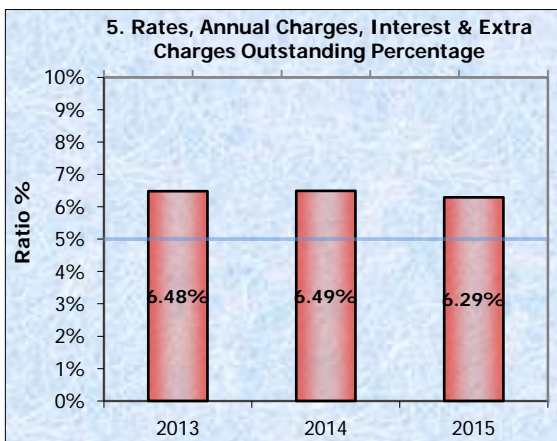
**Commentary on 2014/15 Result**

**2014/15 Ratio 1.49x**

The Debt Services Ratio has improved during the 2014/15 financial year due to the improved operating result.

Benchmark: Minimum  $\geq 2.00$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**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.

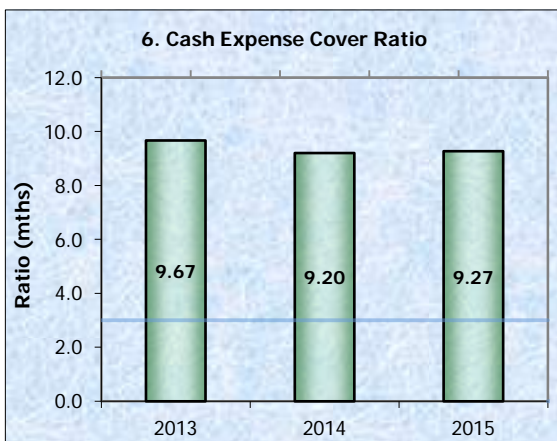
**Commentary on 2014/15 Result**

**2014/15 Ratio 6.29%**

Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage has improved during the year due to an increase in recovery efforts by Council.

Benchmark: Maximum  $< 5.00\%$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Cash Expense Cover Ratio**

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

**Commentary on 2014/15 Result**

**2014/15 Ratio 9.27 mths**

The Cash Expense Cover ratio is comparable between the 2013/14 and 2014/15 financial years.

Benchmark: Minimum  $\geq 3.00$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>-10.30%</b>	<b>-24.08%</b>	<b>-0.52%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: -13.79%	-14.12%	-17.86%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>82.12%</b>	<b>89.15%</b>	<b>71.56%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 88.98%	87.34%	81.07%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	<b>1.15x</b>	<b>0.38x</b>	<b>3.71x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period: 1.01	0.44	1.95
<b>4. Debt Service Cover Ratio</b>			
<u>Operating Result<sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation</u>	<b>0.80x</b>	<b>0.77x</b>	<b>4.55x</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)			
	prior period: 0.72	0.85	2.69
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>5.95%</b>	<b>5.81%</b>	<b>6.50%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 6.12%	5.95%	6.72%
<b>6. Cash Expense Cover Ratio</b>			
<u>Current Year's Cash and Cash Equivalents + All Term Deposits</u>	<b>12.94</b>	<b>15.07</b>	<b>6.55</b>
Payments from cash flow of operating and financing activities	x12	<b>mths</b>	<b>mths</b>
	prior period: 11.11	13.68	7.14

#### 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.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>3,698</b>	<b>3,712</b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		3,712	1,596
- Net Gain/(Loss) from Fair Value Adjustments		(14)	207
- Transfers from/(to) Owner Occupied (Note 9)		-	1,909
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>3,698</b>	<b>3,712</b>
<b>(b) Valuation Basis</b>			
<p>The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>The 2015 desktop revaluation was based on an Independent Assessment made by: APV Valuers and Asset Management</p>			
<b>(c) Contractual Obligations at Reporting Date</b>			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
<b>(d) Leasing Arrangements</b>			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:			
Within 1 year		136	122
Later than 1 year but less than 5 years		118	2
<b>Total Minimum Lease Payments Receivable</b>		<b>254</b>	<b>124</b>
<b>(e) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		58	62
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(4)	(6)
- that did not generate rental income		(9)	-
<b>Net Revenue Contribution from Investment Properties</b>		<b>45</b>	<b>56</b>
plus:			
<b>Fair Value Movement for year</b>		<b>(14)</b>	<b>207</b>
<b>Total Income attributable to Investment Properties</b>		<b>31</b>	<b>263</b>

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 15. Financial Risk Management

\$ '000

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	15,434	12,032	15,434	12,032
Investments				
- "Designated At Fair Value on Initial Recognition"	36,967	38,223	36,967	38,223
- "Held to Maturity"	99,941	98,534	99,941	98,534
Receivables	21,067	21,650	21,067	21,650
<b>Total Financial Assets</b>	<b>173,409</b>	<b>170,439</b>	<b>173,409</b>	<b>170,439</b>
<b>Financial Liabilities</b>				
Payables	7,659	8,657	7,659	8,657
Loans / Advances	196,442	213,048	-	225,952
<b>Total Financial Liabilities</b>	<b>204,101</b>	<b>221,705</b>	<b>7,659</b>	<b>234,609</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2015</b>				
Possible impact of a 10% movement in Market Values	-	3,697	-	(3,697)
Possible impact of a 1% movement in Interest Rates	1,369	-	(1,369)	-
<b>2014</b>				
Possible impact of a 10% movement in Market Values	-	3,822	-	(3,822)
Possible impact of a 1% movement in Interest Rates	1,368	-	(1,368)	-

# Coffs Harbour City 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.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	85%	0%	87%
Overdue	100%	15%	100%	13%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
<b>Rates &amp; Annual Charges</b>	<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>	<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>
Current	-	16,195	-	17,000
< 1 year overdue	4,662	-	4,516	-
> 5 years overdue	-	266	-	209
	<b>4,662</b>	<b>16,461</b>	<b>4,516</b>	<b>17,209</b>
<b>(iii) Movement in Provision for Impairment of Receivables</b>				
			2015	2014
Balance at the beginning of the year			75	15
+ new provisions recognised during the year			13	61
- amounts already provided for & written off this year			(32)	-
- amounts provided for but recovered during the year			-	(1)
<b>Balance at the end of the year</b>			<b>56</b>	<b>75</b>

# Coffs Harbour City 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		
<b>2015</b>									
Trade/Other Payables	466	8,299	216	-	-	-	-	8,981	7,659
Loans & Advances	-	30,136	25,339	24,444	23,988	23,973	144,130	272,010	196,442
<b>Total Financial Liabilities</b>	<b>466</b>	<b>38,435</b>	<b>25,555</b>	<b>24,444</b>	<b>23,988</b>	<b>23,973</b>	<b>144,130</b>	<b>280,991</b>	<b>204,101</b>
<b>2014</b>									
Trade/Other Payables	369	10,224	526	-	-	-	-	11,119	8,657
Loans & Advances	-	32,946	30,796	26,145	25,247	24,795	177,296	317,225	213,048
<b>Total Financial Liabilities</b>	<b>369</b>	<b>43,170</b>	<b>31,322</b>	<b>26,145</b>	<b>25,247</b>	<b>24,795</b>	<b>177,296</b>	<b>328,344</b>	<b>221,705</b>

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	7,659	0.0%	8,657	0.0%
Loans & Advances - Fixed Interest Rate	196,442	6.8%	213,048	6.8%
	<u>204,101</u>		<u>221,705</u>	

# Coffs Harbour City 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 22 May 2014.

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

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

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

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>79,573</b>	<b>81,083</b>	<b>1,510</b>	2%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>29,101</b>	<b>37,461</b>	<b>8,360</b>	29%	<b>F</b>
General increase in development activity, combined with a restructuring of existing fees. Notably new fees were introduced for the licencing of caravan parks, food vendors and boarding houses. Includes \$397,905 carbon credits.					
<b>Interest &amp; Investment Revenue</b>	<b>6,928</b>	<b>7,358</b>	<b>430</b>	6%	<b>F</b>
<b>Other Revenues</b>	<b>7,604</b>	<b>8,486</b>	<b>882</b>	12%	<b>F</b>
Significant private works projects including construction of Cook Drive Intersection, Beryl Street traffic lights and Eggins Drive watermain relocation. Increases also in the sales of switchboards, optical fibre and additional airport car park income.					
<b>Operating Grants &amp; Contributions</b>	<b>16,390</b>	<b>16,897</b>	<b>507</b>	3%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>15,883</b>	<b>25,323</b>	<b>9,440</b>	59%	<b>F</b>
A number of capital grants received during year that were not originally budgeted including \$468k from Traffic NSW for the Coffs Transport Interchange, \$434k Office of Environment & Heritage for the Spagnolos Rd Detention Basin, and \$2.3m From RMS for projects such as Coffs Boat Ramp Basin Upgrade, Blackspot Program and Cycleways.					



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance*		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>29,334</b>	<b>41,159</b>	<b>(11,825)</b>	<b>(40%)</b>	<b>U</b>
<p>During the year Council employees are engaged in both maintenance and capital works, the proportions of which may vary from year to year. Costs in relation to the capital works are excluded from the income statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Council has also undertaken an organisational restructure which has resulted in one-off termination expenses.</p>					
<b>Borrowing Costs</b>	<b>14,316</b>	<b>14,228</b>	<b>88</b>	<b>1%</b>	<b>F</b>
<b>Materials &amp; Contracts</b>	<b>65,953</b>	<b>49,819</b>	<b>16,134</b>	<b>24%</b>	<b>F</b>
<p>During the year Council employees are engaged in both maintenance and capital works, the proportions of which may vary from year to year. Costs in relation to the capital works are excluded from the income statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. The variance to budget has also resulted from items for operational projects largely being budgeted as Material and Contracts rather than Other Expenses. Additionally, this discrepancy has arisen due to the large number of private works completed.</p>					
<b>Depreciation &amp; Amortisation</b>	<b>48,436</b>	<b>44,517</b>	<b>3,919</b>	<b>8%</b>	<b>F</b>
<p>Budgeted figures were based on 2013/14 actual costs and therefore do not take into account new assets purchased in 2013/14 and depreciated for the first time in 2013/14 nor does it include depreciation based on revalued assets as at 30 June 2014. The revaluation of Transport and Stormwater Drainage resulted in an reduction in depreciation expense for 2014/15.</p>					
<b>Other Expenses</b>	<b>6,278</b>	<b>11,033</b>	<b>(4,755)</b>	<b>(76%)</b>	<b>U</b>
<p>The variance to budget in other expenses has resulted from items for operational projects largely being budgeted as Materials and Contracts rather than Other Expenses. There were also increases in expenditure compared to budget attributable to private works and consultancies as part of Council's restructure. Airport screening expenses increased in line with revenue.</p>					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>3,772</b>	<b>(3,772)</b>	<b>0%</b>	<b>U</b>
<p>Council does not budget for losses from disposal of assets.</p>					

## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	1,779	46	-	90	-	103	2,018	1,534	(3,365)	187	103
Roads	1,793	849	-	137	(659)	1,892	4,012	31,129	(34,167)	974	1,892
Traffic Facilities	15	-	-	1	-	-	16	41	(57)	-	-
Parking	710	330	-	39	(128)	-	951	4,206	(4,784)	373	-
Open Space	4,991	859	-	180	(1,364)	(1,900)	2,766	23,669	(26,062)	373	(1,900)
Community Facilities	1,462	114	-	72	(19)	9	1,638	2,112	(3,907)	(157)	9
Other	868	181	-	41	(185)	23	928	2,305	(3,209)	24	23
<b>S94 Contributions - under a Plan</b>	<b>11,618</b>	<b>2,379</b>	<b>-</b>	<b>560</b>	<b>(2,355)</b>	<b>127</b>	<b>12,329</b>	<b>64,996</b>	<b>(75,551)</b>	<b>1,774</b>	<b>127</b>
<b>Total S94 Revenue Under Plans</b>	<b>11,618</b>	<b>2,379</b>	<b>-</b>	<b>560</b>	<b>(2,355)</b>	<b>127</b>	<b>12,329</b>				<b>127</b>
S94 not under Plans	633	-	-	26	(26)	(127)	506	-	(507)	(1)	(127)
S93F Planning Agreements	1	-	-	-	(1)	-	-				
S64 Contributions	302	5,017	-	10	(5,200)	-	129	41,453	(42,296)	(714)	
<b>Total Contributions</b>	<b>12,554</b>	<b>7,396</b>	<b>-</b>	<b>596</b>	<b>(7,582)</b>	<b>-</b>	<b>12,964</b>	<b>64,996</b>	<b>(76,058)</b>	<b>1,773</b>	<b>-</b>

## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### City Centre Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	428	-	-	21	-	-	449	3,654	(4,102)	1	-
<b>Total</b>	<b>428</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>449</b>	<b>3,654</b>	<b>(4,102)</b>	<b>1</b>	<b>-</b>

The following contribution plans have been adopted by Council and are available for public inspection free of cost:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>a. Regional, District &amp; Neighbourhood Facilities &amp; Services</li> <li>b. Local Roads, Trunk Drainage &amp; Mines and Extractive Industries</li> <li>c. West Coffs Harbour</li> <li>d. North Boambee Valley (East)</li> <li>e. Moonee</li> <li>f. City Centre Car Parking</li> <li>g. Woolgoolga Car Parking</li> <li>h. Coffs Harbour Road Network</li> <li>i. North Bonville</li> <li>j. Korora Rural Residential</li> </ul> | <ul style="list-style-type: none"> <li>k. Water Supply Developer Services Plan</li> <li>l. Waste Water Treatment &amp; Carrier System Developer Services Plan</li> <li>m. Surf Rescue Facilities</li> <li>n. West Woolgoolga</li> <li>o. Hearn's Lake/Sandy Beach</li> <li>p. Corindi</li> <li>q. Park Beach</li> <li>r. South Coffs.</li> <li>s. Jetty Area Car Parking</li> </ul> |
|---|---|

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### Coffs Harbour Road Network

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	219	217	-	8	(325)	-	119	2,213	(2,332)	-	-
<b>Total</b>	<b>219</b>	<b>217</b>	<b>-</b>	<b>8</b>	<b>(325)</b>	<b>-</b>	<b>119</b>	<b>2,213</b>	<b>(2,332)</b>	<b>-</b>	<b>-</b>

##### Corindi

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	99	2	-	5	(5)	-	101	-	(101)	-	-
Open Space	8	1	-	-	-	-	9	-	(9)	-	-
Community Facilities	440	8	-	21	-	-	469	-	(468)	1	-
<b>Total</b>	<b>547</b>	<b>11</b>	<b>-</b>	<b>26</b>	<b>(5)</b>	<b>-</b>	<b>579</b>	<b>-</b>	<b>(578)</b>	<b>1</b>	<b>-</b>

##### Hearnes Lake / Sandy Beach

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	106	-	-	5	-	-	111	3,219	(3,312)	18	-
Open Space	74	-	-	4	-	-	78	837	(880)	35	-
Other	-	-	-	-	-	-	-	15	(15)	-	-
<b>Total</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>4,071</b>	<b>(4,207)</b>	<b>53</b>	<b>-</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### Jetty Area Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	130	-	-	3	(128)	-	5	262	(267)	-	-
<b>Total</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(128)</b>	<b>-</b>	<b>5</b>	<b>262</b>	<b>(267)</b>	<b>-</b>	<b>-</b>

##### Korora Rural Residential Release Area

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	35	116	-	6	(11)	-	146	2,978	(3,257)	(133)	-
Open Space	365	45	-	13	(320)	75	178	-	-	178	75
Other	41	15	-	2	(10)	-	48	283	(350)	(19)	-
<b>Total</b>	<b>441</b>	<b>176</b>	<b>-</b>	<b>21</b>	<b>(341)</b>	<b>75</b>	<b>372</b>	<b>3,261</b>	<b>(3,607)</b>	<b>26</b>	<b>75</b>

##### Mines and Extractive Industries

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	121	12	-	5	(14)	-	124	-	(124)	-	-
<b>Total</b>	<b>121</b>	<b>12</b>	<b>-</b>	<b>5</b>	<b>(14)</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>(124)</b>	<b>-</b>	<b>-</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### Moonee Release Area

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	59	-	-	3	-	-	62	-	(62)	-	-
Roads	(534)	420	-	27	(245)	2,001	1,669	8,798	(10,125)	342	2,001
Open Space	12	128	-	6	-	117	263	2,582	(2,853)	(8)	117
Community Facilities	221	65	-	12	-	-	298	1,253	(1,500)	51	-
Other	-	4	-	-	(4)	-	-	16	(16)	-	-
<b>Total</b>	<b>(242)</b>	<b>617</b>	<b>-</b>	<b>48</b>	<b>(249)</b>	<b>2,118</b>	<b>2,292</b>	<b>12,649</b>	<b>(14,556)</b>	<b>385</b>	<b>2,118</b>

##### North Boambee Valley (East)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	286	21	-	15	-	23	345	766	(1,024)	87	23
Roads	10	22	-	1	-	-	33	603	(631)	5	-
Open Space	104	6	-	6	-	26	142	90	(160)	72	26
Community Facilities	36	16	-	2	-	9	63	446	(535)	(26)	9
Other	14	36	-	1	(1)	-	50	1,044	(1,106)	(12)	-
<b>Total</b>	<b>450</b>	<b>101</b>	<b>-</b>	<b>25</b>	<b>(1)</b>	<b>58</b>	<b>633</b>	<b>2,949</b>	<b>(3,456)</b>	<b>126</b>	<b>58</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### North Bonville

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	94	3	-	7	-	80	184	267	(411)	40	80
Roads	139	16	-	1	(32)	(155)	(31)	1,123	(655)	437	(155)
Open Space	171	6	-	8	-	-	185	74	(197)	62	-
Other	-	-	-	-	-	-	-	9	-	9	-
<b>Total</b>	<b>404</b>	<b>25</b>	<b>-</b>	<b>16</b>	<b>(32)</b>	<b>(75)</b>	<b>338</b>	<b>1,473</b>	<b>(1,263)</b>	<b>548</b>	<b>(75)</b>

##### North Coffs

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	-	-	-	-	-	-	-	4,846	(4,846)	-	-
Other	-	-	-	-	-	-	-	172	(172)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,018</b>	<b>(5,018)</b>	<b>-</b>	<b>-</b>

##### Park Beach

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	15	-	-	1	-	-	16	41	(57)	-	-
Parking	40	(23)	-	1	-	-	18	190	(208)	-	-
Open Space	45	-	-	2	-	-	47	329	(375)	1	-
<b>Total</b>	<b>100</b>	<b>(23)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>560</b>	<b>(640)</b>	<b>1</b>	<b>-</b>



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### Regional, District and Neighbourhood Facilities and Services

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	4,049	661	-	133	(1,040)	(2,118)	1,685	19,164	(20,849)	-	(2,118)
Community Facilities	20	16	-	1	(19)	-	18	-	(24)	(6)	-
Other	315	104	-	16	(76)	23	382	495	(859)	18	23
<b>Total</b>	<b>4,384</b>	<b>781</b>	<b>-</b>	<b>150</b>	<b>(1,135)</b>	<b>(2,095)</b>	<b>2,085</b>	<b>19,659</b>	<b>(21,732)</b>	<b>12</b>	<b>(2,095)</b>

##### South Coffs

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	-	-	-	-	-	-	-	1,934	(1,934)	-	-
Open Space	-	-	-	-	-	-	-	150	(150)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,084</b>	<b>(2,084)</b>	<b>-</b>	<b>-</b>

##### Surf Rescue Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	49	19	-	3	-	-	71	58	(129)	-	-
<b>Total</b>	<b>49</b>	<b>19</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>58</b>	<b>(129)</b>	<b>-</b>	<b>-</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### West Coffs

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	1,340	22	-	65	-	-	1,427	501	(1,868)	60	-
Roads	1,218	33	-	60	(27)	46	1,330	2,078	(3,339)	69	46
Open Space	143	12	-	7	(4)	-	158	302	(444)	16	-
Community Facilities	745	9	-	36	-	-	790	413	(1,380)	(177)	-
Other	420	3	-	18	(94)	-	347	45	(395)	(3)	-
<b>Total</b>	<b>3,866</b>	<b>79</b>	<b>-</b>	<b>186</b>	<b>(125)</b>	<b>46</b>	<b>4,052</b>	<b>3,339</b>	<b>(7,426)</b>	<b>(35)</b>	<b>46</b>

##### West Woolgoolga

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	380	11	-	19	-	-	410	3,337	(3,511)	236	-
Open Space	20	-	-	1	-	-	21	141	(145)	17	-
Other	29	-	-	1	-	-	30	168	(167)	31	-
<b>Total</b>	<b>429</b>	<b>11</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>461</b>	<b>3,646</b>	<b>(3,823)</b>	<b>284</b>	<b>-</b>

##### Woolgoolga Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	112	353	-	14	-	-	479	100	(207)	372	-
<b>Total</b>	<b>112</b>	<b>353</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>479</b>	<b>100</b>	<b>(207)</b>	<b>372</b>	<b>-</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	139	-	-	7	-	-	146	-	(146)	-	-
Roads	5	-	-	-	(5)	-	-	-	-	-	-
Open Space	2	-	-	-	-	-	2	-	(2)	-	-
Community Facilities	188	-	-	8	(21)	-	175	-	(175)	-	-
Other	299	-	-	11	-	(127)	183	-	(184)	(1)	(127)
<b>Total</b>	<b>633</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>(26)</b>	<b>(127)</b>	<b>506</b>	<b>-</b>	<b>(507)</b>	<b>(1)</b>	<b>(127)</b>

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.

Amount of employer contributions recognised as an expense for the year ending 30/6/15 was \$1,290,864. Employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$627,301.

**(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.

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) S94 Plans**

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

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

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

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

**(iii) 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.

**(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council (continued)**

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.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 19. Interests in Other Entities

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\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

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#### **Controlled Entities (Subsidiaries)**

**Note 19(a)**

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

#### **Joint Ventures & Associates**

**Note 19(b)**

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

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

#### **Joint Operations**

**Note 19(c)**

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

#### **Unconsolidated Structured Entities**

**Note 19(d)**

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

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

**Note 19(e)**

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# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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\$ '000

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

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

#### (b) Joint Ventures and Associates

Council has no interest in any Joint Ventures or Associates.

#### (c) Joint Operations

Council has no interest in any Joint Operations.

#### (d) Unconsolidated Structured Entities

Council did not consolidate the following Structured Entities:

##### 1. Coffs Coast State Park Trust

Council has been appointed by the Minister for Crown Land as the Corporate Manager. Pursuant to section 92(1) of the Crown Land Acts 1989, Coffs Harbour City Council was appointed as the trustee of the Coffs Coast State Park Trust as gazetted on 22 September 2000.

The Coffs Coast State Park Trust undertakes business operations within the State Park including the operation of Park Beach Holiday Park and Sawtell Beach Holiday Park. The operations are fully self funded by Coffs Coast State Park Trust.

##### **Nature of Risks relating to the Unconsolidated Structured Entity**

There are no risks to Council relating to the Coffs Coast State Park Trust.

Since the inception of the Coffs Coast State Park Trust on 22 September 2000, no agreement exists between the entities that requires Council to provide financial support to the Trust or accept liability for any reporting losses.

##### 2. Woolgoolga Beach Reserve Trust

Council has been appointed by the Minister for Crown Land as the Corporate Manager. Pursuant to section 92(1) of the Crown Land Acts 1989, Coffs Harbour City Council was appointed as the trustee of the Woolgoolga Beach Reserve Trust as gazetted on 19 July 2002.

The Woolgoolga Beach Reserve Trust undertakes business operations within the Reserve including the operation of Woolgoolga Beach Holiday Park. The operations are fully self funded by Woolgoolga Beach Trust.

##### **Nature of Risks relating to the Unconsolidated Structured Entity**

There are no risks to Council relating to the Woolgoolga Beach Reserve Trust.

Since the inception of the Woolgoolga Beach Reserve Trust on 19 July 2003, no agreement exists between the entities that requires Council to provide financial support to the Trust or accept liability for any reporting losses.

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

None.



# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,179,041	1,196,670
a. Correction of Prior Period Errors	20 (c)	7,030	(5,402)
b. Net Operating Result for the Year		12,080	(12,227)
<b>Balance at End of the Reporting Period</b>		<b><u>1,198,151</u></b>	<b><u>1,179,041</u></b>

### (b) Reserves

#### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		602,414	741,829
<b>Total</b>		<b><u>602,414</u></b>	<b><u>741,829</u></b>

#### (ii) Reconciliation of movements in Reserves:

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		741,829	665,297
- Revaluations for the year	9(a)	(139,415)	76,532
<b>- Balance at End of Year</b>		<b><u>602,414</u></b>	<b><u>741,829</u></b>

##### "Available for Sale" Financial Investments Revaluation Reserve

- Opening Balance		-	263
- Transfer of "Available for Sale" values to the P&L for disposals		-	(263)
<b>- Balance at End of Year</b>		<b><u>-</u></b>	<b><u>-</u></b>

#### **TOTAL VALUE OF RESERVES**

<b><u>602,414</u></b>	<b><u>741,829</u></b>
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#### (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.

##### "Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors made in 2014 for 13/14 errors:</b>			
During 2014/15 assets were discovered in the following Note 9 categories (written down values disclosed) as a result of the revaluation of Transport and Stormwater Drainage assets. The assets were discovered by Council's Asset Technicians while undertaking field inspections or identified while carrying out construction in the area and updated within Council's GIS system.			
- Roads		2,446	-
- Bridges		758	-
- Footpaths		2,521	-
- Stormwater Drainage		1,302	-
Additional fencing assets were also identified during field inspections and corrected to the Open Space/Recreational Asset class.		3	-
Council does not deem it sufficiently material to disclose a third statement of financial position or restate prior year comparatives.			-
<b>Correction of errors made in 2014 for 12/13 errors:</b>			
During 2013/14 assets were discovered in the following Note 9 categories (written down values disclosed) as a result of migrating relevant data to Council's corporate asset register:			
- Stormwater Drainage		-	4,389
During 2013/14 it was discovered through a data migration process that accumulated depreciation for assets added to the following Note 9 categories had been omitted as the data was unavailable at the time of finalising the annual financial reports.			
- Stormwater Drainage		-	(8,835)
During 2013/14 inspections and collection of updated GIS data had been undertaken for selected Stormwater Drainage assets which resulted in improved attributes information (i.e. lengths, diameters etc).			
		-	(856)
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end)		7,030	(5,402)
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>7,030</b>	<b>(5,402)</b>

### (d) Voluntary Changes in Accounting Policies

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

# Coffs Harbour City 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
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	4,060	22,494	54,696
User Charges & Fees	13,761	2,820	22,833
Interest & Investment Revenue	1,542	2,440	3,376
Other Revenues	70	216	8,225
Grants & Contributions provided for Operating Purposes	319	388	21,580
Grants & Contributions provided for Capital Purposes	3,913	3,017	18,732
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
<b>Total Income from Continuing Operations</b>	<b>23,665</b>	<b>31,375</b>	<b>129,442</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	3,167	4,463	33,529
Borrowing Costs	5,516	6,718	1,994
Materials & Contracts	3,527	5,354	42,068
Depreciation & Amortisation	6,608	13,501	24,408
Impairment	-	-	-
Other Expenses	3,268	4,995	9,514
Net Losses from the Disposal of Assets	126	671	2,975
<b>Total Expenses from Continuing Operations</b>	<b>22,212</b>	<b>35,702</b>	<b>114,488</b>
<b>Operating Result from Continuing Operations</b>	<b>1,453</b>	<b>(4,327)</b>	<b>14,954</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>1,453</b>	<b>(4,327)</b>	<b>14,954</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>1,453</b>	<b>(4,327)</b>	<b>14,954</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(2,460)</b>	<b>(7,344)</b>	<b>(3,778)</b>

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

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

# Coffs Harbour City 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
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,531	1,923	11,980
Investments	4,499	3,165	42,749
Receivables	4,578	1,844	12,049
Inventories	226	-	1,734
Other	-	-	520
Non-current assets classified as 'held for sale'	-	-	532
<b>Total Current Assets</b>	<b>10,834</b>	<b>6,932</b>	<b>69,564</b>
<b>Non-Current Assets</b>			
Investments	23,358	42,637	20,500
Receivables	137	620	1,839
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	287,212	459,267	1,031,413
Investment Property	-	-	3,698
Intangible Assets	64,728	-	2,379
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Non-Current Assets</b>	<b>375,435</b>	<b>502,524</b>	<b>1,059,829</b>
<b>TOTAL ASSETS</b>	<b>386,269</b>	<b>509,456</b>	<b>1,129,393</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	1,137	1,211	6,417
Borrowings	4,591	8,686	4,603
Provisions	-	-	14,108
<b>Total Current Liabilities</b>	<b>5,728</b>	<b>9,897</b>	<b>25,128</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	216
Borrowings	72,478	84,201	21,883
Provisions	-	-	5,022
<b>Total Non-Current Liabilities</b>	<b>72,478</b>	<b>84,201</b>	<b>27,121</b>
<b>TOTAL LIABILITIES</b>	<b>78,206</b>	<b>94,098</b>	<b>52,249</b>
<b>Net Assets</b>	<b>308,063</b>	<b>415,358</b>	<b>1,077,144</b>
<b>EQUITY</b>			
Retained Earnings	180,179	285,288	732,684
Revaluation Reserves	127,884	130,070	344,460
<b>Total Equity</b>	<b>308,063</b>	<b>415,358</b>	<b>1,077,144</b>

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

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Current	2015 Non Current	2014 Current	2014 Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	532	-	1,487	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>532</b>	<b>-</b>	<b>1,487</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</b>	<b>532</b>	<b>-</b>	<b>1,487</b>	<b>-</b>

#### (ii) Details of Assets & Disposal Groups

All land parcels currently classified as held for sale are expected to be sold during the 2015/16 financial year.

\$ '000	Assets "Held for Sale"	
	2015	2014
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	1,487	77
<b>Balance still unsold after 12 months:</b>	1,487	77
less: Assets no longer classified as "Held for Sale"	(1,487)	(77)
<b>plus New Transfers in:</b>		
- Assets "Held for Sale"	532	1,487
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b>532</b>	<b>1,487</b>

Refer to Note 27 - Fair Value Measurement for fair value measurement information.

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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\$ '000

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

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

Accordingly, the "authorised for issue" date is 30/10/15.

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

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

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

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

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

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

### Note 24. Discontinued Operations

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 25. Intangible Assets

\$ '000	Actual 2015	Actual 2014
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
<b>Opening Values:</b>		
Gross Book Value (1/7)	75,486	73,679
Accumulated Amortisation (1/7)	(7,879)	(7,023)
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>67,607</b>	<b>66,656</b>
<b>Movements for the year</b>		
- Purchases	351	1,948
- Amortisation charges	(851)	(997)
- Gross Book Value written off	-	(141)
- Accumulated Amortisation charges written off	-	141
<b>Closing Values:</b>		
Gross Book Value (30/6)	75,837	75,486
Accumulated Amortisation (30/6)	(8,730)	(7,879)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>67,107</u></b>	<b><u>67,607</u></b>

**<sup>1</sup> The Net Book Value of Intangible Assets represent:**

- Software	459	245
- Regional Water Supply Scheme (right to receive water from Clarence Valley Council)	64,728	65,442
- Goodwill on purchase of commercial operation	1,920	1,920
	<b><u>67,107</u></b>	<b><u>67,607</u></b>

# Coffs Harbour City 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	NPV of Provision	
	2015	2014
Waste Facility	4,672	4,274
<b>Balance at End of the Reporting Period</b>	<b>4,672</b>	<b>4,274</b>

10(a)

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

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

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

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

Balance at beginning of year	4,274	4,208
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	179	(150)
Amortisation of discount (expensed to borrowing costs)	219	216
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>4,672</b>	<b>4,274</b>

#### Amount of Expected Reimbursements

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



Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

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

During a reporting period Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets needs to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell. During the current reporting period, there were no assets measured at fair value on a non-recurring basis. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

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

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

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

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

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

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

2015	Fair Value Measurement Hierarchy			Total
	Level 1	Level 2	Level 3	
<b>Recurring Fair Value Measurements</b>	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	31,764	5,203	-	36,967
<b>Total Financial Assets</b>	<b>31,764</b>	<b>5,203</b>	<b>-</b>	<b>36,967</b>
<b>Investment Properties</b>				
Buildings	-	348	-	348
Land	-	3,350	-	3,350
<b>Total Investment Properties</b>	<b>-</b>	<b>3,698</b>	<b>-</b>	<b>3,698</b>

# Coffs Harbour City 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):

2015	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>				
<b>Infrastructure, Property, Plant &amp; Equipment</b>				
Plant & Equipment	-	-	17,691	17,691
Office Equipment	-	-	734	734
Furniture & Fittings	-	-	1,749	1,749
Operational Land	-	-	117,598	117,598
Community Land	-	-	34,415	34,415
Land under Roads (post 30/6/08)	-	-	1,925	1,925
Land Improvements - depreciable	-	-	3,881	3,881
Buildings - Non Specialised	-	10,403	37,977	48,380
Buildings - Specialised	-	-	46,616	46,616
Other Structures	-	-	703	703
Roads	-	-	382,205	382,205
Bridges	-	-	56,323	56,323
Footpaths	-	-	35,424	35,424
Bulk Earthworks (non-depreciable)	-	-	124,532	124,532
Stormwater Drainage	-	-	136,050	136,050
Water Supply Network	-	-	276,378	276,378
Sewerage Network	-	-	442,717	442,717
Swimming Pools	-	-	2,480	2,480
Other Open Space/Recreational Assets	-	-	5,143	5,143
Other Assets	-	-	4,612	4,612
Tip Asset	-	-	1,565	1,565
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>10,403</b>	<b>1,730,718</b>	<b>1,741,121</b>
<b>Non-recurring Fair Value Measurements</b>				
<b>Non Current Assets classified as "Held for Sale"</b>				
Operating land	-	532	-	532
<b>Total NCA's classified as "Held for Sale"</b>	<b>-</b>	<b>532</b>	<b>-</b>	<b>532</b>
<b>2014</b>				
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	27,929	10,294	-	38,223
<b>Total Financial Assets</b>	<b>27,929</b>	<b>10,294</b>	<b>-</b>	<b>38,223</b>
<b>Investment Properties</b>				
Buildings	-	268	122	390
Land	-	3,322	-	3,322
<b>Total Investment Properties</b>	<b>-</b>	<b>3,590</b>	<b>122</b>	<b>3,712</b>

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>				
<b>Infrastructure, Property, Plant &amp; Equipment</b>				
Plant & Equipment	-	-	17,379	17,379
Office Equipment	-	-	931	931
Furniture & Fittings	-	-	1,888	1,888
Operational Land	-	-	117,504	117,504
Community Land	-	-	37,029	37,029
Land under Roads (post 30/6/08)	-	-	1,980	1,980
Land Improvements - depreciable	-	-	3,701	3,701
Buildings - Non Specialised	-	10,201	36,882	47,083
Buildings - Specialised	-	-	49,016	49,016
Other Structures	-	-	730	730
Roads	-	-	387,629	387,629
Bridges	-	-	61,817	61,817
Footpaths	-	-	41,892	41,892
Bulk Earthworks (non-depreciable)	-	-	216,186	216,186
Stormwater Drainage	-	-	184,983	184,983
Water Supply Network	-	-	277,499	277,499
Sewerage Network	-	-	438,986	438,986
Swimming Pools	-	-	2,564	2,564
Other Open Space/Recreational Assets	-	-	5,337	5,337
Other Assets	-	-	4,178	4,178
Tip Asset	-	-	2,629	2,629
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>10,201</b>	<b>1,890,740</b>	<b>1,900,941</b>
<b>Non-recurring Fair Value Measurements</b>				
<b>Non Current Assets classified as "Held for Sale"</b>				
Operating land	-	1,487	-	1,487
<b>Total NCA's classified as "Held for Sale"</b>	<b>-</b>	<b>1,487</b>	<b>-</b>	<b>1,487</b>

## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

##### **Infrastructure, Property, Plant & Equipment**

###### **Community Land**

Assets within the "Community Land" class are:

- Council owned land and
- Care Control Management land [Crown] of which Council derives current and future economic benefits arising from the use of the land asset.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer-General. Currently all Council assets in this asset class are based on UCV. Additional assets are recorded at replacement cost. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3. Valuation techniques remained the same for this reporting period.

###### **Operational Land**

Council's operational land includes all of Council's land classified as operational land under Local Government Act 1993. The total area of land at the time of the last valuation was 10,319,898 m<sup>2</sup>.

Council's operational land is valued on an annual basis with a comprehensive valuation completed and revalued every five years. APV Valuers Pty Ltd completed the last valuation in June 2013.

Council's operational land was valued at market value (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses.

Remaining useful life, condition of asset, future cash flow from the use of asset is also considered when determining the fair value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

###### **Land Under Roads (post 30/6/08)**

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.

This asset class is classified as Level 3 asset as significant inputs used in the valuation methodology are unobservable. Valuation techniques remained the same for this reporting period.

## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### **Land Improvements Depreciable**

The land improvements asset class consists of recreational surfaces across different playgrounds and parks, Council values these land improvements internally using replacement cost, asset condition, the remaining useful life and residual value. Replacement costs (unit rates) and useful lives of Council's land improvement assets were determined using technical knowledge from council staff (engineers and asset management) and contractor information. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption, dimensions and residual value.

The condition of each asset was determined by completing field inspections using the ratings 1 (Excellent) to 5 (Very Poor).

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

##### **Stormwater Drainage**

The stormwater drainage asset class consists of Council's pits and pipes. Council staff completed the valuation of these assets internally using replacement cost approach and the last valuation was completed in June 2015. Independent consultants, Jeff Rorda and Associates and Common Thread Consulting, were engaged to assist with the determination of replacement costs and useful lives.

Replacement costs (using a combination of unit rates derived from NSW Office of Water reference rates, Rawlinsons rates and construction costs) and useful lives for stormwater drainage assets were determined through a combination of historic data, survey through GPS and technical knowledge of Council staff, which resulted in standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption, and residual value. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigations undertaken across a representative selection of Council's drainage network.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

##### **Recreational Assets**

The jetties, viewing platforms, ramps, fences, shade-sails, stairs, pontoons and parks and sport shelters fall under other structures.

Replacement costs (unit rate) and useful lives were determined using technical knowledge from council staff. Other significant inputs considered in the valuation of these assets are condition rating, remaining useful life, patterns of consumption, dimensions, components and residual value.

The condition of each asset was determined by completing field inspections using the 1 (Excellent) to 5 (Very Poor).

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### **Buildings - Non specialised and Specialised**

Council engaged APV Valuers Pty Ltd. to value all buildings and shelters in 2013. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset. Council's buildings are separated into commercial, community and operational assets.

##### Specialised Buildings

Specialised buildings were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such these assets were classified as having been valued using level 3 valuation inputs.

Valuation techniques remained the same for this reporting period.

##### Non Specialised Buildings

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

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

Valuation techniques remained the same for this reporting period.

##### **Bulk Earthworks**

This asset class is major earth works undertaken at the initial construction of road assets and is the formation component of a road segment. Bulk earthworks are non-depreciable and are re-valued to fair value on the same 5 year cycle as road assets.

The cost approach was adopted to value council's road formations with the replacement costs (based on unit rates) determined by preparing estimates of typical road constructions using Council's cost estimating principles and contracted rates. As bulk earthworks have an infinite remaining useful life the most significant input into this valuation approach are the dimensions of the asset.

This asset class is categorised as Level 3 as the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

##### **Roads**

Council's roads are componentised into pavement and surface and further separated into segments for inspection and valuation. The full revaluation of road assets is undertaken on a 5 year cycle.

## Coffs Harbour City Council

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

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

The valuation, which is completed by Council's Asset and Pavement Engineers, was completed in June 2015. Independent consultants, Jeff Rooda and Associates and Common Thread Consulting, were engaged to assist with the determination of replacement costs and useful lives.

The Cost approach was adopted to value Council roads. The replacement costs (based on unit rates), useful lives and conditions were determined by preparing estimates of typical road constructions using Council's cost estimating principles. These rates have been benchmarked against known recent subdivision construction rates and also compared with rates from other sources including Rawlinson's Australian Construction Rates.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value and type of road.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

#### **Bridges**

Council's bridges register consists of all pedestrian and vehicle access bridges. The valuation of bridge assets was completed in June 2015 as part of the overall Transport category revaluation.

The calculation of unit rates for bridges has been based on a series of project construction costs (estimated or actual). A sample of 5 projects was taken which represent a range of bridge sizes and construction types (concrete and timber). The costs used in the analysis were based on figures derived from Council 'Work Order' system or from estimates provided by Council's bridge construction supervisor.

For both the timber and concrete bridges the total cost and area for each component were used to derive an average unit cost for the component.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value and type of road.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

#### **Footpaths**

Council's footpath and cycleway networks consist of on-road and off-road paths which may be concrete, sealed or unsealed. For the purpose of asset accounting, on-road paths are considered part of the road network. Off-road paths are the subject of this section. Unit rates for concrete paths have been developed based on actual construction costs. For both unsealed and sealed paths, rates have been extrapolated from road construction rates during the recent June 2015 valuation.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

#### **Swimming Pool**

Swimming pools include all assets located within the facility. APV Valuers Pty Ltd valued the building components of the swimming pools in June 2013.



## Coffs Harbour City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

These were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such these assets were classified as having been valued using level 3 valuation inputs.

Valuation techniques remained the same for this reporting period.

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

This asset category includes:

- Plant & Equipment – Motor vehicles, trucks, mowers, earthmoving equipment
- Office Equipment – Computer equipment
- Furniture & Fittings – Chairs, desks, cabinets, display systems

These assets are valued at cost in Council's books and reported at fair value due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3.

Valuation techniques remained the same for this reporting period.

#### **Water Network**

The water network includes all water supply related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by CPE Associates in the June 2012. The assets were valued based on depreciated replacement cost approach based on the NSW Reference Rates Manual of Water, Supply, Sewerage and Stormwater published by Ministry of Energy and Utilities in July 2003. The tables were updated in July 2012.

As much of the data was taken from data sources such as the 2007 valuation, GIS files and detailed schedules for only recently constructed treatment plants there has been estimation involved. The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

#### **Sewer Network**

The sewer network includes all sewer related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by CPE Associates in the June 2012. The assets were valued based on depreciated replacement cost approach based on the NSW Reference Rates Manual of Water, Supply, Sewerage and Stormwater published by Ministry of Energy and Utilities in July 2003. The tables were updated in July 2012.

As much of the data was taken from data sources such as the 2007 valuation, GIS files and detailed schedules for only recently constructed treatment plants there has been estimation involved. The approach



## Coffs Harbour City Council

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

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

which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

##### **Tip Asset**

Council has one operational landfill site at present, being the England's Road Waste Management Facility. Council undertakes 6 monthly surveys of the landfill and have undertaken some volume calculations of sections and total landfill capacity. The estimated time of rehabilitation remains difficult to determine due to: The dynamic nature of the site and waste generation rates/management in the region  
The operational performance of the Coffs Coast Resource Recovery Facility (operated under contract by Biomass Solutions (Coffs Harbour) Pty Ltd) also remains dynamic  
Other landfilling reduction projects are currently under consideration. At current landfilling rates we estimate that the landfill may require rehabilitation by 2018/19 Financial Year.

Funds for rehabilitation are provisioned on an ongoing basis from 2012/13 due to the commencement of final capping. In August 2012, a consultant prepared a report for Council which more fully defines the Council's preferred 'final capping plan' which is the major component of the rehabilitation of the site.

The costs as provided in 2006, indexed to CPI (or construction index) can be considered appropriate at this time. Whilst Council received a consultant's costing report with regard to final capping costs in August 2012 that report relies on assumptions including that the NSW Environment Protection Authority agrees to Council's request for a Licence Variation to amend the proposed 'final capping plan'.

The approach estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3.

##### **Other Structures**

Council's Other Structures consist of fencing and viewing platforms. The last valuation for other structures was carried out in June 2011. The calculation of Unit Rates for Other Structures has been based on a series of project construction costs (estimated or actual).

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value and type of road. This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

##### **Others (Artwork & Sculptures)**

Council engaged APV Valuers Pty Ltd to value all artwork, memorabilia and monuments in June 2011.

This information was updated into Council's public art register. The valuation was based on Mark IV advisory ISR insurance policy wording issued by Insurance Council of Australia. The insurable value is the assessment of value which would indemnify the council in the event of a loss.

Where a depth in the market could be identified we have assessed the value was assessed in accordance with AASB 116.

This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

**(3). Fair value measurements using inputs other than quoted prices (Level 2) and significant unobservable inputs (Level 3).**

The following tables present the changes in Level 2 and Level 3 Fair Value Asset Classes.

**Infrastructure, Property, Plant & Equipment**

	Community Land	Land Under Roads (post 30/6/08)	Land Improvements Depreciable	Stormwater Drainage	Total
Adoption of AASB 13	36,774	1,598	5,231	186,527	230,130
Adjustments & Transfer from/(to) another class	-	-	20	(4,312)	(4,292)
Purchases/Disposals (GBV)	255	382	48	(584)	101
Depreciation and Impairment	-	-	(1,598)	(2,985)	(4,583)
Revaluation Increments to Equity (ARR)	-	-	-	6,337	6,337
Closing Balance 30/6/14	37,029	1,980	3,701	184,983	-
Adjustments & Transfer from/(to) another class	33	-	-	-	-
Purchases/Disposals (GBV)	(2,998)	806	1107	6,108	5,407
Depreciation and Impairment	-	-	(928)	(2,173)	(3,101)
Revaluation Increments to Equity (ARR)	-	(860)	-	(52,868)	(53,728)
<b>Closing Balance 30/6/15</b>	<b>34,415</b>	<b>1,925</b>	<b>(3,881)</b>	<b>136,050</b>	<b>-</b>

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

	Other Structure	Buildings Specialised	Buildings Non Specialised	Other Assets	Total
Adoption of AASB 13	764	45,410	46,398	4,507	97,079
Adjustments & Transfer from/(to) another class	18	-	(196)	25	(153)
Purchases/Disposals (GBV)	(28)	3,099	64	(145)	2,990
Depreciation and Impairment	(24)	(371)	(469)	(209)	(1,073)
Revaluation Increments to Equity (ARR)	-	878	1,286	-	2,164
Closing Balance 30/6/14	730	49,016	47,083	4,178	-
Adjustments & Transfer from/(to) another class	-	(2,615)	(236)	76	(2,775)
Purchases/Disposals (GBV)	-	259	1,288	577	2,124
Depreciation and Impairment	(27)	(142)	(669)	(217)	(1,055)
Revaluation Increments to Equity (ARR)	-	97	915	-	1,012
Closing Balance 30/6/15	703	46,616	48,380	4,612	-

	Roads	Bridges	Footpaths	Bulk Earthworks	Total
Adoption of AASB 13	365,826	59,153	39,498	206,317	670,794
Adjustments & Transfer from/(to) another class	135	-	-	124	259
Purchases/Disposals (GBV)	10,364	205	535	111	11,215
Depreciation and Impairment	(13,786)	(774)	(1,343)	-	(15,903)
Revaluation Increments to Equity (ARR)	25,090	3,233	3,202	9,634	41,159
Closing Balance 30/6/14	387,629	61,817	41,892	216,186	-
Adjustments & Transfer from/(to) another class	(2,851)	-	-	-	(2,851)
Purchases/Disposals (GBV)	3,881	795	1,198	345	6,219
Depreciation and Impairment	(12,806)	(721)	(1,217)	-	(14,744)
Revaluation Increments to Equity (ARR)	6,351	(5,569)	(6,449)	(91,998)	(97,665)
<b>Closing Balance 30/6/15</b>	<b>382,204</b>	<b>56,323</b>	<b>35,424</b>	<b>124,532</b>	<b>-</b>

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

	Water Network	Sewer Network	Swimming Pools	Recreational Assets	Total
Adoption of AASB 13	274,781	429,611	2,648	5,768	712,808
Adjustments & Transfer from/(to) another class	-	5,828	-	59	5,887
Purchases/Disposals (GBV)	1,145	2,022	-	146	3,313
Depreciation and Impairment	(6,034)	(10,466)	(84)	(636)	(17,220)
Revaluation Increments to Equity (ARR)	7,607	11,991	-	-	19,598
Closing Balance 30/6/14	277,499	438,986	2,564	5,337	-
Adjustments & Transfer from/(to) another class	-	(14)	-	3	(11)
Purchases/Disposals (GBV)	1,177	11,981	-	427	13,585
Depreciation and Impairment	(5,592)	(13,166)	(84)	(624)	(19,466)
Revaluation Increments to Equity (ARR)	3,294	4,929	-	-	8,223
<b>Closing Balance 30/6/15</b>	<b>276,378</b>	<b>444,717</b>	<b>2,480</b>	<b>5,143</b>	<b>-</b>

	Office Equipment	Plant and Equipment	Furniture and Fittings	Tip Asset	Total
Adoption of AASB 13	1,099	18,127	2,040	3,703	24,969
Adjustments & Transfer from/(to) another class	8	6	-	(150)	(136)
Purchases/Disposals (GBV)	170	3,147	25	-	3,342
Depreciation and Impairment	(346)	(3,901)	(177)	(924)	(5,348)
Closing Balance 30/6/14	931	17,379	1,888	2,629	-
Adjustments & Transfer from/(to) another class	-	-	-	179	179
Purchases/Disposals (GBV)	151	4,144	13	-	4,308
Depreciation and Impairment	(348)	(3,833)	(152)	(1,243)	(5,576)
<b>Closing Balance 30/6/15</b>	<b>734</b>	<b>17,691</b>	<b>1,749</b>	<b>1,565</b>	<b>-</b>

## Coffs Harbour City Council

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

## Note 27. Fair Value Measurement (continued)

		<b>Operating Land</b>	<b>Total</b>
Adoption of AASB 13		113,360	113,360
Adjustments & Transfer from/(to) another class		(3,130)	(3,130)
Depreciation and Impairment		7,274	7,274
Closing Balance 30/6/14		117,504	117,504
Adjustments & Transfer from/(to) another class		989	989
Purchases/Disposals (GBV)		(1,661)	(1,661)
Revaluation Increments to Equity (ARR)		765	765
<b>Closing Balance 30/6/15</b>		<b>117,598</b>	<b>-</b>

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

## (4). The Valuation Process for Level 3 Fair Value Measurements

Class	Fair Value 30/6/15 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Community Land	34,415	Unimproved Capital Value per square metre provided by Valuer General  Cost of newly acquired assets	Unit rates	Increase / Decrease in the price per square metre will result in change in fair value.
Land Under Roads	1,925	Unimproved Capital Value per square metre provided by Valuer General  Englobo Valuation Basis	Unit Rates	Increase/Decrease in the price per square metre will result in changes in fair value.
Operational Land	117,598	Rate per square metre	Cost to replace existing land in the open market.	Increase/decrease in price per square metre will change fair value.
Furniture and Fittings, Office Equipment and Plant and Equipment.	1,749	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Replacement cost	Increase /decrease in the cost of the asset will increase/decrease in Fair value.  Asset Condition will also affect the fair value.
Buildings (Specialised & Non Specialised)	94,996	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  40-80%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/15 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Other Structures	703	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  0-70%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Roads	382,779	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  18-60 years  0 to 100%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Bridges	56,323	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  40%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/15 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Footpaths	35,424	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-60 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Stormwater Drainage	136,050	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-80 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Water Supply Network	276,550	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.



## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/15 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Sewer Network	444,905	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Tip Asset	1,565	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  5 years  0	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Swimming Pools	2,480	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  average to excellent  10-50 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/14 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Recreational Assets	5,143	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  2-100 years  0 to 50%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Bulk Earthworks	124,532	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  Infinite  Nil	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.
Land Improvements - Depreciable	3,881	Gross replacement cost  Asset condition  Remaining useful life  Residual value	Industry cost indexes, council and contractor construction rates  poor to excellent  50-60 years  0 to 20%	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.

## Coffs Harbour City Council

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

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/15 \$'000	Unobservable Inputs	Range of Inputs(incl. probable)	Relationship of unobservable Inputs to Fair Value
Other Assets	4,612	Insurance Values (Artworks, Sculptures)  <u>Non artworks/sculp tures:</u>  Gross replacement cost  Asset condition  Remaining useful life  Residual value	Replacement cost varies from asset to asset.  Replacement cost varies from asset to asset  Poor to excellent  30 years  0	Significant changes in the gross replacement value, asset condition and/or pattern of consumption affecting the remaining useful life or residual value would result in significant changes to the fair value measurement.

## Investment Properties

Class	Fair Value 30/6/15 \$'000	Valuation Techniques	Unobservable Inputs	Level	Relationship of unobservable Inputs to Fair Value
Buildings	348	Commercial buildings have been generally derived using a combination of capitalisation of income approach and a sales comparison approach.	Long term rental yields in a potentially volatile market.	2	Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

## Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

Class	Fair Value 30/6/15 \$'000	Valuation Techniques	Unobservable Inputs	Level	Relationship of unobservable Inputs to Fair Value
Buildings	Nil	Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.	Long term rental yields in a potentially volatile market	3	The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand.
Land	3,350	Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules.	Sales prices of comparable land sites. Price per square metre.	2	Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

## Coffs Harbour City Council

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

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

##### Non-Current Assets classified as "Held for Sale"

Class	Fair Value 30/6/15 \$'000	Valuation Techniques	Unobservable Inputs	Level	Relationship of unobservable Inputs to Fair Value
Land	532	Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules.	Replacement cost	2	Changes in the replacement cost would affect the fair value of the asset.

\*\* Rigby House is at Level 3 while all other Market Value buildings are at Level 2. All other Non- Market value buildings are at Level 3 as well

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

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

# Coffs Harbour City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 28. Council Information & Contact Details

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#### **Principal Place of Business:**

Corner Coff & Castle Streets  
Coffs Harbour NSW 2450

#### **Contact Details**

##### **Mailing Address:**

Locked Bag 155  
Coffs Harbour NSW 2450

##### **Opening Hours:**

8:30am to 4:30pm  
Monday to Friday

**Telephone:** 02 6648 4000

**Facsimile:** 02 6648 4199

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

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

#### **Officers**

##### **GENERAL MANAGER**

Steve McGrath

##### **RESPONSIBLE ACCOUNTING OFFICER**

Mark Griffioen

##### **PUBLIC OFFICER**

Lisa Garden

##### **AUDITORS**

Thomas Noble Russell  
Level 2  
26 Bounty Street  
Lismore NSW 2480

#### **Elected Members**

##### **MAYOR**

Denise Knight

##### **COUNCILLORS**

Garry Innes  
John Arkan  
Bob Palmer  
Sally Townley  
Rodney Degens  
Keith Rhoades  
Mark Sultana  
Nan Cowling

#### **Other Information**

**ABN:** 79 126 214 487



**COFFS HARBOUR CITY COUNCIL  
GENERAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

***Report on the Financial Statements***

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

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

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

***Auditor’s Responsibility***

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

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

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

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



### **Independence**

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

### **Opinion**

In our opinion:

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

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

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

Dated at Lismore this 30<sup>th</sup> day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

  
.....  
A J BRADFIELD (Partner)  
Registered Company Auditor



# Coffs Harbour City Council

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

30 June 2015



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

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



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers

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

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

## 1. THE AUDITOR'S ROLE & RESPONSIBILITY

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

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

Our independent audit report is attached to each financial report.

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

### Reporting on the Conduct of the Audit

Section 417(3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose and special purpose financial statements and other matters pertinent to the audit. These observations are set out below.

## 2. INCOME STATEMENT

### 2.1 Consolidated Operating Result

Council's consolidated surplus from all activities for 2015 was \$12,080,000. This compares to a deficit in 2014 of \$12,227,000. This result can be summarised as follows:

Consolidated Operating Result	2015 \$'000	2014 \$'000	2013 \$'000
Revenues from continuing operations	151,262	134,837	132,365
Expenses from continuing operations	(116,239)	(112,216)	(108,026)
<b>Result from continuing operations before depreciation</b>	<b>35,023</b>	<b>22,621</b>	<b>24,339</b>
Less: depreciation expense	(44,517)	(44,941)	(45,479)
<b>Operating deficit after depreciation &amp; before capital revenue and other significant items</b>	<b>(9,494)</b>	<b>(22,320)</b>	<b>(21,140)</b>
<i>Significant items impacting the operating result</i>			
Fair value movements on investments and interest free loans	23	1,045	5,590
Loss on disposal of assets	(3,772)	(2,830)	(2,419)
<b>Operating deficit before capital revenue</b>	<b>(13,243)</b>	<b>(24,105)</b>	<b>(17,969)</b>
Capital grants and contributions	25,323	11,878	11,143
<b>Result from all activities</b>	<b>12,080</b>	<b>(12,227)</b>	<b>(6,826)</b>

The result from continuing operations after depreciation & before capital revenue and other items has improved from a deficit of \$22,320,000 in the 2014 financial year to a deficit of \$9,494,000 in the 2015 financial year. Significant changes in this result include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>Revenue</b>		
Ordinary Rates	2,942	Ordinary rates have increased due to a rate pegged increment of 2.3%. In addition there was a special rate variation increment of 5.6% for the purpose of rehabilitation, maintenance and renewal of infrastructure assets.

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Annual Charges	2,125	<p>Domestic waste management service charges have increased by \$1,091,000 largely due to an increment in the 'Domestic Waste – Occupied' service charge per assessment from \$534 in 2013/2014 to \$566 in 2014/2015.</p> <p>There were also incremental increases to Water supply and Sewer charges in-line with Council's pricing strategy.</p>
User Charges & Fees	6,583	<p>Private Works – section 67 increased by \$5,160,000 mainly due to construction works carried out by Council in alliance with RMS on the Cook Drive / Pacific Highway intersection upgrade. These works were completed during the current financial year.</p> <p>Aerodrome fees and charges increased by \$1,962,000 largely due to additional security screening charges as well as airport parking fees received from the prior year (Council purchased the airport carpark in the previous financial year).</p>
Operating Grants & Contributions	4,699	<p>Total revenue from the Financial Assistance Grant increased from \$3,400,000 in 2013/14 to \$6,987,000 in 2014/15. This reflects a one off reduction in 2013/14 due to the fact that the grant is no longer being paid in advance and does not represent a loss of income but is instead a timing difference.</p> <p>Total revenue received for natural disaster funding increased from \$1,319,000 in 2013/14 to \$2,061,000 in 2014/15. This reflects more funding received in 2014/15 to repair damage related to major flooding events in prior periods.</p>
<b>Expenses</b>		
Employee Benefits & On-Costs	2,031	<p>This was largely attributable to a salaries and wages increase of \$1,783,000 relating to incremental award increases.</p>

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Borrowing Costs	(1,088)	Principal repayments on existing loans have decreased Council borrowing costs during the year.
Materials and Contracts	3,250	Materials and contracts expenses have increased mainly due to annual increases from suppliers and additional consultancy costs arising from the Transformation to Sustainability Program and asset management related projects.

## 2.2 Operating Result by Fund

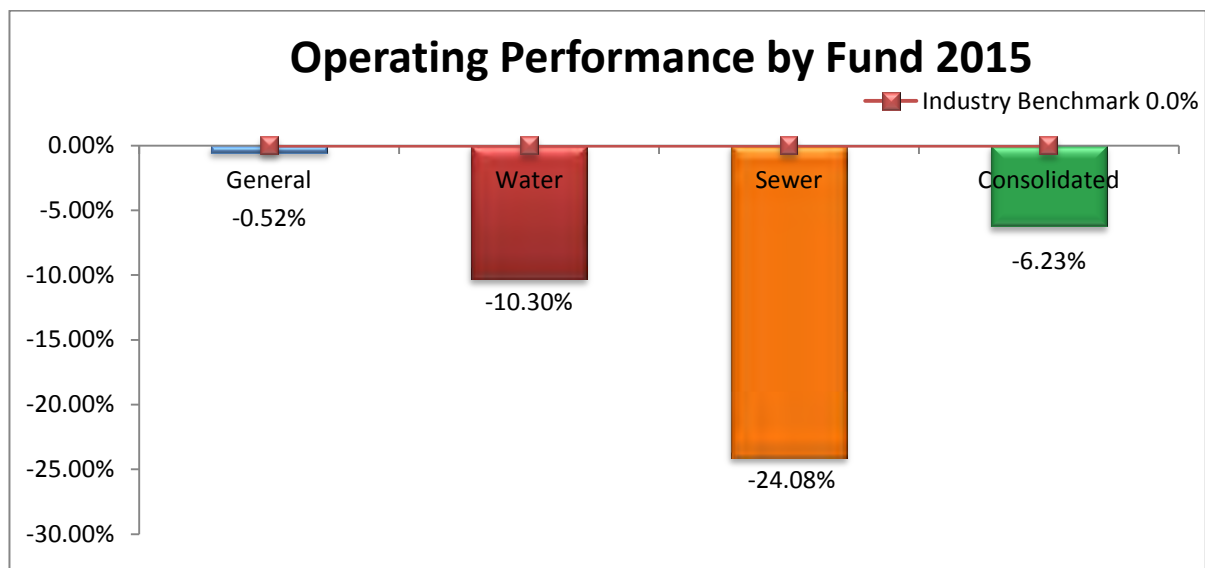
The consolidated operating result comprises the surpluses and deficits associated with Council's general, water and sewer funds. Note 21 to the general purpose financial statements provide the results of each fund on a gross basis. The results of each fund are provided below:

Operating Result by Fund	2015			2014		
	General \$'000	Water \$'000	Sewer \$'000	General \$'000	Water \$'000	Sewer \$'000
Revenues from continuing operations	110,710	19,752	28,358	94,601	20,125	28,324
Expenses from continuing operations	(87,105)	(15,478)	(21,530)	(82,787)	(15,910)	(21,784)
<b>Result from continuing operations before depreciation</b>	<b>23,605</b>	<b>4,274</b>	<b>6,828</b>	<b>11,814</b>	<b>4,215</b>	<b>6,540</b>
Less: depreciation expense	(24,408)	(6,608)	(13,501)	(27,062)	(7,043)	(10,836)
<b>Operating deficit after depreciation &amp; before capital revenue</b>	<b>(803)</b>	<b>(2,334)</b>	<b>(6,673)</b>	<b>(15,248)</b>	<b>(2,828)</b>	<b>(4,296)</b>
<b>Other significant items impacting the operating result</b>						
Loss on disposal of assets	(2,975)	(126)	(671)	(2,246)	(367)	(217)
<b>Operating deficit before capital revenue</b>	<b>(3,778)</b>	<b>(2,460)</b>	<b>(7,344)</b>	<b>(17,494)</b>	<b>(3,195)</b>	<b>(4,513)</b>
Capital grants and contributions	18,732	3,913	3,017	7,356	2,124	3,495
<b>Surplus/(Deficit) from all activities</b>	<b>14,954</b>	<b>1,453</b>	<b>(4,327)</b>	<b>(10,138)</b>	<b>(1,071)</b>	<b>(1,018)</b>

## Operating Performance

The NSW Office of Local Government has introduced a ratio that measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue).

It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded. The benchmark for this ratio is greater than 0%, that is, Council should not be recording recurring operating deficits but should contain operating expenditure within operating revenue.



The table above indicates that Council's General, Water and Sewer Fund operating results are in deficit for 2015.

Council is not generating sufficient revenue and controlling its expenditure to fund annual depreciation expense. Council will need to review its Long Term Financial plan results in accordance with the Fit for the Future reforms proposed by the NSW Office of Local Government. It is noted that Council has a transformation to sustainability program currently in progress to assist with improving the operating performance ratio.

### 2.3 Capital Grants & Contributions – All Funds

Capital grants and contributions received during the year amounted to \$25,323,000. Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as dedications received by Council on the finalisation of a development.

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

<b>Capital Grants &amp; Contributions</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Section 94 contributions - cash	2,379	1,856	1,550
Section 64 contributions - cash	5,017	3,557	2,747
Other contributions	1,280	371	1,218
Non-cash developer infrastructure dedications	10,445	1,516	2,508
Specific purpose capital grants	6,202	4,578	3,120
	<b>25,323</b>	<b>11,878</b>	<b>11,143</b>

Capital grants totalling \$6,202,000 were received during the year which included funding of \$1,773,000 for new equipment and vehicles for the Bushfire & Emergency Services. It also included additional funding for footpaths and cycleways of \$906,000 and other transport works \$1,161,000.

Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources.

The Own Source Operating Revenue ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue. The NSW Office of Local Government stipulates a benchmark of greater than 60% is recommended.

Council currently sources 76% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds industry benchmarks.

This ratio can be subject to significant fluctuations, depending on the level of development, that is revenues from Section 94 and Section 64 developer contributions, as well as the level of general user fees and charges raised.

### 3. STATEMENT OF FINANCIAL POSITION

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

	<b>2015 \$'000</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Current Assets	87,330	67,612	72,754
Non-Current Assets	1,937,788	2,096,461	2,046,164
<b>Total Assets</b>	<b>2,025,118</b>	<b>2,164,073</b>	<b>2,118,918</b>
Current Liabilities	40,753	41,985	41,542
Non-Current Liabilities	183,800	201,218	215,146
<b>Total Liabilities</b>	<b>224,553</b>	<b>243,203</b>	<b>256,688</b>
<b>Equity</b>	<b>1,800,565</b>	<b>1,920,870</b>	<b>1,862,230</b>



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

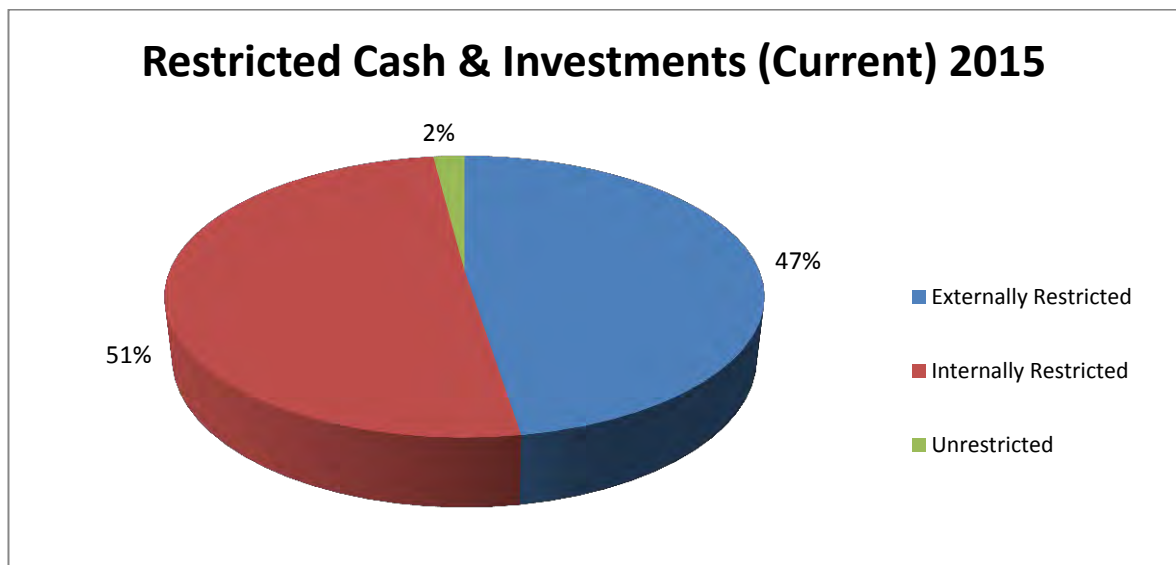
### 3.1 Assets

#### 3.1.1 Cash & Cash Equivalents

Included in Council's net current assets are cash and investments which are restricted in their use as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
<b>Externally Restricted (Current)</b> Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications	31,272	34,822	45,638
<b>Internally Restricted (Current)</b> Money set aside for special projects via Council resolution	33,256	9,532	5,625
<b>Unrestricted (Current)</b> Funds forming part of working capital used for day-to-day Council operations	1,319	188	142
<b>Total Current Cash &amp; Investments</b>	<b>65,847</b>	<b>44,542</b>	<b>51,405</b>

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



#### Unrestricted Net Current Assets & Ratio

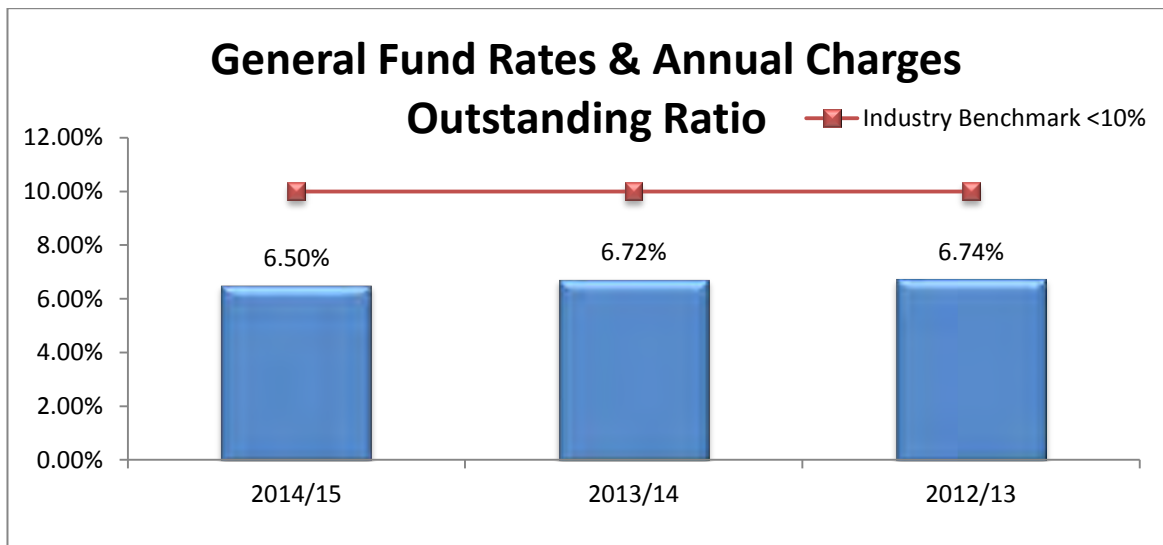
Council's unrestricted current asset position provides a measure of the organisation's capacity / liquidity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

The unrestricted current ratio measures Council's net unrestricted current asset position. The NSW Office of Local Government considers that this ratio should be in the range of 1.5 – 2.0.

At 30 June 2015 Council has \$3.71 in liquid current assets for every \$1 of current liabilities. The trending of this ratio over the last three years illustrates Council's improved short-term financial position (2014: 1.95, 2013: 1.42).

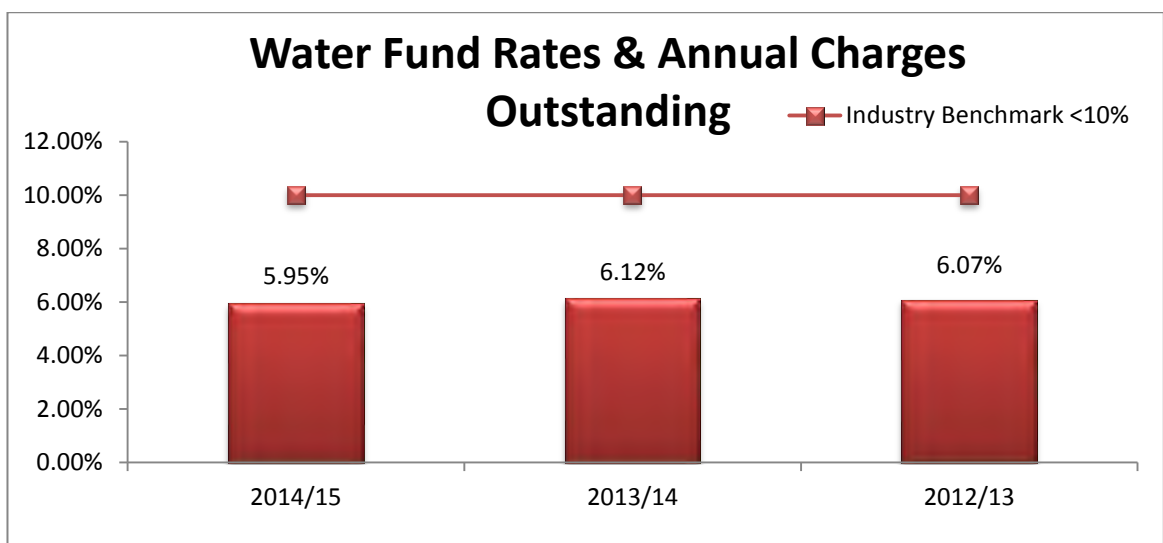
### 3.1.2 Rates and Annual Charges Outstanding Percentage

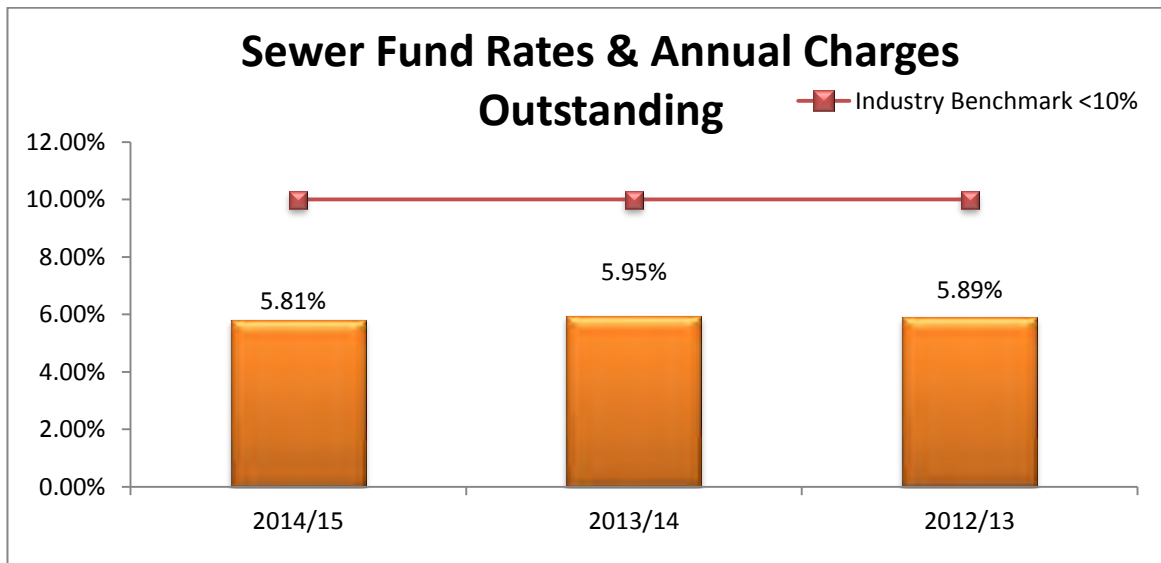
This indicator assesses the effectiveness of Council's revenue collection processes.



Council's General Fund rates and annual charges outstanding ratio is 6.50% as at 30 June 2015 which is comparable to the prior year. The NSW Office of Local Government benchmark is <5% for urban and coastal Council's and <10% for rural Council's.

Councils Water Fund and Sewer Fund rates and annual charges outstanding ratio also meet the NSW Office of Local Government benchmark as illustrated below.





## 3.2 Non-Current Assets

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

The largest asset or liability appearing on Council's statement of financial position is in relation to I,P,P&E. Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for maintaining and improving assets with a written down value of approximately \$1.8 billion.

#### Council Constructed / Purchased Additions

The following table illustrates Council's capitalisation of asset additions across the various asset classes during the year:

Asset Class	2015 \$'000	2014 \$'000	2013 \$'000
Work in Progress	16,705	13,147	7,670
Plant and Equipment	5,431	3,936	1,910
Land and Buildings	2,102	4,062	4,803
Roads and Drainage Network	11,351	7,768	7,710
Water Supply Network	1,131	1,336	3,170
Sewerage Network	3,961	2,239	1,653
Bulk Earthworks	344	235	129
Other Structures & Assets	871	297	415
<b>Total Asset Additions</b>	<b>41,896</b>	<b>34,724</b>	<b>30,787</b>

## Asset Revaluations 2015 & Asset Management Matters

During the year, Council comprehensively revalued transport and drainage assets with the assistance of independent experts in some areas. In addition, other asset classes were indexed where considered material by Council. The resulting decrease to the asset revaluation reserve for the year was \$139,415,000.

Council did not originally provide sufficient documentation to us as auditors to support the underlying assumptions and methodology of revalued assets. Additional information was required, and subsequently provided by Council. In addition, our audit identified a material adjustment to the original revaluation provided to audit.

Council also recorded a \$7,030,000 prior period error during the year in relation to assets controlled by Council which had not previously been recognised in Council records. We note that Council has had prior period errors in relation to its assets information for at least the last two years.

Our previous audit reports and management letters to Council have recommended an increased focus on asset management and related issues, including an adequate allocation of resources (either internally or externally). We continue to recommend Council invest in sufficient asset management practices to ensure all relevant asset information is captured within Council records, completed accurately within agreed timeframes and supported with adequate documentation. We are aware Council is currently implementing a new Enterprise Asset Management System and undergoing significant structural and process change through the Transformation to Sustainability Program.

### 3.2.2 Asset Management Performance Indicators

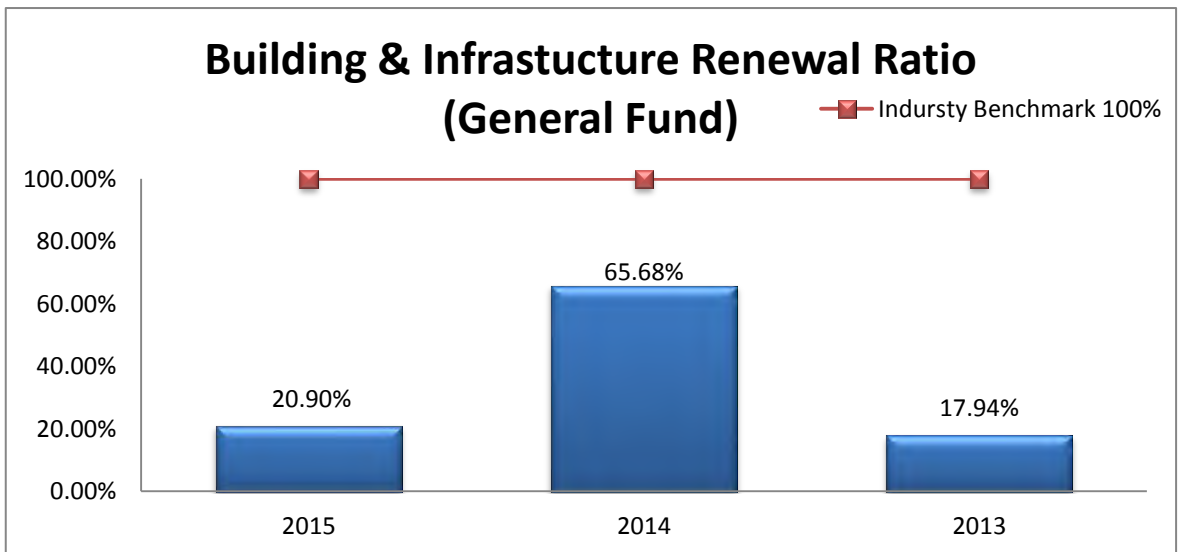
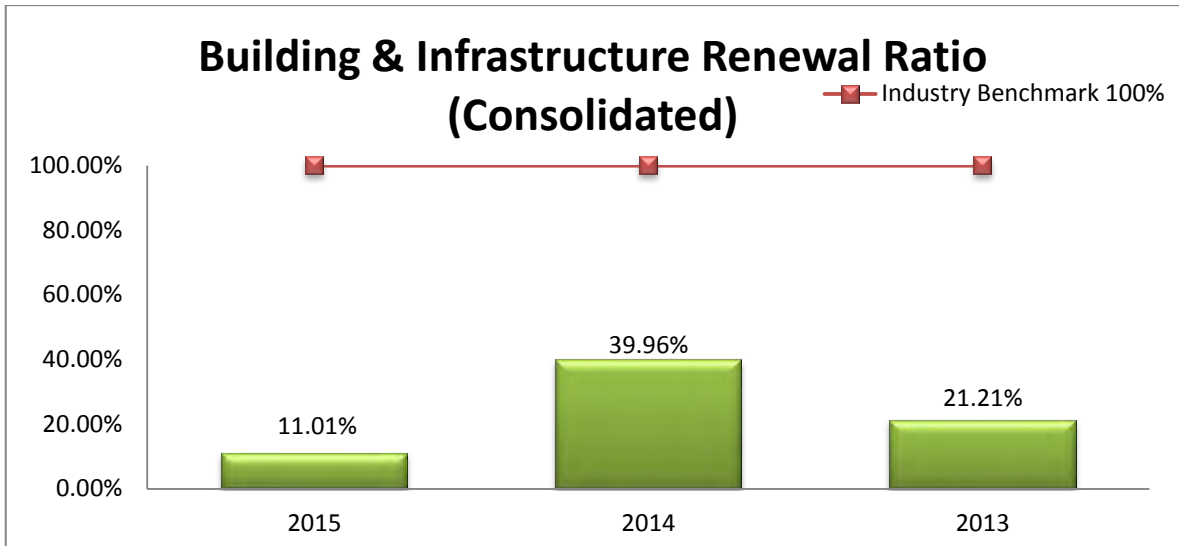
The NSW Office of Local Government has introduced several performance indicators designed to provide Council with measures of asset management. These ratios are not subject to audit and are included in Special Schedule 7.

#### *Buildings & Infrastructure Renewals Ratio*

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

	Renewals Expenditure \$'000	Depreciation Expense \$'000	Renewals Shortfall \$'000	Asset Renewals Ratio %
General Fund	3,859	18,463	14,604	21%
Sewer Fund	164	13,166	13,002	1%
Water Fund	76	5,592	5,516	1%
<b>Total</b>	<b>4,099</b>	<b>37,221</b>	<b>33,122</b>	<b>11%</b>

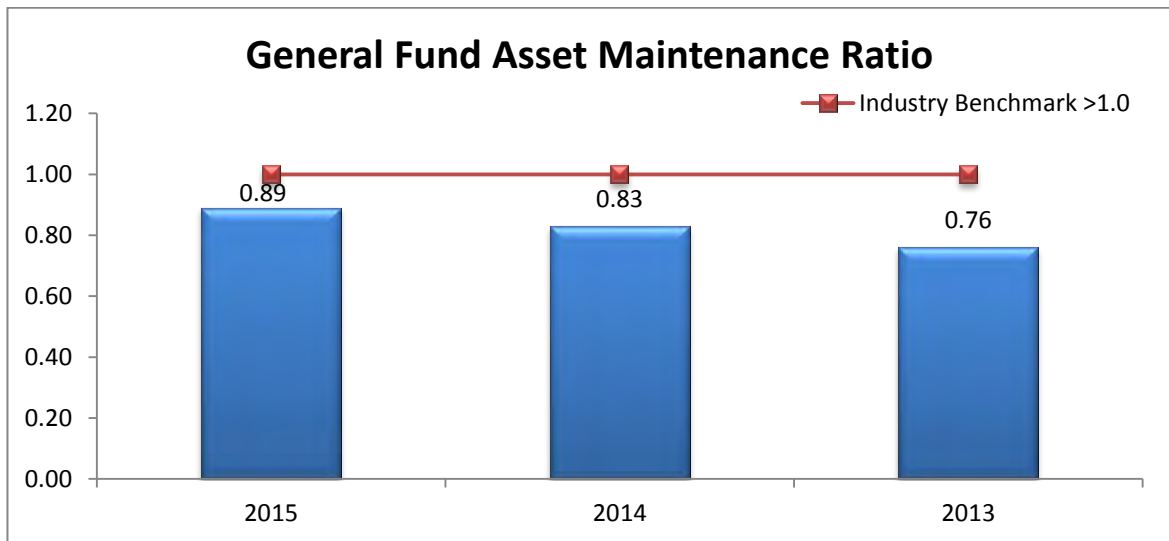
The ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets or adding capacity to existing assets. Industry benchmarking recommends that asset renewals equate to the related depreciation expense or be in the range of 90-100%. Council is currently not spending sufficient funds on asset renewals to meet OLG benchmarks.



### **Asset Maintenance Ratio**

This ratio compares actual versus required annual asset maintenance.

A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. This ratio is highly dependent on accurate and consistent required maintenance and quantified infrastructure backlog calculations.



Currently Council is not spending sufficient funds on asset renewals and maintenance to ensure their condition does not deteriorate below a satisfactory level.

Creating financial capacity to fund asset maintenance, renewals and new capital projects is one of the most difficult issues facing the Local Government industry in Australia. The ability to satisfy the industry parameters for asset renewals is a key goal for any local government authority which will only be achieved by:

- having asset management and financial systems that accurately identify and record renewals expenditure throughout each year,
- ensuring that the depreciation expense disclosed in the financial report reflects the actual consumption of each asset,
- ensuring policies and procedures are updated so that Council personnel have sound guidance on capital v maintenance and renewals v new capital works,
- accurately recording renewals expenditure where projects include replacing an existing asset with greater capacity, and
- constantly reviewing Council's operations so that the maximum available resources can be directed toward asset renewal.

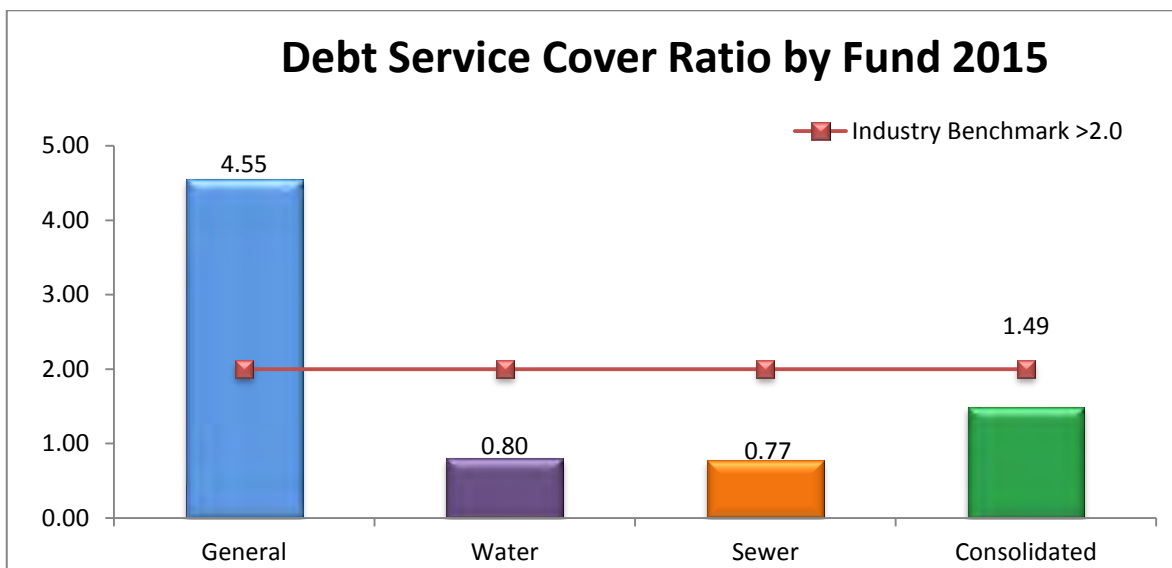
## 3.2 Liabilities

### 3.2.1 Loans Liability

	2015 \$'000	2014 \$'000	2013 \$'000
Current Loan Liability	17,880	18,688	18,618
Non-Current Loan Liability	178,562	194,360	208,464
<b>Total Loan Liability</b>	<b>196,442</b>	<b>213,048</b>	<b>227,082</b>
<b>By Fund</b>			
General Fund	26,486	28,547	27,483
Water Fund	77,069	82,942	89,972
Sewer Fund	92,887	101,559	109,627
<b>Total Loan Liability</b>	<b>196,442</b>	<b>213,048</b>	<b>227,082</b>

#### Debt Service Cover Ratio

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



The Council's consolidated Debt Service Cover ratio for 2015 is 1.49 (2014: 1.11) and the ratio for the general fund for 2015 is 4.55 (2014: 2.69).

The ratio for Water and Sewer Funds are below the industry benchmark due to the substantial infrastructure works and related borrowing that occurred in prior years.

## 4. OTHER MATTERS

### 4.1 Internal Control Environment

We did not become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion.

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

### 4.2 Audit of Asset Management Information

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

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

### 4.3 Council's Fit for the Future Assessment

The Independent Pricing and Regulatory Tribunal (IPART) released their report *Assessment of Councils Fit for the Future Proposals* on the 20<sup>th</sup> October 2015.

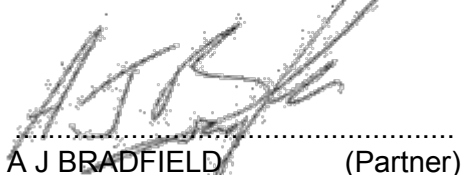
The report noted that Coffs Harbour City Council meets the relevant financial criteria used to assess Council's sustainability and has been assessed as Fit for the Future. Bellingen Shire and Clarence Valley Council's, which neighbour Coffs Harbour City Council, have been deemed as not Fit for the Future in the IPART report.

The New South Wales Government has announced that Councils have 30 days from the 20<sup>th</sup> October 2015 to respond to the IPART report findings. Coffs Harbour City Council has not been asked by IPART to provide a response to the report.

At the date of this report it is unclear as to the outcome of the New South Wales Government's process. Accordingly, the financial statements have been prepared on a going concern basis.

Yours faithfully

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**



.....  
A J BRADFIELD (Partner)



# Coffs Harbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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“Coffs Harbour - the Healthy City, the Smart  
City, the Cultural City for a Sustainable Future”



# Coffs Harbour City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2015

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

## Coffs Harbour City 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 08 October 2015.

  
Denise Knight  
MAYOR

  
Garry Innes  
COUNCILLOR

  
Steve McGrath  
GENERAL MANAGER

  
Mark Griffioen  
RESPONSIBLE ACCOUNTING OFFICER

# Coffs Harbour City Council

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

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	4,060	3,922
User charges	13,359	13,442
Fees	402	372
Interest	1,542	2,004
Grants and contributions provided for non capital purposes	319	306
Other income	70	79
<b>Total income from continuing operations</b>	<b>19,752</b>	<b>20,125</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,167	3,037
Borrowing costs	5,516	5,977
Materials and contracts	3,527	3,572
Depreciation and impairment	6,608	7,043
Water purchase charges	-	-
Loss on sale of assets	126	367
Calculated taxation equivalents	30	30
Debt guarantee fee (if applicable)	771	829
Other NCP Imputation Payments	5	6
Other expenses	3,268	3,294
<b>Total expenses from continuing operations</b>	<b>23,018</b>	<b>24,155</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(3,266)</b>	<b>(4,030)</b>
Grants and contributions provided for capital purposes	3,913	2,124
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>647</b>	<b>(1,906)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>647</b>	<b>(1,906)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>647</b>	<b>(1,906)</b>
plus Opening Retained Profits	178,756	179,827
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	30	30
- Debt guarantee fees	771	829
- Other NCP Imputation Payments	5	6
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(30)	(30)
<b>Closing Retained Profits</b>	<b>180,179</b>	<b>178,756</b>
<b>Return on Capital %</b>	<b>0.8%</b>	<b>0.7%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	647	(1,906)
less: Capital grants and contributions (excluding developer contributions)	(1,266)	(305)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

# Coffs Harbour City Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	22,494	21,653
User charges	2,360	2,233
Liquid Trade Waste charges	450	467
Fees	10	8
Interest	2,440	3,324
Grants and contributions provided for non capital purposes	388	484
Other income	216	155
<b>Total income from continuing operations</b>	<b>28,358</b>	<b>28,324</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	4,463	4,702
Borrowing costs	6,718	7,277
Materials and contracts	5,354	4,753
Depreciation and impairment	13,501	10,836
Loss on sale of assets	671	217
Calculated taxation equivalents	183	188
Debt guarantee fee (if applicable)	929	1,016
Other NCP Imputation Payments	10	10
Other expenses	4,995	4,976
<b>Total expenses from continuing operations</b>	<b>36,824</b>	<b>33,975</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(8,466)</b>	<b>(5,651)</b>
Grants and contributions provided for capital purposes	3,017	3,495
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(5,449)</b>	<b>(2,156)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(5,449)</b>	<b>(2,156)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(5,449)</b>	<b>(2,156)</b>
plus Opening Retained Profits	289,691	290,709
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	183	188
- Debt guarantee fees	929	1,016
- Other NCP Imputation Payments	10	10
less:		
- Tax Equivalent Dividend paid	(76)	(76)
<b>Closing Retained Profits</b>	<b>285,288</b>	<b>289,691</b>
<b>Return on Capital %</b>	<b>-0.4%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(5,449)	(2,156)
less: Capital grants and contributions (excluding developer contributions)	(647)	(1,757)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

# Coffs Harbour City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Telecommunications and New Technology		Airport	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	5,227	4,179
Fees	-	-	-	-
Interest	19	-	47	158
Grants and contributions provided for non capital purposes	-	-	-	-
Other income	2,427	2,220	1,395	1,040
<b>Total income from continuing operations</b>	<b>2,446</b>	<b>2,220</b>	<b>6,669</b>	<b>5,377</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	399	356	736	615
Borrowing costs	-	-	684	668
Materials and contracts	1,783	1,487	2,446	1,430
Depreciation and impairment	-	-	1,736	1,433
Loss on sale of assets	-	-	-	34
Calculated taxation equivalents	-	-	259	250
Debt guarantee fee (if applicable)	-	-	100	115
Other NCP Imputation Payments	-	-	5	5
Other expenses	47	44	532	677
<b>Total expenses from continuing operations</b>	<b>2,229</b>	<b>1,887</b>	<b>6,498</b>	<b>5,227</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>217</b>	<b>333</b>	<b>171</b>	<b>150</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>217</b>	<b>333</b>	<b>171</b>	<b>150</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>217</b>	<b>333</b>	<b>171</b>	<b>150</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(65)	(100)	(51)	(45)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>152</b>	<b>233</b>	<b>120</b>	<b>105</b>
plus Opening Retained Profits	1,602	1,436	41,620	41,383
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	259	250
- Debt guarantee fees	-	-	100	115
- Other NCP Imputation Payments	-	-	5	5
- Corporate taxation equivalent	65	100	51	45
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- Dividend paid	(97)	(167)	(313)	(283)
<b>Closing Retained Profits</b>	<b>1,722</b>	<b>1,602</b>	<b>41,842</b>	<b>41,620</b>
<b>Return on Capital %</b>	<b>217.0%</b>	<b>156.3%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>1,626</b>	<b>2,078</b>

# Coffs Harbour City Council

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

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,531	1,600
Investments	4,499	11,325
Receivables	4,578	3,683
Inventories	226	245
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>10,834</b>	<b>16,853</b>
<b>Non-Current Assets</b>		
Investments	23,358	20,580
Receivables	137	78
Inventories	-	-
Infrastructure, property, plant and equipment	287,212	284,538
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	64,728	65,442
<b>Total non-Current Assets</b>	<b>375,435</b>	<b>370,638</b>
<b>TOTAL ASSETS</b>	<b>386,269</b>	<b>387,491</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1,137	1,241
Interest bearing liabilities	4,591	5,873
Provisions	-	-
<b>Total Current Liabilities</b>	<b>5,728</b>	<b>7,114</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	72,478	77,069
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>72,478</b>	<b>77,069</b>
<b>TOTAL LIABILITIES</b>	<b>78,206</b>	<b>84,183</b>
<b>NET ASSETS</b>	<b>308,063</b>	<b>303,308</b>
<b>EQUITY</b>		
Retained earnings	180,179	178,756
Revaluation reserves	127,884	124,552
Council equity interest	308,063	303,308
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>308,063</b>	<b>303,308</b>

# Coffs Harbour City Council

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

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,923	941
Investments	3,165	16,951
Receivables	1,844	2,045
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>6,932</b>	<b>19,937</b>
<b>Non-Current Assets</b>		
Investments	42,637	34,577
Receivables	620	370
Inventories	-	-
Infrastructure, property, plant and equipment	459,267	463,249
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>502,524</b>	<b>498,196</b>
<b>TOTAL ASSETS</b>	<b>509,456</b>	<b>518,133</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1,211	1,788
Interest bearing liabilities	8,686	8,672
Provisions	-	-
<b>Total Current Liabilities</b>	<b>9,897</b>	<b>10,460</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	84,201	92,887
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>84,201</b>	<b>92,887</b>
<b>TOTAL LIABILITIES</b>	<b>94,098</b>	<b>103,347</b>
<b>NET ASSETS</b>	<b>415,358</b>	<b>414,786</b>
<b>EQUITY</b>		
Retained earnings	285,288	289,691
Revaluation reserves	130,070	125,095
Council equity interest	415,358	414,786
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>415,358</b>	<b>414,786</b>



# Coffs Harbour City Council

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

as at 30 June 2015

\$ '000	Telecommunications and New Technology		Airport	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	402	350	59	16
Investments	-	-	-	-
Receivables	611	699	1,613	2,200
Inventories	638	362	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>1,651</b>	<b>1,411</b>	<b>1,672</b>	<b>2,216</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	437	554
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	100	213	82,151	81,353
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	1,920	1,920
<b>Total Non-Current Assets</b>	<b>100</b>	<b>213</b>	<b>84,508</b>	<b>83,827</b>
<b>TOTAL ASSETS</b>	<b>1,751</b>	<b>1,624</b>	<b>86,180</b>	<b>86,043</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	29	21	122	129
Interest bearing liabilities	-	-	3,556	3,714
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>29</b>	<b>21</b>	<b>3,678</b>	<b>3,843</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	8,403	9,991
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>8,403</b>	<b>9,991</b>
<b>TOTAL LIABILITIES</b>	<b>29</b>	<b>21</b>	<b>12,081</b>	<b>13,834</b>
<b>NET ASSETS</b>	<b>1,722</b>	<b>1,603</b>	<b>74,099</b>	<b>72,209</b>
<b>EQUITY</b>				
Retained earnings	1,722	1,603	41,842	41,620
Revaluation reserves	-	-	32,257	30,589
Council equity interest	<b>1,722</b>	<b>1,603</b>	<b>74,099</b>	<b>72,209</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>1,722</b>	<b>1,603</b>	<b>74,099</b>	<b>72,209</b>

# Coffs Harbour City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

## Coffs Harbour City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Coffs Harbour City Council Water Supplies

*Water supply activity servicing the Coffs Harbour local government area*

##### b. Coffs Harbour City Council Sewerage Service

*Sewerage reticulation & treatment activity servicing the Coffs Harbour local government area*

##### c. Coffs Harbour Regional Airport

*Airport activities carried out by Council in its own name*

##### d. Coffs Harbour Telecommunications and New Technology

*Telemetry switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy income.*

##### Category 2

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

**Nil**

#### Monetary Amounts

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

## Coffs Harbour City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

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

##### (i) Taxation Equivalent Charges

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

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

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

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

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

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

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

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

Achievement of substantial compliance against the guidelines for Best Practice Management of Water

Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

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

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No 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.

## Coffs Harbour City Council

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

#### Note 1. Significant Accounting Policies

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

#### (ii) Subsidies

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

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

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

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

#### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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

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

The 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.

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	801,000
(ii)	No of assessments multiplied by \$3/assessment	79,977
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	79,977
(iv)	Amounts actually paid for Tax Equivalents	29,920

**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 multiplied by \$30/assessment, less tax equivalent charges/assessment	719,793
(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	(5,606,000)

2015 Surplus	(619,000)	2014 Surplus	(2,211,000)	2013 Surplus	(2,776,000)
		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 6 Criteria**

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

# Coffs Harbour City Council

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

### Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

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

2015

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	22,123
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	74.34%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	285,637
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,887
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,327
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.96%
<b>NWI F26</b>	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.

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	1,112,000
(ii) No of assessments multiplied by \$3/assessment	76,491
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	76,491
(iv) Amounts actually paid for Tax Equivalents	76,491

**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)	688,419
(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	(14,363,000)

2015 Surplus	(6,096,000)	2014 Surplus	(3,913,000)	2013 Surplus	(4,354,000)
		2014 Dividend	-	2013 Dividend	-

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

**3. Required outcomes for 4 Criteria**

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

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



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

Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

**National Water Initiative (NWI) Financial Performance Indicators**

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	28,637
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	458,031
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	14,679
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	12,647
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.10%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	294

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	49,963
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.01%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	13,974
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.82%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

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)**

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	12.83%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): 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: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		1
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(3,274)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	505

Notes: 1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



**COFFS HARBOUR CITY COUNCIL  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

***Report on the Financial Statements***

We have audited the accompanying financial statements, being special purpose financial statements, of Coffs Harbour City Council (“the Council”), which comprises the statement of financial position as at 30 June 2015, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors’ and Management.

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

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

***Auditor’s Responsibility***

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

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

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

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



### **Independence**

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

### **Opinion**

In our opinion, the special purpose financial statements of Coffs Harbour City Council:

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
  - i. Are consistent with the Council's accounting records;
  - ii. Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2015 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

### **Basis of Accounting**

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

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

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

Dated at Lismore this 30<sup>th</sup> day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

.....  
A J BRADFIELD (Partner)  
Registered Company Auditor

# Coffs Harbour City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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“Coffs Harbour - the Healthy City, the Smart  
City, the Cultural City for a Sustainable Future”



# Coffs Harbour City Council

## Special Schedules

for the financial year ended 30 June 2015

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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#### Background

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

# Coffs Harbour City Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>1,374</b>	-	-	<b>(1,374)</b>
<b>Administration</b>	<b>33,684</b>	<b>17,022</b>	<b>9</b>	<b>(16,653)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,802	1,226	1,773	1,197
Beach Control	629	32	-	(597)
Enforcement of Local Govt. Regulations	1,138	318	-	(820)
Animal Control	421	144	-	(277)
Other	233	229	-	(4)
<b>Total Public Order &amp; Safety</b>	<b>4,223</b>	<b>1,949</b>	<b>1,773</b>	<b>(501)</b>
<b>Health</b>	<b>12</b>	-	-	<b>(12)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	29	288	-	259
Other Environmental Protection	832	1,727	20	915
Solid Waste Management	19,058	21,932	73	2,947
Street Cleaning	364	-	-	(364)
Drainage	2,083	142	479	(1,462)
Stormwater Management	2,173	681	-	(1,492)
<b>Total Environment</b>	<b>24,539</b>	<b>24,770</b>	<b>572</b>	<b>803</b>
<b>Community Services and Education</b>				
Administration & Education	935	49	-	(886)
Social Protection (Welfare)	762	145	220	(397)
Aged Persons and Disabled	-	3	-	3
Children's Services	59	2	-	(57)
<b>Total Community Services &amp; Education</b>	<b>1,756</b>	<b>199</b>	<b>220</b>	<b>(1,337)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	228	230	-	2
Public Conveniences	517	-	-	(517)
Street Lighting	861	148	-	(713)
Town Planning	1,287	226	65	(996)
Other Community Amenities	22	-	-	(22)
<b>Total Housing and Community Amenities</b>	<b>2,915</b>	<b>604</b>	<b>65</b>	<b>(2,246)</b>
<b>Water Supplies</b>	<b>18,719</b>	<b>19,381</b>	<b>3,619</b>	<b>4,281</b>
<b>Sewerage Services</b>	<b>31,212</b>	<b>27,982</b>	<b>2,995</b>	<b>(235)</b>

# Coffs Harbour City Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	2,000	177	50	(1,773)
Museums	15	-	-	(15)
Art Galleries	107	61	-	(46)
Community Centres and Halls	723	404	-	(319)
Performing Arts Venues	562	241	-	(321)
Other Performing Arts	-	-	-	-
Other Cultural Services	34	45	-	11
Sporting Grounds and Venues	3,145	606	-	(2,539)
Swimming Pools	559	-	-	(559)
Parks & Gardens (Lakes)	7,762	1,533	858	(5,371)
Other Sport and Recreation	749	84	547	(118)
<b>Total Recreation and Culture</b>	<b>15,656</b>	<b>3,151</b>	<b>1,455</b>	<b>(11,050)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	2,397	1,771	-	(626)
Other Mining, Manufacturing & Construction	226	1	-	(225)
<b>Total Mining, Manufacturing and Const.</b>	<b>2,623</b>	<b>1,772</b>	-	<b>(851)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	9,303	101	1,414	(7,788)
Urban Roads - Regional	1,665	299	560	(806)
Sealed Rural Roads (SRR) - Local	4,467	265	1,465	(2,737)
Sealed Rural Roads (SRR) - Regional	591	969	-	378
Unsealed Rural Roads (URR) - Local	347	-	-	(347)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	372	5	-	(367)
Bridges on SRR - Local	282	-	-	(282)
Bridges on URR - Local	142	-	-	(142)
Bridges on Regional Roads	159	59	-	(100)
Parking Areas	234	39	330	135
Footpaths	1,508	82	1,179	(247)
Aerodromes	5,548	6,669	-	1,121
Other Transport & Communication	321	1,658	523	1,860
<b>Total Transport and Communication</b>	<b>24,939</b>	<b>10,146</b>	<b>5,471</b>	<b>(9,322)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	1,702	415	-	(1,287)
Other Economic Affairs	1,174	629	9,143	8,598
<b>Total Economic Affairs</b>	<b>2,876</b>	<b>1,044</b>	<b>9,143</b>	<b>7,311</b>
<b>Totals – Functions</b>	<b>164,528</b>	<b>108,020</b>	<b>25,322</b>	<b>(31,186)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>43,266</b>		<b>43,266</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>164,528</b>	<b>151,286</b>	<b>25,322</b>	<b>12,080</b>

(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



## Coffs Harbour City Council

### Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	114	1,650	<b>1,764</b>	-	114	-	-	-	283	1,367	<b>1,650</b>
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	18,574	192,710	<b>211,284</b>	2,200	18,692	-	-	13,878	17,597	177,195	<b>194,792</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>18,688</b>	<b>194,360</b>	<b>213,048</b>	<b>2,200</b>	<b>18,806</b>	-	-	<b>13,878</b>	<b>17,880</b>	<b>178,562</b>	<b>196,442</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt</b>	<b>18,688</b>	<b>194,360</b>	<b>213,048</b>	<b>2,200</b>	<b>18,806</b>	-	-	<b>13,878</b>	<b>17,880</b>	<b>178,562</b>	<b>196,442</b>

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).

# Coffs Harbour City Council

## Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	2,568	2,407
b. Engineering and Supervision	1,268	1,189
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	401	414
b. Maintenance expenses	82	376
<b>- Mains</b>		
c. Operation expenses	638	701
d. Maintenance expenses	1,689	1,555
<b>- Reservoirs</b>		
e. Operation expenses	238	224
f. Maintenance expenses	315	221
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	51	44
h. Energy costs	235	296
i. Maintenance expenses	29	24
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	1,075	1,128
k. Chemical costs	434	469
l. Maintenance expenses	384	284
<b>- Other</b>		
m. Operation expenses	307	329
n. Maintenance expenses	107	138
o. Purchase of water	66	58
<b>3. Depreciation expenses</b>		
a. System assets	6,305	6,749
b. Plant and equipment	302	294
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	5,516	5,977
b. Revaluation Decrements	-	-
c. Other expenses	43	43
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	3	3
g. Tax Equivalents Dividends (actually paid)	30	30
<b>5. Total expenses</b>	<b>22,086</b>	<b>22,953</b>

## Coffs Harbour City Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	3,405	3,291
b. Usage charges	9,866	9,855
<b>7. Non-residential charges</b>		
a. Access (including rates)	655	631
b. Usage charges	3,493	3,587
<b>8. Extra charges</b>	6	18
<b>9. Interest income</b>	1,542	2,004
<b>10. Other income</b>	466	427
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	6
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	256	253
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	2,647	1,819
b. Developer provided assets	972	47
c. Other contributions	357	311
<b>13. Total income</b>	<b>23,665</b>	<b>22,249</b>
<b>14. Gain (or loss) on disposal of assets</b>	(126)	(367)
<b>15. Operating Result</b>	<b>1,453</b>	<b>(1,071)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	1,453	(1,071)

## Coffs Harbour City Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	633	192
b. New Assets for Growth	608	129
c. Renewals	76	1,135
d. Plant and equipment	10	212
<b>17. Repayment of debt</b>		
a. Loans	5,873	7,030
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>7,200</b>	<b>8,698</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	30
<b>21. Borrowing utilised</b>		
a. Loans	2,211	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>2,211</b>	<b>30</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	24,132	23,895
b. Residential (unoccupied, ie. vacant lot)	820	868
c. Non-residential (occupied)	1,623	1,622
d. Non-residential (unoccupied, ie. vacant lot)	84	90
<b>25. Number of ETs for which developer charges were received</b>	269 ET	189 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 256,232	\$ 252,903

# Coffs Harbour City Council

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

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

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

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

## Coffs Harbour City Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	105	-	105
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	4,116	17,663	21,779
e. Sinking fund	-	-	-
f. Other	1,810	5,695	7,505
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	136	106	242
c. User Charges	3,795	31	3,826
d. Other	647	-	647
<b>32. Inventories</b>	225	-	225
<b>33. Property, plant and equipment</b>			
a. System assets	-	285,637	285,637
b. Plant and equipment	-	1,575	1,575
<b>34. Other assets</b>	-	64,728	64,728
<b>35. Total assets</b>	<b>10,834</b>	<b>375,435</b>	<b>386,269</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	1,137	-	1,137
<b>38. Borrowings</b>			
a. Loans	4,591	72,478	77,069
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>5,728</b>	<b>72,478</b>	<b>78,206</b>
<b>41. NET ASSETS COMMITTED</b>	<b>5,106</b>	<b>302,957</b>	<b>308,063</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			180,179
<b>43. Asset revaluation reserve</b>			127,884
<b>44. TOTAL EQUITY</b>			<b>308,063</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			422,833
<b>46. Accumulated current cost</b> depreciation of system assets			(137,196)
<b>47. Written down current cost</b> of system assets			<b>285,637</b>

# Coffs Harbour City Council

## Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	3,160	3,075
b. Engineering and Supervision	1,599	1,673
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	390	345
b. Maintenance expenses	1,324	1,072
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	1,082	1,035
d. Energy costs	654	530
e. Maintenance expenses	1,188	906
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,114	1,316
g. Chemical costs	349	315
h. Energy costs	1,185	1,268
i. Effluent Management	304	313
j. Biosolids Management	992	1,054
k. Maintenance expenses	979	1,034
<b>- Other</b>		
l. Operation expenses	311	323
m. Maintenance expenses	48	100
<b>3. Depreciation expenses</b>		
a. System assets	13,166	10,466
b. Plant and equipment	335	370
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	6,743	7,277
b. Revaluation Decrements	-	-
c. Other expenses	28	72
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	76	76
<b>5. Total expenses</b>	<b>35,027</b>	<b>32,620</b>

## Coffs Harbour City Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	19,863	19,140
<b>7. Non-residential charges</b>		
a. Access (including rates)	2,631	2,513
b. Usage charges	2,264	2,131
<b>8. Trade Waste Charges</b>		
a. Annual Fees	105	101
b. Usage charges	346	366
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	2,440	3,324
<b>11. Other income</b>	317	265
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	294	1,002
b. Grants for pensioner rebates	249	246
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	2,370	1,738
b. Developer provided assets	331	5
c. Other contributions	161	988
<b>14. Total income</b>	<u>31,371</u>	<u>31,819</u>
<b>15. Gain (or loss) on disposal of assets</b>	(671)	(217)
<b>16. Operating Result</b>	<u>(4,327)</u>	<u>(1,018)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(4,621)	(2,020)



## Coffs Harbour City Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	9,545	7,269
b. New Assets for Growth	2,929	-
c. Renewals	163	739
d. Plant and equipment	10	630
<b>18. Repayment of debt</b>		
a. Loans	8,672	8,068
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>21,319</b>	<b>16,706</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	95
<b>22. Borrowing utilised</b>		
a. Loans	1,942	7,706
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>1,942</b>	<b>7,801</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	23,141	22,904
b. Residential (unoccupied, ie. vacant lot)	779	825
c. Non-residential (occupied)	1,485	1,484
d. Non-residential (unoccupied, ie. vacant lot)	92	99
<b>26. Number of ETs for which developer charges were received</b>	252 ET	189 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 249,225	\$ 245,827

# Coffs Harbour City Council

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

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)			<input type="text"/>
<b>**</b> In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

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

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

## Coffs Harbour City Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	24	-	24
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	3,151	24,788	27,939
e. Sinking fund	-	-	-
f. Other	1,913	17,850	19,763
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	736	571	1,307
c. User Charges	772	13	785
d. Other	336	35	371
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	458,031	458,031
b. Plant and equipment	-	1,236	1,236
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>6,932</b>	<b>502,524</b>	<b>509,456</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	1,211	-	1,211
<b>39. Borrowings</b>			
a. Loans	8,686	84,201	92,887
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>9,897</b>	<b>84,201</b>	<b>94,098</b>
<b>42. NET ASSETS COMMITTED</b>	<b>(2,965)</b>	<b>418,323</b>	<b>415,358</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			285,288
<b>44. Asset revaluation reserve</b>			130,070
<b>45. TOTAL EQUITY</b>			<b>415,358</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			658,864
<b>47. Accumulated current cost</b> depreciation of system assets			(200,833)
<b>48. Written down current cost</b> of system assets			<b>458,031</b>

## Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Notes:

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

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

Coffs Harbour City Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Buildings</b>	Buildings	-	1,803	1,470	94,996	44%	40%	6%	10%	0%
	<b>sub total</b>	<b>-</b>	<b>1,803</b>	<b>1,470</b>	<b>94,996</b>	<b>44.0%</b>	<b>40.0%</b>	<b>6.0%</b>	<b>10.0%</b>	<b>0.0%</b>
<b>Other Structures</b>	Other Structures	-	-	-	703	88%	0%	12%	0%	0%
	<b>sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>703</b>	<b>88.0%</b>	<b>0.0%</b>	<b>12.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed Roads Surface	-	2,020	1,820	70,045	71%	21%	7%	1%	0%
	Sealed Roads Structure	-	1,307	1,207	258,772	29%	52%	14%	4%	1%
	Unsealed Roads	-	745	745	4,947	29%	15%	39%	17%	0%
	Concrete Bridges	-	10	10	49,368	98%	2%	0%	0%	0%
	Timber Bridges	-	160	160	6,954	80%	7%	11%	2%	0%
	Footpaths	-	381	331	35,424	78%	11%	10%	1%	0%
	Kerb and Gutter	-	60	10	19,103	41%	20%	34%	5%	0%
	<b>Other</b>	<b>-</b>	<b>134</b>	<b>134</b>	<b>43,988</b>	<b>29%</b>	<b>20%</b>	<b>51%</b>	<b>0%</b>	<b>0%</b>
<b>sub total</b>	<b>-</b>	<b>4,817</b>	<b>4,417</b>	<b>488,601</b>	<b>46.7%</b>	<b>34.4%</b>	<b>15.6%</b>	<b>2.7%</b>	<b>0.5%</b>	

Coffs Harbour City Council

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

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Water Supply Network</b>	Water Supply Assets	-	2,423	2,423	276,378	56%	34%	8%	2%	0%
	<b>sub total</b>	<b>-</b>	<b>2,423</b>	<b>2,423</b>	<b>276,378</b>	<b>56.0%</b>	<b>34.0%</b>	<b>8.0%</b>	<b>2.0%</b>	<b>0.0%</b>
<b>Sewerage Network</b>	Sewerage Assets	-	3,739	3,739	442,717	47%	27%	15%	7%	4%
	<b>sub total</b>	<b>-</b>	<b>3,739</b>	<b>3,739</b>	<b>442,717</b>	<b>47.0%</b>	<b>27.0%</b>	<b>15.0%</b>	<b>7.0%</b>	<b>4.0%</b>
<b>Stormwater Drainage</b>	Retarding Basins	-	-	-	10,430	56%	39%	5%	0%	0%
	Stormwater Conduits	-	295	295	105,053	40%	48%	12%		0%
	Inlet and Junction Pits	-	-	-	18,019	70%	19%	11%		0%
	Head Walls	-	-	-	1,625	36%	48%	16%		0%
	Other - Gross Pollutant Traps	-	-	-	923	97%	2%	1%		0%
	<b>sub total</b>	<b>-</b>	<b>295</b>	<b>295</b>	<b>136,050</b>	<b>45.5%</b>	<b>43.2%</b>	<b>11.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open Space/ Recreational Assets</b>	Swimming Pools	-	18	18	2,480	0%	77%	23%	0%	0%
	Other	-	1,691	1,491	5,143	38%	30%	23%	0%	9%
	<b>sub total</b>	<b>-</b>	<b>1,709</b>	<b>1,509</b>	<b>7,623</b>	<b>25.6%</b>	<b>45.3%</b>	<b>23.0%</b>	<b>0.0%</b>	<b>6.1%</b>

## Coffs Harbour City Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	<b>TOTAL - ALL ASSETS</b>	-	<b>14,786</b>	<b>13,853</b>	<b>1,447,068</b>	<b>48.2%</b>	<b>33.3%</b>	<b>13.0%</b>	<b>4.1%</b>	<b>1.4%</b>

#### Notes:

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

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

# Coffs Harbour City Council

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
<b>Infrastructure Asset Performance Indicators</b>				
<b>Consolidated</b>				
<b>1. Building, Infrastructure &amp; Other Structures</b>				
<b>Renewals Ratio</b>				
Asset Renewals				
<u>(Building, Infrastructure &amp; Other Structures) <sup>(1)</sup></u>	<u>4,099</u>	<b>11.01%</b>	39.96%	21.21%
Depreciation, Amortisation & Impairment	37,221			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	-			
<u>Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures &amp; depreciable Land Improvement Assets</u>	<u>1,450,949</u>	<b>0.00%</b>	4.92%	0.06%
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	13,853			
<u>Required Asset Maintenance</u>	<u>14,786</u>	<b>0.94</b>	0.90	0.92
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	34,524			
<u>Annual Depreciation</u>	<u>44,517</u>	<b>0.78</b>	0.75	0.61

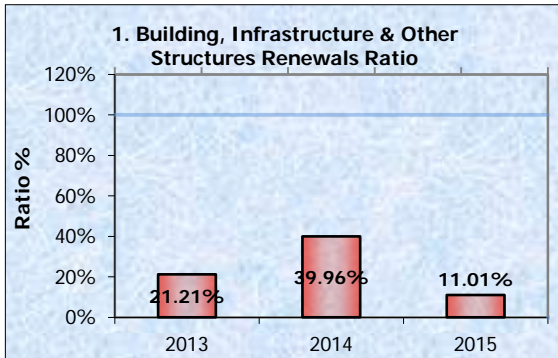
### Notes

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

<sup>(2)</sup> Written Down Value



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



**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.

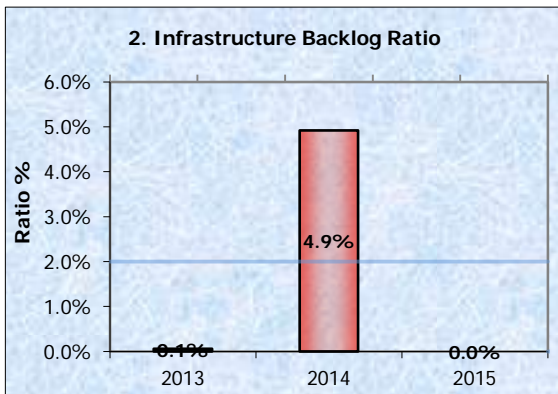
**Commentary on 2014/15 Result**

**2014/15 Ratio 11.01%**

The reported decrease in rate of renewal is a combination of a \$6.9M "one off" expenditure on the airport runway last year and a new process to distinguish renewal from upgrade works that has not captured the renewal portion in works that also involve upgrade. This is noted as an item for improvement.

Benchmark: Minimum  $\geq 100.00\%$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



**Purpose of Infrastructure Backlog Ratio**

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

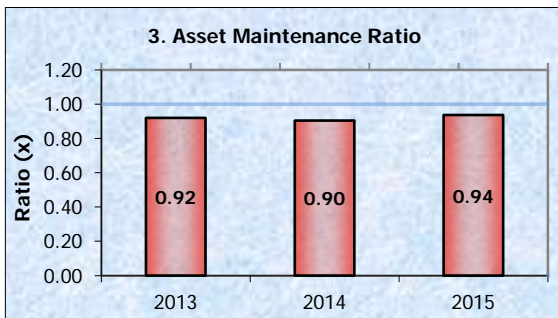
**Commentary on 2014/15 Result**

**2014/15 Ratio 0.00%**

The reported decrease in the backlog is a reflection of a change of methodology. Previously the condition 2 benchmark prescribed by the OLG Code of Accounting Practice was used, whereas this year the calculation is based on the most efficient capital expenditure to keep high residual risk assets in service (consistent with other MIDROC councils and ISO 31000) of which council has none.

Benchmark: Maximum  $< 0.02$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



**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.

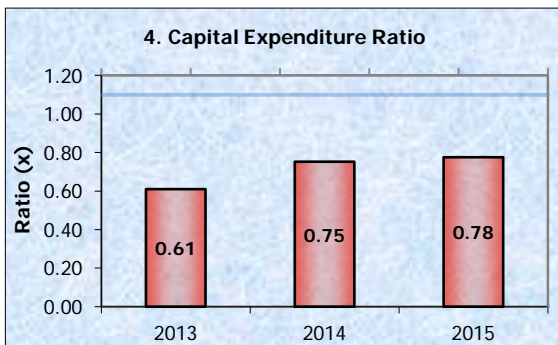
**Commentary on 2014/15 Result**

**2014/15 Ratio 0.94 x**

With additional funds provided by a Special Rate Variation for infrastructure, Council continues to close the gap between actual and required maintenance.

Benchmark: Minimum  $> 1.00$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



**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.

**Commentary on 2014/15 Result**

**2014/15 Ratio 0.78 x**

Expenditure on renewal and upgrade of assets has increased in part due to the Special Rate Variation for infrastructure. As noted above, a portion of the upgrade works are actually renewal, meaning that renewal is understated.

Benchmark: Minimum  $> 1.10$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark

# Coffs Harbour City Council

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

\$ '000	Water 2015	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>			
Asset Renewals (Building, Infrastructure & Other Structures) <sup>(2)</sup>	<b>1.36%</b>	<b>1.25%</b>	<b>20.90%</b>
Depreciation, Amortisation & Impairment			
prior period:	16.03%	3.45%	65.68%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
prior period:	0.00%	0.56%	9.11%
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance			
Required Asset Maintenance	<b>1.00</b>	<b>1.00</b>	<b>0.89</b>
prior period:	0.98	0.98	0.83
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure			
Annual Depreciation	<b>0.20</b>	<b>0.94</b>	<b>0.84</b>
prior period:	0.18	0.78	0.89

### 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

## Coffs Harbour City Council

### Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	36,016	39,059
Plus or minus Adjustments <sup>(2)</sup>	b	179	187
<b>Notional General Income</b>	c = (a + b)	<b>36,195</b>	<b>39,246</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	7.90%	8.14%
or Rate peg percentage	e	0.00%	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)	2,859	3,195
or plus Rate peg amount	i = c x e	-	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>39,054</b>	<b>42,441</b>
plus (or minus) last year's Carry Forward Total	l	20	15
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>20</b>	<b>15</b>
<b>Total Permissible income</b>	o = k + n	<b>39,074</b>	<b>42,456</b>
less Notional General Income Yield	p	39,059	42,340
<b>Catch-up or (excess) result</b>	q = o - p	<b>15</b>	<b>116</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	(15)
<b>Carry forward to next year</b>	t = q + r - s	<b>15</b>	<b>101</b>

#### 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.



**COFFS HARBOUR CITY COUNCIL  
SPECIAL SCHEDULE NO 9  
INDEPENDENT AUDITORS' REPORT**

**REPORT ON SPECIAL SCHEDULE NO 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Coffs Harbour City 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

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

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

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

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

Ref:

Page 1 of 2

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## **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

## **Audit Opinion**

In our opinion, Special Schedule No. 9 of Coffs Harbour City Council for 2015/16 is properly drawn up in accordance with the requirements of the NSW Office of Local Government and in accordance with the books and records of the Council.

## **Basis of Accounting**

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

Dated at Lismore this 28th day of October 2015

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

Per:

A handwritten signature in black ink, appearing to read 'A J Bradfield', is written over a horizontal dotted line.

A J BRADFIELD (Partner)



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