

Junee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014



Junee Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 28 October 2014. Council has the power to amend and reissue these financial statements.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

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.

Junee Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

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.

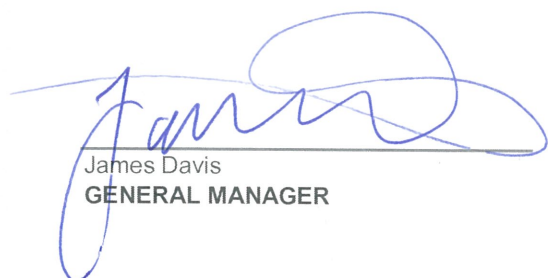
Signed in accordance with a resolution of Council made on 15 September 2014.



Cr Neil Smith
MAYOR



Cr Pam Halliburton
COUNCILLOR



James Davis
GENERAL MANAGER



John Whitfield
RESPONSIBLE ACCOUNTING OFFICER

Junee Shire Council

Income Statement

for the financial year ended 30 June 2014

Budget 2014	¹ \$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
Revenue:				
4,191	Rates & Annual Charges	3a	4,197	3,910
2,839	User Charges & Fees	3b	2,999	2,658
162	Interest & Investment Revenue	3c	144	151
338	Other Revenues	3d	504	476
3,071	Grants & Contributions provided for Operating Purposes	3e,f	3,369 ²	4,598
36	Grants & Contributions provided for Capital Purposes	3e,f	1,131	1,214
Other Income:				
58	Net gains from the disposal of assets	5	74	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
10,695	Total Income from Continuing Operations		12,418	13,007
Expenses from Continuing Operations				
4,387	Employee Benefits & On-Costs	4a	4,416	4,149
460	Borrowing Costs	4b	443	430
4,291	Materials & Contracts	4c	4,657	4,330
2,173	Depreciation & Amortisation	4d	2,020	1,945
-	Impairment	4d	-	-
737	Other Expenses	4e	1,322	1,391
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	152
12,048	Total Expenses from Continuing Operations		12,858	12,397
(1,353)	Operating Result from Continuing Operations		(440)	610
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,353)	Net Operating Result for the Year		(440)	610
(1,353)	Net Operating Result attributable to Council		(440)	610
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,389)			(1,571)	(604)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Junee Shire Council

Statement of Comprehensive Income for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		(440)	610
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	294	3,934
Total Items which will not be reclassified subsequently to the Operating Result		294	3,934
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		294	3,934
Total Comprehensive Income for the Year		(146)	4,544
Total Comprehensive Income attributable to Council		(146)	4,544
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Junee Shire Council

Statement of Financial Position as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	2,050	3,143
Investments	6b	-	-
Receivables	7	1,819	1,628
Inventories	8	736	608
Other	8	274	88
Total Current Assets		4,879	5,467
Non-Current Assets			
Receivables	7	156	-
Inventories	8	1,408	1,762
Infrastructure, Property, Plant & Equipment	9	134,639	133,208
Total Non-Current Assets		136,203	134,970
TOTAL ASSETS		141,082	140,437
LIABILITIES			
Current Liabilities			
Payables	10	1,452	786
Borrowings	10	259	162
Provisions	10	1,707	1,593
Total Current Liabilities		3,418	2,541
Non-Current Liabilities			
Payables	10	37	37
Borrowings	10	6,928	7,025
Provisions	10	18	7
Total Non-Current Liabilities		6,983	7,069
TOTAL LIABILITIES		10,401	9,610
Net Assets		130,681	130,827
EQUITY			
Retained Earnings	20	76,917	77,357
Revaluation Reserves	20	53,764	53,470
Council Equity Interest		130,681	130,827
Non-controlling Interests		-	-
Total Equity		130,681	130,827

Junee Shire Council

Statement of Changes in Equity for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		77,357	53,470	130,827	-	130,827
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		77,357	53,470	130,827	-	130,827
c. Net Operating Result for the Year		(440)	-	(440)	-	(440)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	294	294	-	294
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	294	294	-	294
Total Comprehensive Income (c&d)		(440)	294	(146)	-	(146)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		76,917	53,764	130,681	-	130,681

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		76,747	49,536	126,283	-	126,283
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		76,747	49,536	126,283	-	126,283
c. Net Operating Result for the Year		610	-	610	-	610
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	3,934	3,934	-	3,934
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	3,934	3,934	-	3,934
Total Comprehensive Income (c&d)		610	3,934	4,544	-	4,544
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		77,357	53,470	130,827	-	130,827

Junee Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
4,191	Rates & Annual Charges		4,200	3,838
2,839	User Charges & Fees		3,468	2,796
162	Investment & Interest Revenue Received		105	131
3,107	Grants & Contributions		4,278	7,105
338	Other		693	472
Payments:				
(4,187)	Employee Benefits & On-Costs		(4,255)	(4,087)
(4,439)	Materials & Contracts		(4,954)	(5,203)
(451)	Borrowing Costs		(421)	(430)
(737)	Other		(1,521)	(1,461)
823	Net Cash provided (or used in) Operating Activities	11b	1,593	3,161
Cash Flows from Investing Activities				
Receipts:				
384	Sale of Real Estate Assets		330	235
353	Sale of Infrastructure, Property, Plant & Equipment		296	1,342
-	Deferred Debtors Receipts		4	4
Payments:				
(2,869)	Purchase of Infrastructure, Property, Plant & Equipment		(3,119)	(4,239)
(60)	Purchase of Real Estate Assets		(197)	(62)
(2,192)	Net Cash provided (or used in) Investing Activities		(2,686)	(2,720)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(163)	Repayment of Borrowings & Advances		-	(163)
(163)	Net Cash Flow provided (used in) Financing Activities		-	(163)
(1,532)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,093)	278
3,815	plus: Cash & Cash Equivalents - beginning of year	11a	3,143	2,865
2,283	Cash & Cash Equivalents - end of the year	11a	2,050	3,143

Please refer to Note 11 for information on the following:

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(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 2013.

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(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 infrastructure, property, plant and equipment.
- (ii) Estimated fair values of real estate held for resale.

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has been established even though 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 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 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Jointly Controlled Operations under the appropriate headings.

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 Fund*
- *Sewerage Fund*

(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 Ventures

Riverina Regional Library

Junee Shire Council is a member of the Riverina Regional Library (RRL).

This joint venture has been established to provide library services to the member Councils of Coolamon, Cootamundra, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumut and Wagga Wagga.

The Council has an interest in the assets, liabilities and output of this joint venture.

No one Council has control over the Riverina Regional Library. Note 19 – Joint Ventures and Associated Entities outlines further information concerning the RRL.

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is a member of the **Goldenfields Water County Council** (a body corporate under the Local Government Act).

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

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

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(d) Leases

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

Finance Leases

Council had no finance leases both during the year and at year end.

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.

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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

(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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Sewerage Networks**
(Internal Valuation)
- **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)

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- **Community Land** (Internal 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)

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.

Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (when purchased)	100% Capitalised

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

Buildings & Land Improvements	
Park Furniture & Equipment	> \$1,000

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Building	
- construction/extensions	> \$5,000
- renovations	> \$5,000
Other Structures	> \$1,000

Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	100 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years
- Road Pavements	100 years
- Kerb & Gutter	70 years
- Paths	50 years

Sewer Assets

- Dams & Reservoirs	100 years
- Reticulation pipes : PVC	100 years
- Reticulation pipes : Other	100 years
- Pumps and telemetry	15 to 25 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years

Other Equipment

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

Buildings

- Buildings – Masonry	50 to 100 years
- Other	20 to 40 years

Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 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 future economic benefits are expected from its use or disposal.

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

(k) Land

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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 exclude the assets, their values and depreciation charges from these financial statements.

(p) Investment property

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

Council has not held any Investment Property during the 2013-2014 financial year.

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

Council has no obligations for clean up tips. The Council's tips are now operated as waste transfer stations. All waste transfer stations, other than Junee waste transfer station, have no remediation needs.

The Junee waste transfer station receives clean fill which is no cost to Council. Over the next few years it will be 'tidied up' at the cost of the plant need to spread the relatively small of fill about.

Council has no obligations to restore quarries. The quarries are made safe as they are operated and there is no material cost to remediate at the end of their lives.

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

Council did not hold any non-current assets for sale or have any discontinued operations during the 2013-2014 financial year.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(s) Impairment of assets

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

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

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

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

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

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

(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.

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

The discount rate used to determine the present value reflects current market assessments of the

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

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

Accordingly, the amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme are recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The amount of expected contributions to the defined benefit scheme for the next reporting period is \$186,871. Additional contributions are estimated to remain in place until 30 June 2018 in the amount of \$259,288.

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 30/6/14.

(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).

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 2014.

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.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The amendments also introduce a “partial disposal” concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

None.

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

(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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	1	-	538	593	556	(538)	(592)	(556)	-	-	-	-
Administration	144	351	326	1,774	2,109	1,888	(1,630)	(1,758)	(1,562)	-	-	3,281	4,700
Public Order & Safety	117	180	108	273	355	214	(156)	(175)	(106)	159	83	401	360
Environment	701	782	729	797	905	929	(96)	(123)	(200)	53	63	3,980	3,998
Community Services & Education	939	960	975	983	1,027	975	(44)	(67)	-	804	760	-	64
Housing & Community Amenities	231	297	261	452	446	605	(221)	(149)	(344)	54	-	894	881
Sewerage Services	757	750	744	764	765	698	(7)	(15)	46	22	20	12,521	12,142
Recreation & Culture	340	357	397	1,933	2,014	2,191	(1,593)	(1,657)	(1,794)	29	50	19,309	19,693
Mining, Manufacturing & Construction	6	-	-	102	92	97	(96)	(92)	(97)	-	-	15	17
Transport & Communication	2,500	3,881	3,681	3,749	3,994	3,714	(1,249)	(113)	(33)	1,875	2,092	97,097	94,811
Economic Affairs	566	440	413	683	558	530	(117)	(118)	(117)	2	14	3,584	3,771
Total Functions & Activities	6,301	7,999	7,634	12,048	12,858	12,397	(5,747)	(4,859)	(4,763)	2,998	3,082	141,082	140,437
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	4,394	4,419	5,373	-	-	-	4,394	4,419	5,373	1,341	2,566	-	-
Operating Result from Continuing Operations	10,695	12,418	13,007	12,048	12,858	12,397	(1,353)	(440)	610	4,339	5,648	141,082	140,437

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

Noxious plants, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,152	1,040
Farmland		1,553	1,413
Business		296	268
Total Ordinary Rates		3,001	2,721
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		449	441
Stormwater Management Services		42	46
Sewerage Services		584	577
Waste Management Services (non-domestic)		121	125
Total Annual Charges		1,196	1,189
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>4,197</u>	<u>3,910</u>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		75	82
Waste Management Services (non-domestic)		2	2
Total User Charges		77	84
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		70	68
Private Works - Section 67		321	341
Regulatory/ Statutory Fees		11	14
Section 149 Certificates (EPA Act)		17	17
Section 603 Certificates		13	10
Other		1	-
Total Fees & Charges - Statutory/Regulatory		433	450
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		97	90
Family Day Care		97	116
Leaseback Fees - Council Vehicles		37	51
Library & Art Gallery		6	5
Multipurpose Centre		210	229
Refuse & Effluent Disposal		-	1
Rent & Hire of Council Properties		7	7
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,981	1,580
Waste Disposal Tipping Fees		53	44
Other		1	1
Total Fees & Charges - Other		2,489	2,124
TOTAL USER CHARGES & FEES		2,999	2,658

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		43	41
- Interest earned on Investments (interest & coupon payment income)		88	99
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		13	11
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>144</u>	<u>151</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		43	41
General Council Cash & Investments		14	27
Restricted Investments/Funds - External:			
Sewerage Fund Operations		67	65
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		20	18
Total Interest & Investment Revenue Recognised		<u>144</u>	<u>151</u>
(d) Other Revenues			
Rental Income - Other Council Properties		132	136
Fines		6	4
Legal Fees Recovery - Rates & Charges (Extra Charges)		27	6
Commissions & Agency Fees		109	102
Diesel Rebate		49	32
Holiday Activities		7	6
Insurance Claim Recoveries		27	60
Recycling Income (non domestic)		6	8
Sales - Swimming Centre		72	80
Scrap Metal Sales		38	3
Gravel Pits		-	37
Other		31	2
<u>TOTAL OTHER REVENUE</u>		<u>504</u>	<u>476</u>

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	1,295	2,520	-	-
Pensioners' Rates Subsidies - General Component	46	46	-	-
Total General Purpose	1,341	2,566	-	-

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose

Pensioners' Rates Subsidies:

- Sewerage	21	20	-	-
- Domestic Waste Management	19	19	-	-
Aged Care	1	1	-	-
Bushfire & Emergency Services	159	83	-	-
Community Care	-	1	-	-
Community Transport	111	120	-	-
Employment & Training Programs	3	-	-	-
Family Day Care	691	637	-	-
Flood Restoration	-	2	544	841
Flood Risk Planning	10	-	-	-
Heritage & Cultural	2	14	-	-
Library - per capita	24	22	-	-
Library - special projects	-	-	5	8
Noxious Weeds	43	42	-	-
Recreation & Culture	-	10	-	10
Traffic Route Subsidy	17	-	-	-
Transport (Roads to Recovery)	408	691	-	-
Transport (Other Roads & Bridges Funding)	393	209	513	351
Youth Services	1	1	-	-
Other - Electronic Housing Code	33	-	-	-
Total Specific Purpose	1,936	1,872	1,062	1,210
Total Grants	3,277	4,438	1,062	1,210

Grant Revenue is attributable to:

- Commonwealth Funding	2,280	3,849	-	-
- State Funding	997	589	1,062	1,210
	3,277	4,438	1,062	1,210

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000		2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the LGA):					
S 94A - Fixed Development Consent Levies		-	43	38	-
Total Developer Contributions	17	-	43	38	-
Other Contributions:					
Community Services		40	39	-	-
Community Transport		45	47	-	-
Kerb & Gutter		-	3	-	-
Recreation & Culture		4	2	6	-
Roads & Bridges		-	-	25	4
Tourism		-	1	-	-
Long Service Leave		-	22	-	-
Other		3	3	-	-
Total Other Contributions		92	117	31	4
Total Contributions		92	160	69	4
TOTAL GRANTS & CONTRIBUTIONS		3,369	4,598	1,131	1,214

\$ '000	Actual 2014	Actual 2013
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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	109	150
add: Grants & contributions recognised in the current period but not yet spent:	32	19
less: Grants & contributions recognised in a previous reporting period now spent:	(32)	(60)
Net Increase (Decrease) in Restricted Assets during the Period	-	(41)
Unexpended and held as Restricted Assets	109	109
Comprising:		
- Specific Purpose Unexpended Grants	109	109
	109	109

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,651	3,416
Travelling		1	-
Employee Leave Entitlements (ELE)		615	615
Superannuation		471	458
Workers' Compensation Insurance		87	95
Fringe Benefit Tax (FBT)		35	17
Training Costs (other than Salaries & Wages)		63	41
Other		11	7
Total Employee Costs		4,934	4,649
less: Capitalised Costs		(518)	(500)
TOTAL EMPLOYEE COSTS EXPENSED		4,416	4,149
Number of "Equivalent Full Time" Employees at year end		65	68
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		413	430
Total Interest Bearing Liability Costs Expensed		413	430
(ii) Other Borrowing Costs			
Fair Value Adjustments on Recognition of Advances & Deferred Debtors			
- Interest Free (or favourable) Loans and Advances made by Council		30	-
Total Other Borrowing Costs		30	-
TOTAL BORROWING COSTS EXPENSED		443	430
(c) Materials & Contracts			
Raw Materials & Consumables		1,542	1,496
Contractor & Consultancy Costs		2,394	2,278
Auditors Remuneration ⁽¹⁾		17	15
Legal Expenses:			
- Legal Expenses: Planning & Development		13	-
- Legal Expenses: Debt Recovery		27	-
- Legal Expenses: Other		67	15
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		597	526
Total Materials & Contracts		4,657	4,330
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		4,657	4,330

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts (continued)			
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		17	15
Remuneration for audit and other assurance services		17	15
Total Auditor Remuneration		17	15
2. Operating Lease Payments are attributable to:			
Computers		38	38
Motor Vehicles		13	18
Other		546	470
		597	526

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	217	228
Office Equipment		-	-	31	40
Furniture & Fittings		-	-	10	10
Land Improvements (depreciable)		-	-	26	28
Buildings - Non Specialised		-	-	46	35
Buildings - Specialised		-	-	222	199
Other Structures		-	-	101	80
Infrastructure:					
- Roads		-	-	1,045	1,059
- Bridges		-	-	52	52
- Footpaths		-	-	37	35
- Stormwater Drainage		-	-	48	48
- Sewerage Network		-	-	270	219
Other Assets					
- Library Books		-	-	1	1
- Other		-	-	1	-
Total Depreciation & Impairment Costs		-	-	2,107	2,034
less: Capitalised Costs		-	-	(87)	(89)
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	2,020	1,945

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Advertising		9	18
Bad & Doubtful Debts		4	5
Bank Charges		11	10
Cleaning		81	93
Computer Software Charges		65	50
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		149	130
- NSW Fire Brigade Levy		11	13
Councillor Expenses - Mayoral Fee		15	14
Councillor Expenses - Councillors' Fees		73	71
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		28	12
Donations, Contributions & Assistance to other organisations (Section 356)		4	24
Election Expenses		-	32
Electricity & Heating		279	320
Insurance		270	267
Office Expenses (including computer expenses)		83	60
Postage		14	15
Printing & Stationery		39	42
Street Lighting		77	77
Subscriptions & Publications		10	14
Telephone & Communications		43	37
Tourism Expenses (excluding employee costs)		34	65
Valuation Fees		23	22
<u>TOTAL OTHER EXPENSES</u>		<u>1,322</u>	<u>1,391</u>

Note 5. Gains or Losses from the Disposal of Assets

Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	1,133
less: Carrying Amount of Property Assets Sold / Written Off		-	(1,308)
Net Gain/(Loss) on Disposal		-	(175)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		296	209
less: Carrying Amount of P&E Assets Sold / Written Off		(282)	(188)
Net Gain/(Loss) on Disposal		14	21
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		330	235
less: Carrying Amount of Real Estate Assets Sold / Written Off		(270)	(233)
Net Gain/(Loss) on Disposal		60	2
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>74</u>	<u>(152)</u>

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

		2014	2014	2013	2013
\$ '000	Notes	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		832	-	671	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		1,218	-	2,472	-
Total Cash & Cash Equivalents		2,050	-	3,143	-
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		2,050	-	3,143	-

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

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

Cash & Cash Equivalents

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

2,050	-	3,143	-
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Investments

Nil

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Total Cash, Cash Equivalents and Investments	2,050	-	3,143	-
attributable to:				
External Restrictions (refer below)	2,007	-	1,761	-
Internal Restrictions (refer below)	-	-	1,342	-
Unrestricted	43	-	40	-
	2,050	-	3,143	-
2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (A)	-	38	(38)	-
Specific Purpose Unexpended Grants (B)	109	32	(32)	109
Sewerage Services (C)	1,559	198	-	1,757
Domestic Waste Management (C)	80	41	-	121
Other	13	15	(8)	20
External Restrictions - Other	1,761	324	(78)	2,007
Total External Restrictions	1,761	324	(78)	2,007
Internal Restrictions (D)				
Plant & Vehicle Replacement	151	-	(151)	-
Employees Leave Entitlement	280	-	(280)	-
Broadway Museum	49	1	(50)	-
Financial Assistance Grant - advance payment	778	-	(778)	-
GAP Project	58	-	(58)	-
Gravel Pits Restoration	26	-	(26)	-
Total Internal Restrictions	1,342	1	(1,343)	-
TOTAL RESTRICTIONS	3,103	325	(1,421)	2,007

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C** 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.
- D** Internal Restrictions of \$488K reside in Note 7 Receivables. They are Reserves for ELE \$280K, Gravel Pit Restoration \$27K, Vehicle Replacement \$132K, Junee Historical Society \$29K & GAP Project \$20K.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		445	-	448	-
Interest & Extra Charges		63	-	38	-
User Charges & Fees		6	-	16	-
Private Works		52	-	243	-
Contributions to Works		28	-	-	-
Accrued Revenues					
- Interest on Investments		8	-	7	-
Cemetery Fees		22	-	19	-
Government Grants & Subsidies		489	-	75	-
Deferred Debtors		2	156	179	-
Kerb & Gutter Contributions		3	-	5	-
Net GST Receivable		6	-	14	-
RMS Charges		637	-	538	-
Other Debtors		92	-	80	-
Total		1,853	156	1,662	-
less: Provision for Impairment					
Rates & Annual Charges		(26)	-	(26)	-
User Charges & Fees		(8)	-	(8)	-
Total Provision for Impairment - Receivables		(34)	-	(34)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,819</u>	<u>156</u>	<u>1,628</u>	<u>-</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		102	-	100	-
- Other		1	-	-	-
Total External Restrictions		103	-	100	-
Internally Restricted Receivables					
RMS Charges		488	-	538	-
Internally Restricted Receivables		488	-	538	-
Unrestricted Receivables		1,228	156	990	-
TOTAL NET RECEIVABLES		1,819	156	1,628	-

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 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.
- (v) Internally Restricted Receivables of \$488K represent Reserves for ELE \$280K, Gravel Pit Restoration \$27K, Vehicle Replacement \$132K, Junee Historical Society \$29K & GAP Project \$20K.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		335	1,408	127	1,762
Stores & Materials		392	-	473	-
Trading Stock		9	-	8	-
Total Inventories		736	1,408	608	1,762
Other Assets					
Prepayments		274	-	88	-
Total Other Assets		274	-	88	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		1,010	1,408	696	1,762

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures

Details for Real Estate Development

Residential	335	1,408	127	1,762
Total Real Estate for Resale	335	1,408	127	1,762

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

Represented by:

Acquisition Costs	5	269	2	333
Development Costs	310	1,076	117	1,355
Borrowing Costs	16	63	6	74
Other Holding Costs	4	-	2	-
Total Costs	335	1,408	127	1,762
Total Real Estate for Resale	335	1,408	127	1,762

Movements:

Real Estate assets at beginning of the year	127	1,762	295	1,765
- Purchases and other costs	51	-	11	51
- Transfers in from (out to) Note 9	73	-	-	-
- WDV of Sales (exp)	(5)	(265)	(179)	(54)
- Transfer between Current/Non Current	89	(89)	-	-
Total Real Estate for Resale	335	1,408	127	1,762

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period							as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Tfrs from/(to) Real Estate Assets (Note 8)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Plant & Equipment	-	3,064	1,909	-	1,155	298	-	(282)	(217)	-	-	-	-	2,934	1,980	-	954
Office Equipment	-	340	272	-	68	22	-	-	(31)	-	-	-	-	362	303	-	59
Furniture & Fittings	-	203	148	-	55	6	-	-	(10)	-	-	-	-	209	158	-	51
Land:																	
- Operational Land	-	2,555	-	-	2,555	-	-	-	-	73	(73)	-	-	2,555	-	-	2,555
- Community Land	-	5,351	-	-	5,351	-	-	-	-	(73)	-	-	-	5,278	-	-	5,278
- Land under Roads (post 30/6/08)	-	-	-	-	-	63	-	-	-	-	-	-	-	63	-	-	63
Land Improvements - depreciable	-	1,037	455	-	582	13	-	-	(26)	-	-	-	-	1,050	481	-	569
Buildings - Non Specialised	-	4,217	2,419	-	1,798	-	-	-	(46)	-	-	-	-	4,217	2,465	-	1,752
Buildings - Specialised	-	18,958	6,949	-	12,009	1	-	-	(222)	-	-	-	-	18,959	7,171	-	11,788
Other Structures	-	4,255	1,317	-	2,938	51	-	-	(101)	-	-	-	-	4,306	1,418	-	2,888
Infrastructure:																	
- Roads	-	60,340	12,460	627	47,253	1,701	557	-	(1,045)	-	-	-	-	62,041	13,505	70	48,466
- Bridges	-	5,174	1,443	-	3,731	-	-	-	(52)	-	-	-	-	5,174	1,495	-	3,679
- Footpaths	-	1,859	152	-	1,707	157	-	-	(37)	-	-	-	-	2,016	189	-	1,827
- Bulk Earthworks (non-depreciable)	-	40,507	-	-	40,507	671	-	-	-	-	-	-	-	41,178	-	-	41,178
- Stormwater Drainage	-	4,745	1,736	-	3,009	5	-	-	(48)	-	-	-	-	4,750	1,784	-	2,966
- Sewerage Network	-	20,060	9,576	-	10,484	54	-	-	(270)	-	-	294	-	20,408	9,846	-	10,562
Other Assets:																	
- Library Books	-	23	21	-	2	-	-	-	(1)	-	-	-	-	23	22	-	1
- Other	-	12	8	-	4	-	-	-	(1)	-	-	-	-	12	9	-	3
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	172,700	38,865	627	133,208	3,042	557	(282)	(2,107)	-	(73)	294	-	175,535	40,826	70	134,639

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,447K) and New Assets (\$142K).
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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Infrastructure	-	20,408	9,846	10,562	-	20,060	9,576	10,484
Total Sewerage Services	-	20,408	9,846	10,562	-	20,060	9,576	10,484
TOTAL RESTRICTED I,PP&E	-	20,408	9,846	10,562	-	20,060	9,576	10,484

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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		724	-	478	-
Goods & Services - capital expenditure		247	-	-	-
Payments Received In Advance - Rates		56	-	45	-
Accrued Expenses:					
- Borrowings		102	-	110	-
- Salaries & Wages		169	-	118	-
- Other Expenditure Accruals		9	-	9	-
Security Bonds, Deposits & Retentions		26	37	26	37
ATO - Net GST Payable		119	-	-	-
Total Payables		1,452	37	786	37
Borrowings					
Loans - Secured ¹		259	6,928	162	7,025
Total Borrowings		259	6,928	162	7,025
Provisions					
Employee Benefits;					
Annual Leave		460	-	435	-
Long Service Leave		1,227	18	1,139	7
Other Leave		20	-	19	-
Total Provisions		1,707	18	1,593	7
Total Payables, Borrowings & Provisions		3,418	6,983	2,541	7,069
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Nil					
Internally Restricted Assets					
Employee Leave Entitlements		280	-	280	-
Liabilities relating to internally restricted assets		280	-	280	-
Total Liabilities relating to restricted assets		280	-	280	-
Total Liabilities relating to Unrestricted Assets		3,138	6,983	2,261	7,069
TOTAL PAYABLES, BORROWINGS & PROVISIONS		3,418	6,983	2,541	7,069

¹. Loans are secured over the General Rating Income of Council

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

	Actual 2014	Actual 2013
\$ '000		

(i) 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	1,151	1,155
	<u>1,151</u>	<u>1,155</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2013	2014				Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasureme- nt effects due to Discounting	Unused amounts reversed	
Annual Leave	435	237	(270)	58	-	460
Long Service Leave	1,146	133	(91)	57	-	1,245
Other Leave	19	3	(2)	-	-	20
TOTAL	1,600	373	(363)	115	-	1,725

- 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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	2,050	3,143
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		2,050	3,143
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(440)	610
Adjust for non cash items:			
Depreciation & Amortisation		2,020	1,945
Net Losses/(Gains) on Disposal of Assets		(74)	152
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Interest Free Advances made by Council (Deferred Debtors)		30	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(13)	(11)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(368)	507
Increase/(Decrease) in Provision for Doubtful Debts		-	(16)
Decrease/(Increase) in Inventories		80	(118)
Decrease/(Increase) in Other Assets		(186)	36
Increase/(Decrease) in Payables		246	(24)
Increase/(Decrease) in accrued Interest Payable		(8)	-
Increase/(Decrease) in other accrued Expenses Payable		51	(10)
Increase/(Decrease) in Other Liabilities		130	8
Increase/(Decrease) in Employee Leave Entitlements		125	82
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		1,593	3,161

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		250	250
Credit Cards / Purchase Cards		20	20
Total Financing Arrangements		270	270
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		3	3
Total Financing Arrangements Utilised		3	3

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

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

Nil

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	563	536
Later than one year and not later than 5 years	1,225	1,246
Later than 5 years	328	222
Total Non Cancellable Operating Lease Commitments	2,116	2,004

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles, Heavy Plant, Survey Equipment

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

Conditions relating to Operating Leases:

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(1,645)	-14.67%	-3.83%	2.75%
Total continuing operating revenue ⁽¹⁾	11,213			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	7,844	63.55%	55.32%	54.29%
Total continuing operating revenue ⁽¹⁾	12,344			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	2,769	1.22 : 1	2.60	2.89
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	2,267			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	818	1.85	3.24	4.62
Principal Repayments (from the Statement of Cash Flows)	443			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	482	10.20%	10.61%	9.03%
Rates, Annual and Extra Charges Collectible	4,727			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	2,050	2.21	3.32	2.98
Payments from cash flow of operating and financing activities	929			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

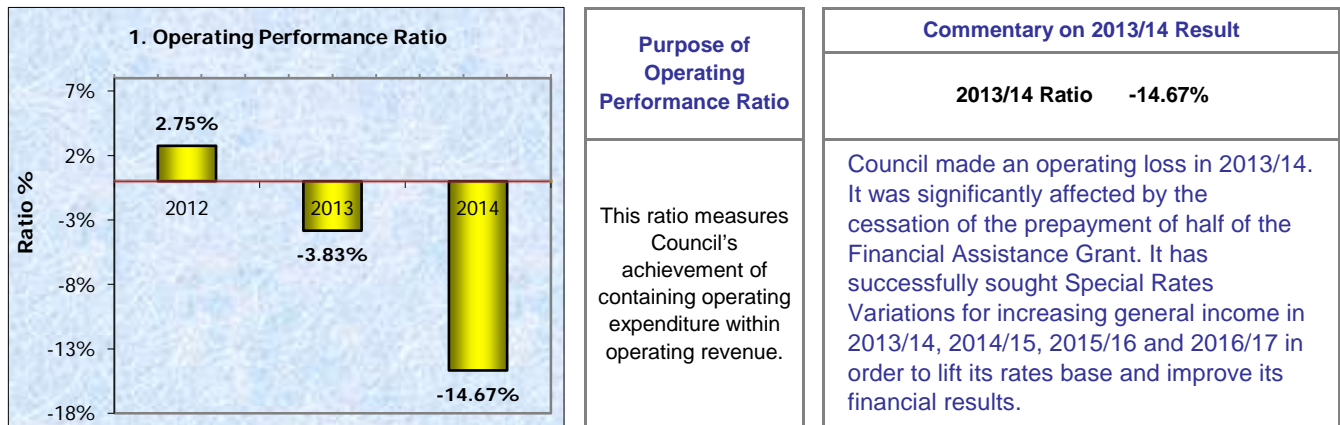
⁽³⁾ Refer to Note 10(a).

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

Junee Shire Council

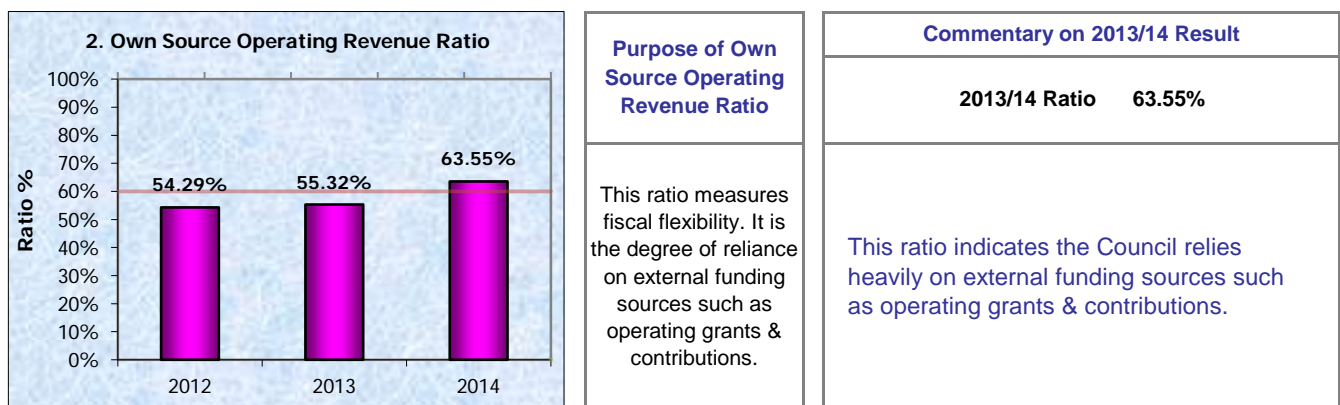
Notes to the Financial Statements for the financial year ended 30 June 2014

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



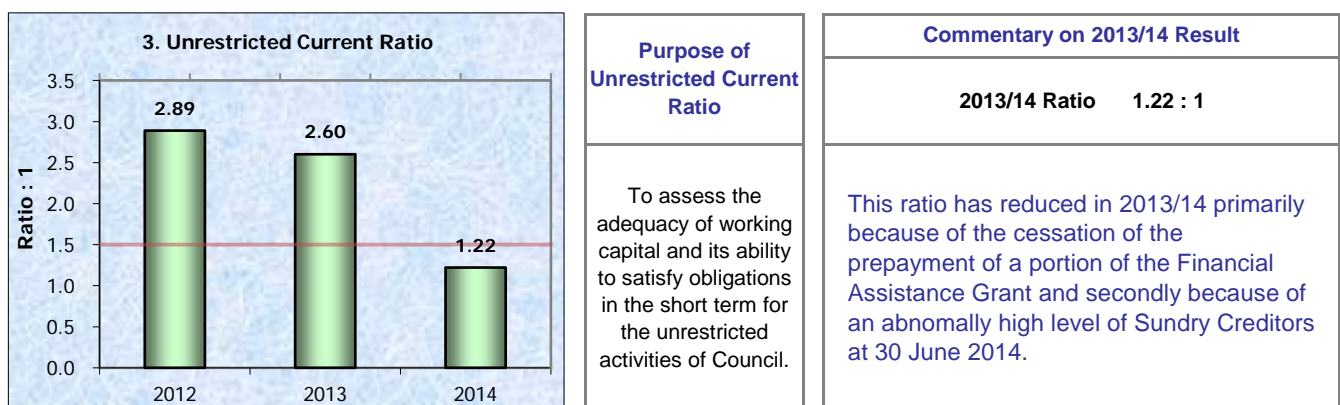
Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



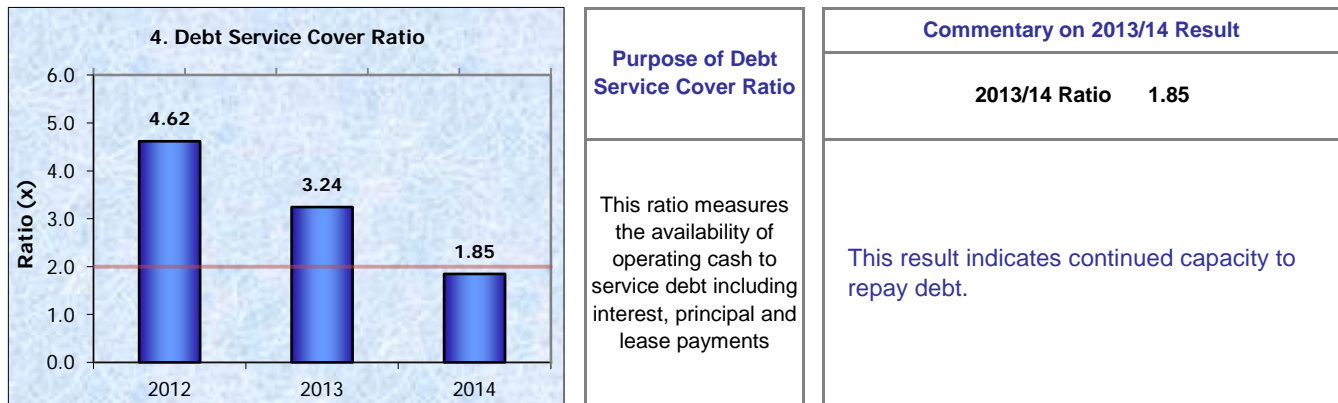
Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Junee Shire Council

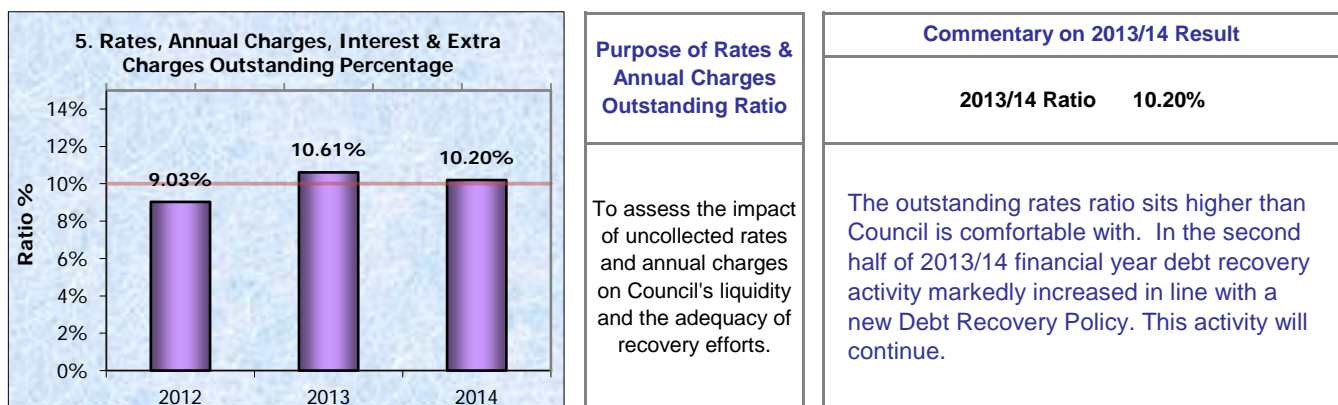
Notes to the Financial Statements for the financial year ended 30 June 2014

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



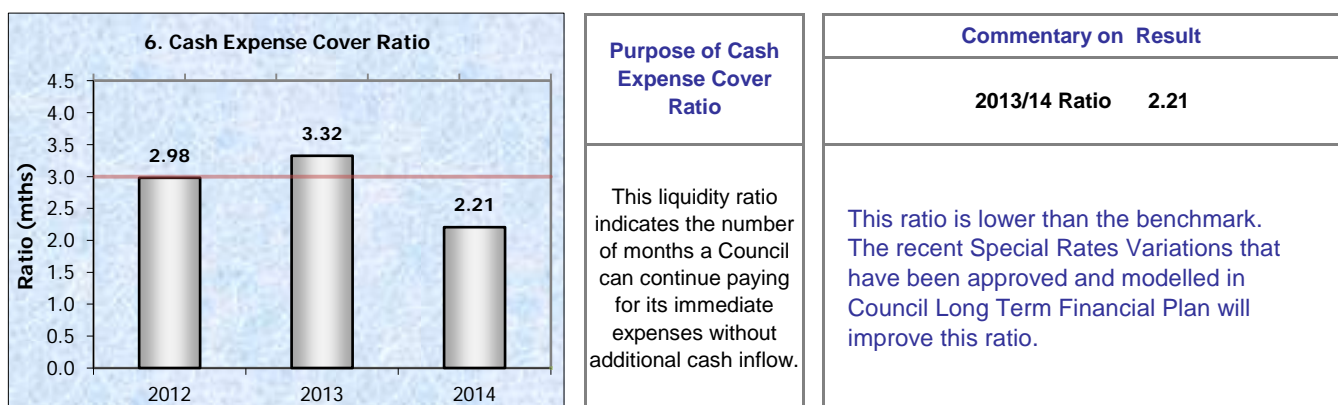
— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation



— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000		Sewer 2014	General ⁵ 2014
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions) - Operating Expenses		-2.00%	-15.58%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)		prior period: 6.31%	-4.52%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
(less ALL Grants & Contributions)		96.80%	61.39%
Total continuing operating revenue ⁽¹⁾			
		prior period: 97.32%	52.76%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾			
Current Liabilities less Specific Purpose Liabilities ^(3, 4)		No Liabilities	1.22 : 1
		prior period: No Liabilities	2.60
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)			
Principal Repayments (from the Statement of Cash Flows)		0.00	1.27
+ Borrowing Interest Costs (from the Income Statement)		prior period: 0.00	2.79
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding			
Rates, Annual and Extra Charges Collectible		17.47%	9.17%
		prior period: 15.15%	9.79%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents including All Term Deposits			
Payments from cash flow of operating and financing activities		27.56	0.34
		prior period: 26.80	1.79

Notes

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

(5) General Fund refers to all of Council's activities except for its Sewer activity which is listed separately.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	2,050	3,143	2,050	3,143
Receivables	1,975	1,628	1,975	1,628
Total Financial Assets	4,025	4,771	4,025	4,771
Financial Liabilities				
Payables	1,433	778	1,433	778
Loans / Advances	7,187	7,187	7,187	7,187
Total Financial Liabilities	8,620	7,965	8,620	7,965

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 1% movement in Interest Rates	21	21	(21)	(21)
2013				
Possible impact of a 1% movement in Interest Rates	31	31	(31)	(31)

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	86%	0%	80%
Overdue	100%	14%	100%	20%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

Current (not yet overdue)	-	1,339	-	968
Past due by up to 30 days	277	104	294	193
Past due between 31 and 60 days	-	2	-	11
Past due between 61 and 90 days	-	4	-	-
Past due by more than 90 days	168	115	154	42
	445	1,564	448	1,214

(iii) Movement in Provision for Impairment of Receivables

	2014	2013
Balance at the beginning of the year	34	50
- amounts already provided for & written off this year	-	(16)
Balance at the end of the year	34	34

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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		
2014									
Trade/Other Payables	63	1,370	-	-	-	-	-	1,433	1,433
Loans & Advances	-	716	708	693	700	606	9,719	13,142	7,187
Total Financial Liabilities	63	2,086	708	693	700	606	9,719	14,575	8,620
2013									
Trade/Other Payables	63	760	-	-	-	-	-	823	778
Loans & Advances	-	613	690	789	732	738	9,599	13,161	7,187
Total Financial Liabilities	63	1,373	690	789	732	738	9,599	13,984	7,965

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:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,433	0.0%	778	0.0%
Loans & Advances - Variable Interest Rate	7,187	5.6%	7,187	5.7%
	<u>8,620</u>		<u>7,965</u>	

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 27 June 2013.

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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	4,191	4,197	6	0%	F
User Charges & Fees	2,839	2,999	160	6%	F
Interest & Investment Revenue	162	144	(18)	(11%)	U
Interest rates and available funds for investment were lower than budgeted for.					
Other Revenues	338	504	166	49%	F
Variations primarily arose with the the following areas exceeding budget estimates:- Legal costs for rate recovery (\$12K), Refund from LG NSW (\$9.5K), Stocktake adjustments (\$14K) Diesel Fuel Rebates (\$49K), Sale of scrap metal (\$18K).					
Operating Grants & Contributions	3,071	3,369	298	10%	F
A variety of grants and contributions account for the variation. In the majority of cases new grants have come along throughout the year that were not allowed for in the original budget. They include:- Rural Fire Service (\$62K), Electronic Housing Code (\$33K), Sect 94A Cont (\$38K) - was classed as a Cap Grant Financial Assistance Grant (\$48K), Family Day Care Grants (\$57K), Regional Roads (\$17K)					
Capital Grants & Contributions	36	1,131	1,095	3042%	F
Revotes for flood restoration (\$544K), a new grant and contribution for Bynes Rd (\$513K +\$100K) and contribution for Gun Club Rd (\$25K) account for the variation.					
Net Gains from Disposal of Assets	58	74	16	28%	F
A small variation only in \$ terms. Differences in trade-in and purchase price to estimate.					

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	4,387	4,416	(29)	(1%) U
Borrowing Costs	460	443	17	4% F
Materials & Contracts	4,291	4,657	(366)	(9%) U
Depreciation & Amortisation	2,173	2,020	153	7% F
Other Expenses	737	1,322	(585)	(79%) U
A number of expenses are included in Materials and Contracts in the original budget but the actuals are reported separately. These expenses are Cleaning, Computer Software, Electricity and Heating, Office Expenses, Street Lighting and Tourism.				

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

Cash Flows from Operating Activities	823	1,593	770	93.6%	F
Grants such as the funding for Byrnes Road (\$513K) primarily account for the increase in cash from operating activities. These were not known about at the time of estimate preparation.					
Also activity on RMS ordered works programs - especially Bethungra Hill - exceeded budget expectations.					
Cash Flows from Investing Activities	(2,192)	(2,686)	(494)	22.5%	U
Sale of real estate lots were down on estimated as was sale of plant & equipment.					
On the payments side, additional capital expenditure took place on grant funded items such as Byrnes Road and on Council's local roads to accelerate own source expenditure for the Roads to Recovery Program.					
Cash Flows from Financing Activities	(163)	-	163	(100.0%)	F
Repayment of principal as provided for in the budget was not made in 2013/14. It was deferred because of changes made during 2013/14 to accelerate roads to recovery spending and the cessation of an advanced payment of the Financial Assistance Grant creating a cash level issue. This loan principal was for an interest only land development loan and not a required payment in 2013/14.					

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	
S94A Levies - under a Plan	-	38	-	-	(38)	-	-	129	(129)	-	-
Total S94 Revenue Under Plans	-	38	-	-	(38)	-	-	129	(129)	-	-
Total Contributions	-	38	-	-	(38)	-	-	129	(129)	-	-

S94A LEVIES - 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	-	5	-	-	(5)	-	-	9	(9)	-	-
Roads	-	25	-	-	(25)	-	-	76	(76)	-	-
Community Facilities	-	-	-	-	-	-	-	8	(8)	-	-
Recreation Facilities	-	8	-	-	(8)	-	-	36	(36)	-	-
Total	-	38	-	-	(38)	-	-	129	(129)	-	-

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Riverina Regional Library

Junee Shire Council is a member of Riverina Regional Library. This joint venture has been established to provide library services to the member councils of Coolamon, Cootamundra, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumut and Wagga Wagga.

As at 30 June 2014 Council's ownership interest in the Riverina Regional Library was 5.6%.

There are 21 voting delegates, 2 of whom represent Junee Shire Council. This equates to 9.52% voting power. No member Council "controls" Riverina Regional Library.

Council has no interest in any other reserves at the beginning or end of the reporting period with respect to the Riverina Regional Library. Riverina Regional Library figures have not been consolidated with Council's activities.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
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(a) Retained Earnings

Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		77,357	76,747
a. Net Operating Result for the Year		(440)	610
Balance at End of the Reporting Period		<u>76,917</u>	<u>77,357</u>

(b) Reserves

Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		53,764	53,470
Total		<u>53,764</u>	<u>53,470</u>

Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		53,470	49,536
- Revaluations for the year	9(a)	294	3,934
- Balance at End of Year		<u>53,764</u>	<u>53,470</u>

TOTAL VALUE OF RESERVES

<u>53,764</u>	<u>53,470</u>
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Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014
Continuing Operations	Sewer	General¹
Income from Continuing Operations		
Rates & Annual Charges	584	3,613
User Charges & Fees	75	2,924
Interest & Investment Revenue	67	77
Other Revenues	3	501
Grants & Contributions provided for Operating Purposes	21	3,348
Grants & Contributions provided for Capital Purposes	-	1,131
Other Income		
Net Gains from Disposal of Assets	-	74
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
Total Income from Continuing Operations	750	11,668
Expenses from Continuing Operations		
Employee Benefits & on-costs	187	4,229
Borrowing Costs	-	443
Materials & Contracts	250	4,407
Depreciation & Amortisation	270	1,750
Impairment	-	-
Other Expenses	58	1,264
Total Expenses from Continuing Operations	765	12,093
Operating Result from Continuing Operations	(15)	(425)
Discontinued Operations		
Net Profit/(Loss) from Discontinued Operations	-	-
Net Operating Result for the Year	(15)	(425)
Net Operating Result attributable to each Council Fund	(15)	(425)
Net Operating Result attributable to Non-controlling Interests	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(15)	(1,556)

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

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

Junee Shire Council

Notes to the Financial Statements as at 30 June 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014
ASSETS	Sewer	General¹
Current Assets		
Cash & Cash Equivalents	1,757	293
Investments	-	-
Receivables	103	1,716
Inventories	-	736
Other	-	274
Non-current assets classified as 'held for sale'	-	-
Total Current Assets	1,860	3,019
Non-Current Assets		
Investments	-	-
Receivables	-	156
Inventories	-	1,408
Infrastructure, Property, Plant & Equipment	10,562	124,077
Investments Accounted for using the equity method	-	-
Investment Property	-	-
Intangible Assets	-	-
Total Non-Current Assets	10,562	125,641
TOTAL ASSETS	12,422	128,660
LIABILITIES		
Current Liabilities		
Payables	-	1,452
Borrowings	-	259
Provisions	-	1,707
Total Current Liabilities	-	3,418
Non-Current Liabilities		
Payables	-	37
Borrowings	-	6,928
Provisions	-	18
Total Non-Current Liabilities	-	6,983
TOTAL LIABILITIES	-	10,401
Net Assets	12,422	118,259
EQUITY		
Retained Earnings	4,970	71,947
Revaluation Reserves	7,452	46,312
Total Equity	12,422	118,259

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) 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 28/10/14.

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 2014.

(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 2014 and which are only indicative of conditions that arose after 30 June 2014.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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
- Financial Assets & Liabilities

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.

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Junee Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value.

'Cost Approach' – A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal current (i.e. discounted) amount. The fair value measurement is determined on the basis if the value indicated by current market expectations about these future amounts.

Market Approach: A valuation technique that uses prices and other relevant information generated by the market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business. All of Council's non-financial assets are considered to being utilised for their highest and best use.

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

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).

(1a) The following table presents financial assets and liabilities that have been measured at amortised cost and declared at fair values:

		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
		Quoted	Significant	Significant	
		prices in	observable	unobservable	
		active mkts	inputs	inputs	
2014	Date				
	of latest				
	Valuation				
Recurring Fair Value Measurements					
Financial Assets					
Receivables	30/6/14	-	2,009	-	2,009
Cash & Short Term Deposits	30/6/14	2,050	-	-	2,050
Total Financial Assets		2,050	2,009	-	4,059

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

2014		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring Fair Value Measurements (continued)	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial Liabilities					
Payables	30/6/14	-	1,433	-	1,433
Loans / Advances	30/6/14	-	7,187	-	7,187
Total Financial Liabilities		-	8,620	-	8,620

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

2014		Fair Value Measurement Hierarchy			Total
	Date	Level 1	Level 2	Level 3	
Recurring Fair Value Measurements (continued)	of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/6/14	-	-	954	954
Office Equipment	30/6/14	-	-	59	59
Furniture & Fittings	30/6/14	-	-	51	51
- Operational Land	30/6/13	-	2,555	-	2,555
- Community Land	30/6/11	-	-	5,278	5,278
- Land under Roads (post 30/6/08)	30/6/14	-	-	63	63
Land Improvements - depreciable	30/6/13	-	-	569	569
Buildings - Non Specialised	30/6/13	-	1,752	-	1,752
Buildings - Specialised	30/6/13	-	-	11,788	11,788
Other Structures	30/6/13	-	-	2,888	2,888
Infrastructure:					
- Roads	30/6/12	-	-	48,466	48,466
- Bridges	30/6/12	-	-	3,679	3,679
- Footpaths	30/6/12	-	-	1,827	1,827
- Bulk Earthworks (non-depreciable)	30/6/12	-	-	41,178	41,178
- Stormwater Drainage	30/6/10	-	-	2,966	2,966
- Sewerage Network	30/6/14	-	-	10,562	10,562
- Library Books	30/6/14	-	-	1	1
- Other	30/6/14	-	-	3	3
Total Infrastructure, Property, Plant & Equipment		-	4,307	130,332	134,639

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Reconciliation of Movements

a. The following table presents the changes in Level 3 Fair Value Assets.

	Total
Opening Balance 1 July 2013	128,855
Purchases (GBV)	3,042
Disposals (WDV)	(282)
Depreciation & Impairment	(2,061)
FV Gains - Other Comprehensive Income	294
Impairment Reinstatement	557
Transfer to Note 8 - Real Estate Assets	(73)
Closing Balance 30 June 2014	130,332

Further details for the individual asset classes is available in Note 9a

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

No applicable.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I, PP&E						
Plant & Equipment	954	Heavy plant, trucks, cars, utes, minor plant	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost - Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$1,000 - \$100,000 - Excellent to poor - 1 - 10 years - 0%	FV may increase or decrease subject to - - product specifications - asset condition and consumption effecting remaining life or residual value.
Office Equipment	59	Copiers, telephone system, projectors, IT equipment	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost - Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$1,000 - \$20,000 - Excellent to poor - 1 - 10 years - 0%	FV may increase or decrease subject to - - product specifications - asset condition and consumption effecting remaining life or residual value.
Furniture & Fittings	51	Desks, chairs, display equipment	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost - Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$1,000 - \$35,000 - Excellent to poor - 1 - 10 years - 0%	FV may increase or decrease subject to - - product specifications - asset condition and consumption effecting remaining life or residual value.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value. (cont)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Community Land	5,278	Parks, reserves, sportsgrounds, community facilities	Current replacement cost	Cost per square metre, Valuers valuation	\$1,000 - \$1,100,000 Unlimited life.	FV may increase or decrease in line with land value changes.
Land under Roads (post 30/6/08)	63	Land under roads	Current replacement cost	Cost per square metre, Valuation based on adjacent land value	\$10,000 - \$100,000 Unlimited life.	FV may increase or decrease in line with land value changes.
Land Improvements - depreciable	569	Sprinkler systems, cricket pitches, fencing, cemetery beams, waste transfer stations	Depreciated replacement cost	- Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value	\$1,000 - \$150,000 - Excellent to poor - 1 - 75 years - 0%	FV may increase or decrease subject to - - agreed levels of service - construction techniques - asset condition and consumption effecting remaining life or residual value.
Buildings - Specialised	11,788	Library, Recreation Centre, Athenium Theatre, Broadway Museum, Emergency Services building, sporting facilities.	Depreciated replacement cost	- Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value	\$10,000 - \$6,000,000 - Excellent to poor - 5 - 75 years - 0%	FV may increase or decrease subject to - - agreed levels of service - construction techniques - asset condition and consumption effecting remaining life or residual value.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value. (cont)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Other Structures	2,888	Sheds, toilets, play equipment, tanks, transmission towers.	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$1,000 - \$1,200,000 - Excellent to poor - 1 - 65 years - 0%	FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.
Roads	48,466	Road seal, road pavement, kerb & gutter, other road structures.	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value 	\$2.86 m2 - \$12.16 m2 or \$51.00 per linear metre depending on product specification - Excellent to poor - 1 - 100 years - 0% for seal component, \$6.00 m2 for pavement.	FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value. (cont)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Bridges	3,679	Bridges and culverts > 6 m in length	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on recent construction costs - Asset condition - Remaining useful life - Residual Value 	\$1,533 m2 - \$3,325 m2 depending on product specification - Excellent to acceptable - 35 - 100 years - 0%	FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.
Footpaths	1,827	Footpaths and cycleways	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on recent construction costs - Asset condition - Remaining useful life - Residual Value 	\$62.10 m2 - \$75.00 m2 depending on product specification - Excellent to acceptable - 25 - 50 years - 0%	FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.
Bulk Earthworks (non-depreciable)	41,178	Non depreciable earthworks	Current replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value 	\$4.20 m2 - \$10.71 m2 depending on product specification - Not applicable - Unlimited life - 0%	FV may increase or decrease subject to - - advances in construction techniques

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value. (cont)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Stormwater Drainage	2,966	Pits, pipes, open v drains	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value 	<ul style="list-style-type: none"> Depends on product specifications; eg. Single or multicell, round or box, etc. Range of rates too numerous to list. - Excellent to poor - 15 - 100 years - 0% 	<ul style="list-style-type: none"> FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.
Sewerage Network	10,562	Sewer mains, vent stacks, sewer treatment works, telemetry system.	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost 2014 NSW Reference Rate Manual for Water Supply, Sewerage and Stormwater Assets and checked against recent construction costs. - Asset condition - Remaining useful life - Residual Value 	<ul style="list-style-type: none"> As per 2014 NSW Reference Rates for Water Supply, Sewerage and Stormwater Assets - Excellent to poor - 3 - 100 years - 0% for most assets, 40% for mains, 50% for some components at STW, 75% for storage 	<ul style="list-style-type: none"> FV may increase or decrease subject to - - changes to site conditions - construction techniques - asset condition and consumption effecting remaining life or residual value.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value. (cont)

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Library Books	1	Books, CD's, Shelves	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$100 - \$15,000 - Excellent to poor - 1 - 4 years - 0%	FV may increase or decrease subject to - - product specifications - asset condition and consumption effecting remaining life or residual value.
Other	3	Survey Equipment & Tools	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value 	\$500 - \$2,000 - Excellent to poor - 10years - 0%	FV may increase or decrease subject to - - product specifications - asset condition and consumption effecting remaining life or residual value.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2014	2013	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	4,197	3,910	3,754	3,629	3,502
User Charges Revenue	2,999	2,658	3,128	2,818	2,464
Interest & Investment Revenue (Losses)	144	151	213	187	195
Grants Income - Operating & Capital	4,339	5,648	5,871	4,925	4,473
Total Income from Continuing Operations	12,418	13,007	14,037	12,827	11,613
Sale Proceeds from I,PP&E	626	1,577	509	467	1,451
New Loan Borrowings & Advances	-	-	-	422	
Outflows:					
Employee Benefits & On-cost Expenses	4,416	4,149	4,108	4,166	4,051
Borrowing Costs	443	430	367	344	503
Materials & Contracts Expenses	4,657	4,330	4,785	3,716	4,033
Total Expenses from Continuing Operations	12,858	12,397	12,693	11,547	11,688
Total Cash purchases of I,PP&E	3,119	4,239	3,314	3,323	3,093
Total Loan Repayments (incl. Finance Leases)	-	163	250	254	-
Operating Surplus/(Deficit) (excl. Capital Income)	(1,571)	(604)	461	380	(282)
Financial Position Figures	2014	2013	2012	2011	2010
Current Assets	4,879	5,467	5,757	5,437	5,724
Current Liabilities	3,418	2,541	2,480	2,436	2,441
Net Current Assets	1,461	2,926	3,277	3,001	3,283
Available Working Capital (Unrestricted Net Current Assets)	827	761	1,281	918	648
Cash & Investments - Unrestricted	43	40	309	13	198
Cash & Investments - Internal Restrictions	-	1,342	1,019	2,312	2,336
Cash & Investments - Total	2,050	3,143	2,865	3,709	4,133
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	7,187	7,187	7,350	7,600	7,432
Total Value of I,PP&E (excl. Land & Earthworks)	126,461	124,287	119,142	116,862	114,504
Total Accumulated Depreciation	40,896	39,492	38,377	40,905	39,225
Indicative Remaining Useful Life (as a % of GBV)	68%	68%	68%	65%	66%

Source: Published audited financial statements of Council (current year & prior year)

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 29. Council Information & Contact Details

Principal Place of Business:

Belmore Street
Junee NSW 2663

Contact Details
Mailing Address:

PO Box 93
Junee NSW 2663

Opening Hours:

9:00am - 5:00am
Monday to Friday

Telephone: 02 6924 8100

Facsimile: 02 6924 2497

Internet: www.junee.nsw.gov.au

Email: jsc@junee.nsw.gov.au

Officers
GENERAL MANAGER

James Davis

RESPONSIBLE ACCOUNTING OFFICER

John Whitfield

PUBLIC OFFICER

John Whitfield

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected Members
MAYOR

Cr Neil Smith

COUNCILLORS

CR M Austin
Cr R Callow
Cr A Clinton
CR P Halliburton
Cr M Holmes
CR C Randall
Cr N Smith
Cr J Ward

Other Information

ABN: 62 621 799 578

INDEPENDENT AUDIT REPORT TO JUNEES SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

SCOPE

We have audited the accompanying financial statements of Junee Shire Council ('the Council'), which comprises the statement of financial position as at 30 June 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the projections data in Note 17 and accordingly, we express no opinion on them.

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

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

AUDITOR'S OPINION

In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993 Chapter 13, Part 3, Division 2;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 28 day of October 2014.

Report on the Conduct of the Audit

Junee Shire Council

For the Year Ended 30 June 2014

28 October 2014

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3	Financial Position	5
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1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Junee Shire Council (Council) for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (c) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

2 Operating Result

Junee Shire Council is a rural based Council in Southern New South Wales, whose affairs are governed by:

- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

As disclosed in the Income Statement, the Council achieved a deficit in net operating result from continuing operations (including capital contributions) of \$440k (2013: \$610k surplus) for the year ended 30 June 2014.

Significant income and expense items in the current year were:

	2014 \$'000	2013 \$'000
Rates and annual charges	4,197	3,910
User charges and fees	2,999	2,658
Grants and contributions - operating	3,369	4,598
Grants and contributions - capital	1,131	1,214
Employee costs	4,416	4,149
Materials and contracts	4,657	4,330
Depreciation and amortisation	2,020	1,945

The size of Council's core operations has remained relatively constant year on year. As outlined in Note 3(e) of the financial statements, the Financial Assistance Grant for 2014 reflects a one off reduction due to the fact that this grant is no longer being paid in advance, as has occurred in previous years, which is the primary driver of the decrease year on year in grants and contributions - operating.

Timing and nature of grants received have a major influence on the reported result as demonstrated by the above.

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2014 \$'000	2013 \$'000
Cash and Liquid Investments	2,050	3,143
External Restrictions - included in liabilities	-	-
- not included in liabilities	(2,007)	(1,761)
Internal Restrictions - included in liabilities #	-	(280)
- not included in liabilities #	-	(1,062)
Unrestricted Cash and Investments	43	40
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	327	564
Unrestricted Working Capital	370	604

Given the limited level of cash and liquid investments, additional internal restrictions are held against current receivables. This is taken into account in the 'Other Net Current Assets' included above.

The above represents the amount of available working capital Council has at its disposal to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

We recommend that Council continue to monitor and strategically build its unrestricted working capital position as part of the Council's Long Term Financial Plan.

4 Performance Indicators

Refer to Note 13 of the financial statements.

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has significantly weakened this year due to a reduction in grants and contributions for operating purposes for 2013/14 by \$1.229m due to the cessation of the prepayment of half the Financial Assistance Grant in 2013/14.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions.

This ratio has strengthened in the current year from 55.32% in 2013 to 63.55% in 2014, consistent with the commentary at Section 4.1 above.

4.3 Unrestricted Current Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council.

The liquidity ratio at Note 13 shows a decrease in Council's liquidity position compared to the prior year. The Council result of 1.22:1 is below the 1.5:1 benchmark minimum, highlighting the need of the Council to focus on the Council's Long Term Financial Plan. The ratio has reduced in 2013/14 due to the cessation of the prepayment of the Financial Assistance Grant (as noted above at Section 4.1) and higher current year sundry creditors than previous year.

4.4 Debt Service Cover Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

Council has a debt service cover ratio of 1.85:1 which is now below the 2.00:1 benchmark minimum, due to the cessation of the prepayment of the Financial Assistance Grant noted at Section 4.1 above. The Council continues to hold a significant level of debt relative to like sized peer councils, with a balance of \$7.1m at 30 June 2014.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Council has a result of 10.20% which is slightly improved from 10.61% in 2012/13.

4.6 Cash Expense Cover Ratio

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

Council has performed weaker this year at 2.21:1 compared to 2012/13 when the ratio was 3.32:1. The current year ratio is below the nominated benchmark minimum of 3.00:1, highlighting the limited cash position of Council and the need for focus on the Council's Long Term Financial Plan.

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivable at 30 June 2014, net of allowance for impairment was \$1,819k (2013: \$1,628k).

This balance primarily consists of rates and annual charges of \$445k (2013: \$448k) and government grants and subsidies of \$489k (2013: \$75k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2014 was \$34 (2013: \$34k). An assessment by Council of the collectability of the receivables balance indicated adjustment to the allowance for impairment was not necessary as receivables are considered collectible coupled with the fact that rate debts are secured over the underlying property and the level of default is minimal.

5.2 Capital Expenditure

During the reporting period Council spent \$3,042k (2013: \$3,173k) on asset additions of infrastructure, property, plant and equipment. A further \$557k (2013: \$1,155k) was spent on reinstatement costs for impaired assets.

The primary areas of capital expenditure were as follows:

	2014 \$'000	2013 \$'000
Land & improvements	76	76
Buildings	52	753
Plant and equipment	298	287
Roads, bridges and footpaths	1,858	1,202
Stormwater drainage	5	49
Bulk earthworks	671	780
Sewerage network	54	5
Other	28	21
Asset additions	3,042	3,173
Reinstatement costs for impaired assets	557	1,155
Total capital expenditure	3,599	4,328

5.3 Borrowings

Total borrowings have remained unchanged from the prior year's balance of \$7,187k. The loans continue to be held with National Australia Bank (\$1,887k) and transferrable indexed annuity bonds (\$5.3M).

5.4 Fair Value I,PP&E

In 2014 the Council performed annual indexation of the sewerage network to fair value. This revaluation resulted in the following increment:

Sewerage network: \$294k Increment

As per the statement of comprehensive income the net gain on revaluation of I,PP&E was \$294k (2013: \$3,934k).

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2014 reporting period as follows:

- *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).*
- *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014)*
- *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

Council is of the view that AASB 9 and AASB 10 will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

6.1 Other Audit Reporting

Several performance improvement observations were noted during our audit and reported in an interim management letter. There were no major control deficiencies noted in Council's systems from our post balance date testing performed.

6.2 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

Contact Us

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Junee Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014



Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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Income Statement - Water Supply Business Activity	n/a
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Background

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

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

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

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

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

Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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:

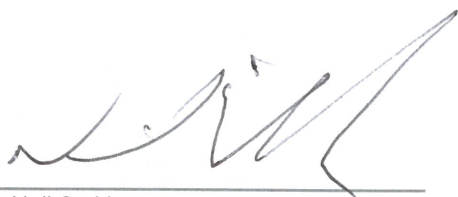
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- 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 15 September 2014.



Cr Neil Smith
MAYOR



Cr Pam Halliburton
COUNCILLOR



James Davis
GENERAL MANAGER



John Whitfield
RESPONSIBLE ACCOUNTING OFFICER

Junee Shire Council

Income Statement of Council's Sewerage Business Activity for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	584	577
User charges	75	83
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	67	65
Grants and contributions provided for non capital purposes	21	20
Profit from the sale of assets	-	-
Other income	3	-
Total income from continuing operations	750	745
Expenses from continuing operations		
Employee benefits and on-costs	187	166
Borrowing costs	-	-
Materials and contracts	250	255
Depreciation and impairment	270	219
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	58	58
Total expenses from continuing operations	765	698
Surplus (deficit) from Continuing Operations before capital amounts	(15)	47
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(15)	47
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(15)	47
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(14)
SURPLUS (DEFICIT) AFTER TAX	(15)	33
plus Opening Retained Profits	4,985	4,938
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	14
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,970	4,985
Return on Capital %	-0.1%	0.4%
Subsidy from Council	391	348
Calculation of dividend payable:		
Surplus (deficit) after tax	(15)	33
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	-	33
Potential Dividend calculated from surplus	-	16

Junee Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	1,757	1,559
Investments	-	-
Receivables	103	100
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,860	1,659
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,562	10,484
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,562	10,484
TOTAL ASSETS	12,422	12,143
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	12,422	12,143
EQUITY		
Retained earnings	4,970	4,985
Revaluation reserves	7,452	7,158
Council equity interest	12,422	12,143
Non-controlling equity interest	-	-
TOTAL EQUITY	12,422	12,143

Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	9

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

Nil

Category 2

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

Junee Sewerage Service

Comprising the activities and net assets of Council's Sewerage Reticulation & Treatment Operations servicing the town of Junee.

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 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in 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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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 **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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 3.56% at 30/6/14.

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 Sewerage Businesses are permitted to pay an annual dividend from its 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 2014 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.

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	5,106
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	51,060
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(2,100)

2014 Surplus	(15,000)	2013 Surplus	32,900	2012 Surplus	(20,000)
		2013 Dividend	-	2012 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]	NO
	Complying charges (a) Residential [Item 2(c) in Table 1]	NO
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	NO
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

2014

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	683
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,562
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	495
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	54
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.78%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	683
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	3.07%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	54
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.78%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

2014

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-14.14%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		82
	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:		67
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	(15)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	21
	Grants for Pensioner Rebates (w11b + s12b)		

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

INDEPENDENT AUDITORS' REPORT TO JUNEES SHIRE COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Junee Shire Council (the Council), which comprises the statements of financial position by business activity as at 30 June 2014, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Office of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The Department of Water and Energy Practice Management of Water Supply and Sewerage Guidelines and are appropriate to meet the needs of the Council and the Office of Local Government.

AUDITORS' 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 auditors' 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 controls relevant to the entity's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

OPINION

In our opinion the special purpose financial statements of Junee Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Office of Local Government, or for any purpose other than that for which it was prepared.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 28 day of October 2014.

Junee Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014



Junee Shire Council

Special Schedules

for the financial year ended 30 June 2014

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

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

Junee Shire Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	593	1	-	(592)
Administration	2,109	351	-	(1,758)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	320	167	-	(153)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	5	-	5
Animal Control	34	8	-	(26)
Other	1	-	-	(1)
Total Public Order & Safety	355	180	-	(175)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	111	43	-	(68)
Other Environmental Protection	69	1	-	(68)
Solid Waste Management	649	686	-	37
Street Cleaning	-	-	-	-
Drainage	76	52	-	(24)
Stormwater Management	-	-	-	-
Total Environment	905	782	-	(123)
Community Services and Education				
Administration & Education	82	-	-	(82)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	113	118	-	5
Children's Services	832	842	-	10
Total Community Services & Education	1,027	960	-	(67)
Housing and Community Amenities				
Public Cemeteries	105	97	-	(8)
Public Conveniences	55	-	-	(55)
Street Lighting	-	-	-	-
Town Planning	227	125	38	(64)
Other Community Amenities	59	37	-	(22)
Total Housing and Community Amenities	446	259	38	(149)
Sewerage Services	765	750	-	(15)

Junee Shire Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	360	32	5	(323)
Museums	37	-	-	(37)
Art Galleries	-	-	-	-
Community Centres and Halls	51	1	-	(50)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	174	-	6	(168)
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	318	31	-	(287)
Other Sport and Recreation	1,074	282	-	(792)
Total Recreation and Culture	2,014	346	11	(1,657)
Mining, Manufacturing and Construction				
Building Control	92	-	-	(92)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	92	-	-	(92)
Transport and Communication				
Urban Roads (UR) - Local	615	17	103	(495)
Urban Roads - Regional	10	-	-	(10)
Sealed Rural Roads (SRR) - Local	876	-	979	103
Sealed Rural Roads (SRR) - Regional	153	801	-	648
Unsealed Rural Roads (URR) - Local	540	-	-	(540)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	16	-	-	(16)
Bridges on SRR - Local	42	-	-	(42)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	26	-	-	(26)
Parking Areas	-	-	-	-
Footpaths	37	-	-	(37)
Aerodromes	-	-	-	-
Other Transport & Communication	1,679	1,981	-	302
Total Transport and Communication	3,994	2,799	1,082	(113)
Economic Affairs				
Camping Areas & Caravan Parks	20	9	-	(11)
Other Economic Affairs	538	431	-	(107)
Total Economic Affairs	558	440	-	(118)
Totals – Functions	12,858	6,868	1,131	(4,859)
General Purpose Revenues ⁽²⁾		4,419		4,419
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	12,858	11,287	1,131	(440)

(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

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

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	162	7,025	7,187	-	-	-	-	413	259	6,928	7,187
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	162	7,025	7,187	-	-	-	-	413	259	6,928	7,187
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	162	7,025	7,187	-	-	-	-	413	259	6,928	7,187

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).

Junee Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	81	79
b. Engineering and Supervision	29	27
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	116	133
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	-	-
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	53	54
i. Effluent Management	21	23
j. Biosolids Management	-	-
k. Maintenance expenses	195	163
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	270	219
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	765	698

Junee Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges (including rates)	584	577
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	75	83
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	67	65
11. Other income	-	-
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	21	20
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	3	-
14. Total income	750	745
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	(15)	47
16a. Operating Result (less grants for acquisition of assets)	(15)	47

Junee Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	54	5
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	54	5
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,430	1,440
b. Residential (unoccupied, ie. vacant lot)	125	108
c. Non-residential (occupied)	126	126
d. Non-residential (unoccupied, ie. vacant lot)	21	21
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 34,803	\$ 35,197

Junee Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

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

Junee Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,757	-	1,757
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	102	-	102
c. User Charges	1	-	1
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	10,562	10,562
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	1,860	10,562	12,422
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	-	-	-
42. NET ASSETS COMMITTED	1,860	10,562	12,422
EQUITY			
42. Accumulated surplus			4,970
44. Asset revaluation reserve			7,452
45. TOTAL EQUITY			12,422
Note to system assets:			
46. Current replacement cost of system assets			20,408
47. Accumulated current cost depreciation of system assets			(9,846)
48. Written down current cost of system assets			10,562

Junee Shire Council

Note to Special Schedule No. 5 for the financial year ended 30 June 2014

Administration ⁽¹⁾

(item 1a of Special Schedule 5) comprises the following:

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

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedule 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 Schedule 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedule 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 Schedule 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedule 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedule 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Residential charges ⁽²⁾ (item 6 of Special Schedule 5) include all income from residential charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedule 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 (item 11 of Special Schedule 5) include all income not recorded elsewhere.

Other contributions (item 13c of Special Schedule 5) incl. capital contributions for sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 17 for sewerage, and not in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	52	6	8	791	0%	0%	100%	0%	0%
	Council Works Depot	93	18	17	411	0%	45%	45%	4%	6%
	Council Public Halls	-	3	2	1,301	100%	0%	0%	0%	0%
	Council Houses	-	10	7	640	95%	0%	0%	0%	5%
	Medical Centre	-	10	15	938	100%	0%	0%	0%	0%
	Museum	72	5	14	956	0%	0%	100%	0%	0%
	Library	-	11	9	2,303	100%	0%	0%	0%	0%
	Amenities/Toilets	55	19	18	277	22%	58%	0%	20%	0%
	Swimming Pool	60	8	10	936	0%	100%	0%	0%	0%
	Recreation Centre	65	10	11	4,379	98%	0%	2%	0%	0%
	Other	160	21	23	608	25%	30%	25%	10%	10%
	sub total	557	121	134	13,540	71.3%	10.8%	16.0%	1.0%	0.9%
Other Structures	Other Structures	340	25	20	2,888	22%	60%	5%	12%	1%
	sub total	340	25	20	2,888	22.0%	60.0%	5.0%	12.0%	1.0%
Roads	Sealed Roads Surface	281	251	253	5,746	27%	27%	41%	4%	1%
	Sealed Roads Structure	1,075	479	327	33,642	16%	16%	61%	6%	1%
	Unsealed Roads	564	196	157	4,417	8%	27%	60%	5%	0%
	Bridges	-	-	-	6,034	12%	61%	24%	3%	0%
	Footpaths	-	3	1	1,827	85%	9%	6%	0%	0%
	Kerb and Gutter	-	2	2	2,306	38%	38%	16%	7%	1%
	sub total	1,920	931	740	53,972	19.3%	23.8%	50.9%	5.2%	0.8%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Sewerage Network	Mains	2,340	152	147	7,550	29%	15%	4%	52%	0%
	Pumping Station/s									
	Treatment	310	122	111	1,446	0%	0%	34%	23%	43%
	Effluent Reuse	52	54	47	1,566	60%	38%	2%	0%	0%
	sub total	2,702	328	305	10,562	29.6%	16.4%	7.8%	40.3%	5.9%
Stormwater Drainage	Pipes / Culverts	131	16	13	1,171	0%	2%	95%	3%	0%
	Urban Drainage Infrastructure	12	3	4	1,795	37%	21%	38%	4%	0%
	sub total	143	19	17	2,966	22.4%	13.5%	60.5%	3.6%	0.0%
	TOTAL - ALL ASSETS	5,662	1,424	1,216	83,928	29.2%	21.7%	38.6%	9.1%	1.4%

Notes:

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

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

Junee Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	2,447	142.27%	76.32%	116.27%
Depreciation, Amortisation & Impairment	1,720			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	5,662	0.07	0.07	0.10
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	84,497			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	1,216	0.85	1.02	0.52
Required Asset Maintenance	1,424			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	3,317	1.64	1.46	1.51
Annual Depreciation	2,020			

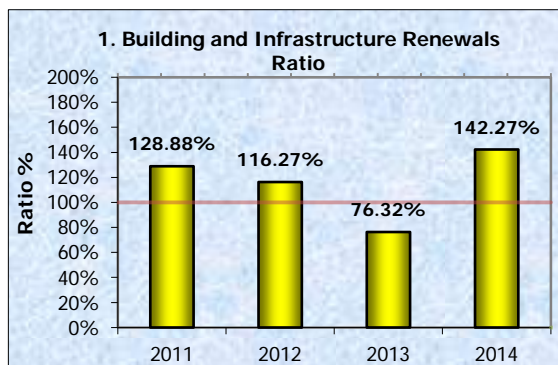
Notes

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

⁽²⁾ Written down value

Junee Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

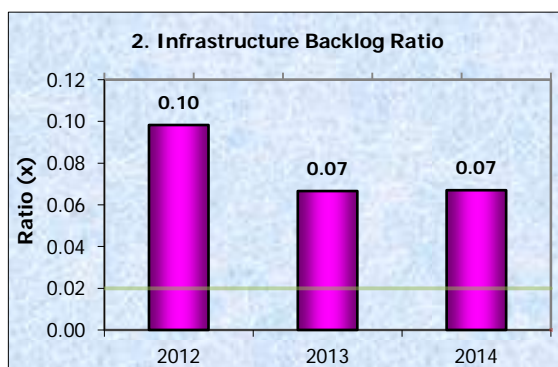
Purpose of Asset Renewals Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 142.27%

This is a healthy asset renewal ratio. Additional roads renewal expenditure to catch up on the Roads to Recovery reference rate is a major contributing factor.



Maximum 0.02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

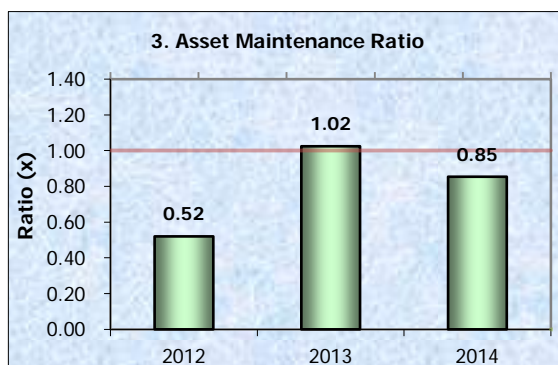
Purpose of Infrastructure Backlog Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 0.07 x

This ratio remained stable between 2013 and 2014. It still exceeds the benchmark set by Tcorp in its 2013 review of local government



Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

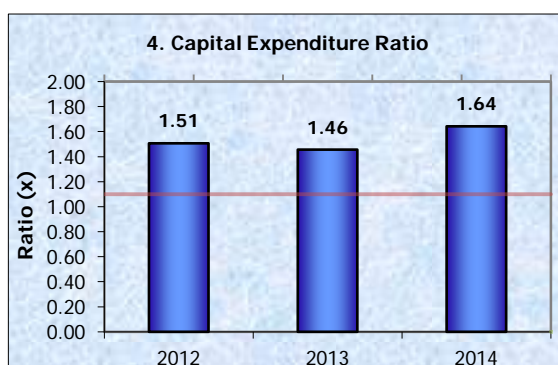
Purpose of Asset Maintenance Ratio

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 2013/14 Result

2013/14 Ratio 0.85 x

A little down on the benchmark in 2014.



Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

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 2013/14 Result

2013/14 Ratio 1.64 x

Similar to the first graph, this graph shows Junee Shire Council is renewing and creating assets at a greater ratio than its annual depreciation.

Junee Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014

\$ '000	Sewer 2014	General ⁽¹⁾ 2014
Infrastructure Asset Performance Indicators By Fund		
1. Building and Infrastructure Renewals Ratio		
<u>Asset Renewals (Building and Infrastructure) ⁽¹⁾</u>	20.00%	165.03%
Depreciation, Amortisation & Impairment		
prior period:	2.28%	87.68%
2. Infrastructure Backlog Ratio		
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	0.26	0.04
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		
prior period:	0.25	0.04
3. Asset Maintenance Ratio		
<u>Actual Asset Maintenance</u>	0.93	0.83
Required Asset Maintenance		
prior period:	0.88	1.06
4. Capital Expenditure Ratio		
<u>Annual Capital Expenditure</u>	0.20	1.86
Annual Depreciation		
prior period:	0.02	1.64

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 and infrastructure assets only.

⁽³⁾ Written down value

Junee Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	12,418	12,203	12,574	12,967	13,304	13,582	13,940	14,223	14,601	14,870	15,250
Expenses from continuing operations	12,858	12,308	12,380	12,665	12,860	13,046	13,293	13,851	14,027	14,301	14,590
Operating Result from Continuing Operations	(440)	(105)	194	302	444	536	647	372	574	569	660
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	198	199	109	89	125	98	93	94	117	97	105
Replacement/Refurbishment of Existing Assets	2,944	3,832	2,682	3,032	2,988	2,906	6,806	2,987	3,348	3,077	3,212
Total Capital Budget	3,142	4,031	2,791	3,121	3,113	3,004	6,899	3,081	3,465	3,174	3,317
Funded by:											
– Loans	-	1,000	-	-	-	-	2,700	-	-	-	-
– Asset sales	296	599	693	394	288	334	370	334	370	334	370
– Reserves	-	-	-	-	-	-	1,015	-	-	-	-
– Grants/Contributions	1,488	764	774	784	794	805	816	827	839	851	863
– Recurrent revenue	1,358	1,668	1,324	1,943	2,031	1,865	1,998	1,920	2,256	1,989	2,084
– Other	-	-	-	-	-	-	-	-	-	-	-
	3,142	4,031	2,791	3,121	3,113	3,004	6,899	3,081	3,465	3,174	3,317

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Junee Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	2,790	3,089
Plus or minus Adjustments ⁽²⁾	b	17	12
Notional General Income	c	2,807	3,101
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	10.00%	11.90%
or Rate peg percentage	e		
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	(257)
plus Special variation amount	$h = (c+g) \times d$	281	338
or plus Rate peg amount	$i = c \times e$	-	-
or plus Crown land adjustment and rate peg amount	$j = c \times f$	-	-
sub-total	$k = (c+g+h+i+j)$	3,088	3,182
plus (or minus) last year's Carry Forward Total	l	-	(1)
less Valuation Objections claimed in the previous year	m	-	-
sub-total	$n = (l + m)$	-	(1)
Total Permissible income	$o = k + n$	3,088	3,181
less Notional General Income Yield	p	3,089	3,181
Catch-up or (excess) result	$q = o - p$	(1)	0
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	$t = q + r - s$	(1)	0

Notes

- ¹ 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.
- ² 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.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ 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.
- ⁵ 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.

JUNEE SHIRE COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT AUDITORS REPORT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015

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 Junee Shire Council for the year ending 30 June 2015.

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. 22. 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.

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 Junee Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

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



CROWE HORWATH AUSWILD



BRADLEY D BOHUN
Partner

Dated at Albury this 28 day of October 2014.