

# Junee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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"Make Tracks"



## Junee Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2015

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#### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for 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 12 November 2015. Council has the power to amend and reissue these financial statements.

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## Junee Shire Council

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

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

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

### More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

## Junee Shire Council

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

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

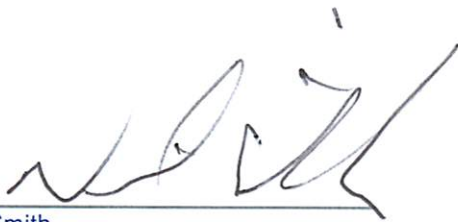
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 20 October 2015.



Neil Smith  
MAYOR



Pam Halliburton  
COUNCILLOR



James Davis  
GENERAL MANAGER



Peter White  
RESPONSIBLE ACCOUNTING OFFICER

## Junee Shire Council

### Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup> 2015 \$ '000		Notes	Actual 2015	Actual 2014
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
4,281	Rates & Annual Charges	3a	4,310	4,197
2,873	User Charges & Fees	3b	3,362	2,999
167	Interest & Investment Revenue	3c	120	144
373	Other Revenues	3d	443	504
4,477	Grants & Contributions provided for Operating Purposes	3e,f	4,690	3,369 <sup>2</sup>
26	Grants & Contributions provided for Capital Purposes	3e,f	562	1,131
<b>Other Income:</b>				
6	Net gains from the disposal of assets	5	199	74
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
<b>12,203</b>	<b>Total Income from Continuing Operations</b>		<b>13,686</b>	<b>12,418</b>
<b>Expenses from Continuing Operations</b>				
4,199	Employee Benefits & On-Costs	4a	4,020	4,416
457	Borrowing Costs	4b	440	443
4,713	Materials & Contracts	4c	5,226	4,657
2,189	Depreciation & Amortisation	4d	2,137	2,020
-	Impairment	4d	-	-
750	Other Expenses	4e	1,289	1,322
<b>12,308</b>	<b>Total Expenses from Continuing Operations</b>		<b>13,112</b>	<b>12,858</b>
<b>(105)</b>	<b>Operating Result from Continuing Operations</b>		<b>574</b>	<b>(440)</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(105)</b>	<b>Net Operating Result for the Year</b>		<b>574</b>	<b>(440)</b>
(105)	Net Operating Result attributable to Council		574	(440)
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(131)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>12</b>	<b>(1,571)</b>

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

## Junee Shire Council

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>574</b>	<b>(440)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	823	294
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>823</b>	<b>294</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>823</b>	<b>294</b>
<b>Total Comprehensive Income for the Year</b>		<b>1,397</b>	<b>(146)</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>1,397</b>	<b>(146)</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Junee Shire Council

### Statement of Financial Position as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	2,335	2,050
Investments	6b	-	-
Receivables	7	1,059	1,819
Inventories	8	884	736
Other	8	-	274
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>4,278</b>	<b>4,879</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	169	156
Inventories	8	1,698	1,408
Infrastructure, Property, Plant & Equipment	9	137,009	134,639
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>138,876</b>	<b>136,203</b>
<b>TOTAL ASSETS</b>		<b>143,154</b>	<b>141,082</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	916	1,452
Borrowings	10	435	259
Provisions	10	1,665	1,707
<b>Total Current Liabilities</b>		<b>3,016</b>	<b>3,418</b>
<b>Non-Current Liabilities</b>			
Payables	10	37	37
Borrowings	10	8,002	6,928
Provisions	10	21	18
<b>Total Non-Current Liabilities</b>		<b>8,060</b>	<b>6,983</b>
<b>TOTAL LIABILITIES</b>		<b>11,076</b>	<b>10,401</b>
<b>Net Assets</b>		<b>132,078</b>	<b>130,681</b>
<b>EQUITY</b>			
Retained Earnings	20	77,491	76,917
Revaluation Reserves	20	54,587	53,764
Council Equity Interest		132,078	130,681
Non-controlling Equity Interests		-	-
<b>Total Equity</b>		<b>132,078</b>	<b>130,681</b>

## Junee Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		76,917	53,764	<b>130,681</b>	-	<b>130,681</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>76,917</b>	<b>53,764</b>	<b>130,681</b>	-	<b>130,681</b>
<b>c. Net Operating Result for the Year</b>		<b>574</b>	-	<b>574</b>	-	<b>574</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	823	<b>823</b>	-	<b>823</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Reserves Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>823</b>	<b>823</b>	-	<b>823</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>574</b>	<b>823</b>	<b>1,397</b>	-	<b>1,397</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>77,491</b>	<b>54,587</b>	<b>132,078</b>	-	<b>132,078</b>

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



## Junee Shire Council

### Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
4,281	Rates & Annual Charges		4,343	4,200
2,873	User Charges & Fees		3,318	3,468
167	Investment & Interest Revenue Received		122	105
4,502	Grants & Contributions		5,719	4,278
373	Bonds, Deposits & Retention amounts received		42	-
-	Other		741	693
<b>Payments:</b>				
(4,199)	Employee Benefits & On-Costs		(4,147)	(4,255)
(4,667)	Materials & Contracts		(5,470)	(4,954)
(451)	Borrowing Costs		(450)	(421)
(750)	Other		(1,134)	(1,521)
<b>2,129</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>3,084</b>	<b>1,593</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
496	Sale of Real Estate Assets		767	330
599	Sale of Infrastructure, Property, Plant & Equipment		276	296
-	Deferred Debtors Receipts		-	4
<b>Payments:</b>				
(4,031)	Purchase of Infrastructure, Property, Plant & Equipment		(4,316)	(3,119)
(625)	Purchase of Real Estate Assets		(777)	(197)
-	Deferred Debtors & Advances Made		1	-
<b>(3,561)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(4,049)</b>	<b>(2,686)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,540	Proceeds from Borrowings & Advances		1,540	-
<b>Payments:</b>				
(337)	Repayment of Borrowings & Advances		(290)	-
<b>1,203</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>1,250</b>	<b>-</b>
<b>(229)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>285</b>	<b>(1,093)</b>
1,976	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	2,050	3,143
<b>1,747</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>2,335</b>	<b>2,050</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	-	-
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>2,335</b>	<b>2,050</b>

Please refer to Note 11 for additional cash flow information

This Statement should be read in conjunction with the accompanying Notes.

## Junee Shire Council

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

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n/a - not applicable

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

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

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

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

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

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

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

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

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

###### (v) Basis of Accounting

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

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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

##### **(vi) Changes in Accounting Policies**

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

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

##### **(vii) Critical Accounting Estimates**

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

(i) Estimated fair values of 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 rateable property or, where earlier, upon receipt of the rates.

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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

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

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

#### Interest and Rents

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

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

#### Dividend Income

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

#### Other Income

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

#### (c) Principles of Consolidation

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

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

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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### (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 Arrangements

#### 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.

### Joint Ventures

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

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

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

### (iv) Associates

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

Such entities are usually termed Associates.

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

### (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 the County Council is responsible for managing its own affairs.

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



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### (vi) Unconsolidated Structured Entities

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

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

### (d) Leases

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

#### Finance Leases

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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

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

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

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

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

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

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



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

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

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

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

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

### Impairment

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

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

### (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.

### (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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **Acquisition of assets**

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

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

- **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)

## Junee Shire Council

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

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

- **Bulk Earthworks** (Internal Valuation)
- **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;

<b>Land</b>	
- 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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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

##### Other Infrastructure Assets

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

##### Buildings

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

##### Stormwater Drainage

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

##### 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

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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### **(k) Land**

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

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

##### **(l) Land under roads**

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

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

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

##### **(m) Intangible Assets**

Council has 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 2014-2015 financial year.

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

Council has one remaining rural landfill site. Grant funds have been received to facilitate its closure. 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 needed to spread the relatively small amount 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.



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### **(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 2014-2015 financial year.

##### **(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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

#### **(x) Employee benefits**

##### **(i) Short Term Obligations**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **Defined Benefit Plans**

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

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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20/02/2013.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 194,552.

The amount of additional contributions included in the total employer contribution advised above is \$64,821.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$64,821 as at 30 June 2015.

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

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

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

#### Defined Contribution Plans

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

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

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

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

#### (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.



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

##### (aa) Taxes

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

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

##### Goods & Services Tax (GST)

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

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not

mandatory for reporting periods ending 30 June 2015.

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

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

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

##### Applicable to Local Government:

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

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

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

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

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

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

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

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

recorded in the financial statements as well as additional disclosures.

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]**

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

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

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

##### **Not applicable to Local Government per se;**

None

##### **(ac) Rounding of amounts**

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

## Junee Shire Council

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

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

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##### **(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 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	-	-	1	175	532	593	(175)	(532)	(592)	-	-	-	-
Administration	186	293	351	898	1,349	2,109	(712)	(1,056)	(1,758)	-	-	3,857	3,281
Public Order & Safety	99	78	180	250	242	355	(151)	(164)	(175)	56	159	348	401
Environment	701	774	782	795	950	905	(94)	(176)	(123)	112	53	5,388	3,980
Community Services & Education	938	1,067	960	998	1,023	1,027	(60)	44	(67)	871	804	79	-
Housing & Community Amenities	223	257	297	674	655	446	(451)	(398)	(149)	17	54	813	894
Sewerage Services	657	750	750	950	714	765	(293)	36	(15)	18	22	12,715	12,521
Recreation & Culture	357	360	357	2,172	1,945	2,014	(1,815)	(1,585)	(1,657)	46	29	18,518	19,309
Mining, Manufacturing & Construction	-	-	-	-	99	92	-	(99)	(92)	-	-	14	15
Transport & Communication	2,475	3,812	3,881	4,750	5,120	3,994	(2,275)	(1,308)	(113)	989	1,875	97,540	97,097
Economic Affairs	592	439	440	646	483	558	(54)	(44)	(118)	-	2	3,882	3,584
<b>Total Functions &amp; Activities</b>	<b>6,228</b>	<b>7,830</b>	<b>7,999</b>	<b>12,308</b>	<b>13,112</b>	<b>12,858</b>	<b>(6,080)</b>	<b>(5,282)</b>	<b>(4,859)</b>	<b>2,109</b>	<b>2,998</b>	<b>143,154</b>	<b>141,082</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	5,975	5,856	4,419	-	-	-	5,975	5,856	4,419	2,691	1,341	-	-
<b>Operating Result from Continuing Operations</b>	<b>12,203</b>	<b>13,686</b>	<b>12,418</b>	<b>12,308</b>	<b>13,112</b>	<b>12,858</b>	<b>(105)</b>	<b>574</b>	<b>(440)</b>	<b>4,800</b>	<b>4,339</b>	<b>143,154</b>	<b>141,082</b>

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 2015

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **ENVIRONMENT**

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

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

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

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

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

##### **SEWERAGE SERVICES**

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

## Junee Shire Council

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

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,199	1,152
Farmland		1,596	1,553
Business		303	296
<b>Total Ordinary Rates</b>		<b>3,098</b>	<b>3,001</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		457	449
Stormwater Management Services		43	42
Sewerage Services		591	584
Waste Management Services (non-domestic)		121	121
<b>Total Annual Charges</b>		<b>1,212</b>	<b>1,196</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>4,310</u></b>	<b><u>4,197</u></b>

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 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Sewerage Services		78	75
Waste Management Services (non-domestic)		2	2
<b>Total User Charges</b>		<b>80</b>	<b>77</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		60	70
Planning & Building Regulation		4	-
Private Works - Section 67		186	321
Regulatory/ Statutory Fees		6	11
Registration Fees		4	-
Section 149 Certificates (EPA Act)		17	17
Section 603 Certificates		12	13
Other		-	1
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>289</b>	<b>433</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Cemeteries		78	97
Family Day Care		101	97
Lease Rentals		11	-
Leaseback Fees - Council Vehicles		38	37
Library & Art Gallery		8	6
Multipurpose Centre		240	210
Rent & Hire of Council Properties		2	7
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,463	1,981
Waste Disposal Tipping Fees		52	53
Other		-	1
<b>Total Fees &amp; Charges - Other</b>		<b>2,993</b>	<b>2,489</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>3,362</b>	<b>2,999</b>

## Junee Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		36	43
- Interest earned on Investments (interest & coupon payment income)		74	88
<b>Amortisation of Premiums &amp; Discounts</b>			
- Interest Free (& Interest Reduced) Loans provided		10	13
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>120</u></b>	<b><u>144</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		36	43
General Council Cash & Investments		31	14
<b>Restricted Investments/Funds - External:</b>			
Sewerage Fund Operations		53	67
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		-	20
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>120</u></b>	<b><u>144</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		115	132
Fines		4	6
Legal Fees Recovery - Rates & Charges (Extra Charges)		21	27
Commissions & Agency Fees		114	109
Diesel Rebate		36	49
Holiday Activities		5	7
Insurance Rebates		47	27
Recycling Income (non domestic)		-	6
Sales - Swimming Centre		38	72
Scrap Metal Sales		-	38
Insurance Claim Recoveries		41	-
Other		22	31
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>443</u></b>	<b><u>504</u></b>



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,776	872	-	-
Financial Assistance - Local Roads Component	869	423	-	-
Pensioners' Rates Subsidies - General Component	46	46	-	-
<b>Total General Purpose</b>	<b>2,691</b>	<b>1,341</b>	<b>-</b>	<b>-</b>

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

#### Specific Purpose

##### Pensioners' Rates Subsidies:

- Sewerage	18	21	-	-
- Domestic Waste Management	19	19	-	-
Aged Care	-	1	-	-
Bushfire & Emergency Services	56	159	-	-
Community Transport	107	111	-	-
Electronic Housing Code	-	33	-	-
Employment & Training Programs	-	3	-	-
Environmental Protection	5	-	30	-
Family Day Care	695	691	-	-
Flood Restoration	12	-	-	544
Flood Risk Planning	-	10	-	-
Heritage & Cultural	1	2	-	-
Library - per capita	24	24	-	-
Library - special projects	21	-	-	5
LIRS Subsidy	8	-	-	-
Noxious Weeds	46	43	-	-
Street Lighting	17	17	-	-
Transport (Roads to Recovery)	410	408	-	-
Transport (Other Roads & Bridges Funding)	400	393	171	513
Youth Services	1	1	-	-
Creating Livable Communities	68	-	-	-
<b>Total Specific Purpose</b>	<b>1,908</b>	<b>1,936</b>	<b>201</b>	<b>1,062</b>
<b>Total Grants</b>	<b>4,599</b>	<b>3,277</b>	<b>201</b>	<b>1,062</b>

##### Grant Revenue is attributable to:

- Commonwealth Funding	3,750	2,280	-	-
- State Funding	849	997	201	1,062
	<b>4,599</b>	<b>3,277</b>	<b>201</b>	<b>1,062</b>

## Junee Shire Council

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

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94A - Fixed Development Consent Levies	-	-	52	38
S 64 - Sewerage Service Contributions	-	-	9	-
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>61</b>	<b>38</b>
<b>Other Contributions:</b>				
Community Services	41	40	-	-
Community Transport	50	45	-	-
Recreation & Culture	-	4	-	6
Roads & Bridges	-	-	300	25
Other	-	3	-	-
<b>Total Other Contributions</b>	<b>91</b>	<b>92</b>	<b>300</b>	<b>31</b>
<b>Total Contributions</b>	<b>91</b>	<b>92</b>	<b>361</b>	<b>69</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>4,690</b>	<b>3,369</b>	<b>562</b>	<b>1,131</b>

\$ '000	Actual 2015	Actual 2014
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	109	109
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	159	32
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(109)	(32)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>50</b>	<b>-</b>
<b>Unexpended and held as Restricted Assets</b>	<b>159</b>	<b>109</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	159	109
	<b>159</b>	<b>109</b>

## Junee Shire Council

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

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		3,494	3,651
Travelling		-	1
Employee Leave Entitlements (ELE)		497	615
Superannuation - Defined Contribution Plans		265	267
Superannuation - Defined Benefit Plans		195	204
Workers' Compensation Insurance		77	87
Fringe Benefit Tax (FBT)		32	35
Training Costs (other than Salaries & Wages)		46	63
Protective Clothing		21	-
Other		5	11
<b>Total Employee Costs</b>		<b>4,632</b>	<b>4,934</b>
less: Capitalised Costs		(612)	(518)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>4,020</b>	<b>4,416</b>
Number of "Equivalent Full Time" Employees at year end		60	65
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		64	65
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		440	413
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>440</b>	<b>413</b>
<b>(ii) Other Borrowing Costs</b>			
Fair Value Adjustments on Recognition of Advances & Deferred Debtors			
- Interest Free (or favourable) Loans and Advances made by Council		-	30
<b>Total Other Borrowing Costs</b>		<b>-</b>	<b>30</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>440</b>	<b>443</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,725	1,542
Contractor & Consultancy Costs		2,851	2,394
Auditors Remuneration <sup>(1)</sup>		19	17
Legal Expenses:			
- Legal Expenses: Planning & Development		5	13
- Legal Expenses: Debt Recovery		22	27
- Legal Expenses: Other		10	67
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		594	597
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>5,226</b>	<b>4,657</b>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		19	17
<b>Remuneration for audit and other assurance services</b>		<b>19</b>	<b>17</b>
<b>Total Auditor Remuneration</b>		<b>19</b>	<b>17</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		38	38
Motor Vehicles		13	13
Other		543	546
		<b>594</b>	<b>597</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	196	217
Office Equipment		-	-	25	31
Furniture & Fittings		-	-	10	10
Land Improvements (depreciable)		-	-	27	26
Buildings - Non Specialised		-	-	45	46
Buildings - Specialised		-	-	222	222
Other Structures		-	-	102	101
Infrastructure:					
- Roads		-	-	1,000	1,045
- Bridges		-	-	85	52
- Footpaths		-	-	88	37
- Stormwater Drainage		-	-	49	48
- Sewerage Network		-	-	288	270
Other Assets					
- Library Books		-	-	-	1
- Other		-	-	-	1
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>2,137</b>	<b>2,107</b>
less: Capitalised Costs		-	-	-	(87)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>2,137</b>	<b>2,020</b>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Advertising		22	9
Bad & Doubtful Debts		10	4
Bank Charges		12	11
Cleaning		87	81
Computer Software Charges		102	65
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		117	149
- NSW Fire Brigade Levy		3	11
Councillor Expenses - Mayoral Fee		18	15
Councillor Expenses - Councillors' Fees		73	73
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		19	28
Donations, Contributions & Assistance to other organisations (Section 356)		4	4
Electricity & Heating		236	279
Insurance		289	270
Office Expenses (including computer expenses)		28	83
Postage		17	14
Printing & Stationery		33	39
Street Lighting		70	77
Subscriptions & Publications		12	10
Telephone & Communications		42	43
Tourism Expenses (excluding employee costs)		71	34
Valuation Fees		24	23
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,289</u></b>	<b><u>1,322</u></b>

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

<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		276	296
less: Carrying Amount of P&E Assets Sold / Written Off		(269)	(282)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>7</u></b>	<b><u>14</u></b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		767	330
less: Carrying Amount of Real Estate Assets Sold / Written Off		(575)	(270)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>192</u></b>	<b><u>60</u></b>
<b>Financial Assets</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		2,300	2,000
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(2,300)	(2,000)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>199</u></b>	<b><u>74</u></b>

## Junee Shire Council

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

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

		2015	2015	2014	2014
\$ '000	Notes	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		35	-	832	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		2,300	-	1,218	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>2,335</b>	<b>-</b>	<b>2,050</b>	<b>-</b>
Investments (Note 6b)					
Nil					
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>2,335</b>	<b>-</b>	<b>2,050</b>	<b>-</b>

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

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

#### **Cash & Cash Equivalents**

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

	<b>2,335</b>	<b>-</b>	<b>2,050</b>	<b>-</b>
--	--------------	----------	--------------	----------

#### **Investments**

Nil

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>\$ '000</b>				
<b>Total Cash, Cash Equivalents and Investments</b>	<b>2,335</b>	<b>-</b>	<b>2,050</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	2,301	-	2,007	-
Internal Restrictions (refer below)	32	-	-	-
Unrestricted	2	-	43	-
	<b>2,335</b>	<b>-</b>	<b>2,050</b>	<b>-</b>

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

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Nil

##### External Restrictions - Other

Specific Purpose Unexpended Grants	(B)	109	50	-	159
Sewerage Services	(C)	1,757	244	-	2,001
Domestic Waste Management	(C)	121	-	-	121
Other		20	-	-	20
<b>External Restrictions - Other</b>		<b>2,007</b>	<b>294</b>	<b>-</b>	<b>2,301</b>
<b>Total External Restrictions</b>		<b>2,007</b>	<b>294</b>	<b>-</b>	<b>2,301</b>

##### Internal Restrictions

Deposits, Retentions & Bonds		-	32	-	32
<b>Total Internal Restrictions</b>		<b>-</b>	<b>32</b>	<b>-</b>	<b>32</b>
<b>TOTAL RESTRICTIONS</b>		<b>2,007</b>	<b>326</b>	<b>-</b>	<b>2,333</b>

**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 \$422K reside in Note 7 Receivables. They are Reserves for ELE \$205K, Gravel Pit Restoration \$27K, Vehicle Replacement \$132K, Junee Historical Society \$30K & Carry Over Works \$28K.

## Junee Shire Council

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

#### Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		419	2	445	-
Interest & Extra Charges		52	-	63	-
User Charges & Fees		80	-	6	-
Private Works		31	-	52	-
Contributions to Works		-	-	28	-
Accrued Revenues					
- Interest on Investments		7	-	8	-
Cemetery Fees		18	-	22	-
Deferred Debtors		-	167	2	156
Government Grants & Subsidies		22	-	489	-
Kerb & Gutter Contributions		3	-	3	-
Net GST Receivable		47	-	6	-
RMS Charges		422	-	637	-
Other Debtors		-	-	92	-
<b>Total</b>		<b>1,101</b>	<b>169</b>	<b>1,853</b>	<b>156</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(35)	-	(26)	-
User Charges & Fees		(7)	-	(8)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(42)</b>	<b>-</b>	<b>(34)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,059</u></b>	<b><u>169</u></b>	<b><u>1,819</u></b>	<b><u>156</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		91	-	102	-
- Other		-	-	1	-
<b>Total External Restrictions</b>		<b>91</b>	<b>-</b>	<b>103</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
RMS Charges		422	-	488	-
<b>Internally Restricted Receivables</b>		<b>422</b>	<b>-</b>	<b>488</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>546</b>	<b>169</b>	<b>1,228</b>	<b>156</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,059</b>	<b>169</b>	<b>1,819</b>	<b>156</b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.
- (v) Internal Restrictions of \$422K in Note 7 Receivables. They are Reserves for ELE \$205K, Gravel Pit Restoration \$27K, Vehicle Replacement \$132K, Junee Historical Society \$30K & Carry Over Works \$28K.



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		363	1,698	335	1,408
Stores & Materials		515	-	392	-
Trading Stock		6	-	9	-
<b>Total Inventories</b>		<b>884</b>	<b>1,698</b>	<b>736</b>	<b>1,408</b>
<b>Other Assets</b>					
Prepayments		-	-	274	-
<b>Total Other Assets</b>		<b>-</b>	<b>-</b>	<b>274</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>884</b>	<b>1,698</b>	<b>1,010</b>	<b>1,408</b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

#### Other Disclosures

##### (a) Details for Real Estate Development

Residential	363	1,698	335	1,408
<b>Total Real Estate for Resale</b>	<b>363</b>	<b>1,698</b>	<b>335</b>	<b>1,408</b>

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

##### Represented by:

Acquisition Costs	124	534	5	269
Development Costs	212	1,044	310	1,076
Borrowing Costs	22	120	16	63
Other Holding Costs	5	-	4	-
<b>Total Costs</b>	<b>363</b>	<b>1,698</b>	<b>335</b>	<b>1,408</b>
<b>Total Real Estate for Resale</b>	<b>363</b>	<b>1,698</b>	<b>335</b>	<b>1,408</b>

##### Movements:

Real Estate assets at beginning of the year	335	1,408	127	1,762
- Purchases and other costs	487	290	51	-
- Transfers in from (out to) Note 9	116	-	73	-
- WDV of Sales (exp)	(575)	-	(5)	(265)
- Transfer between Current/Non Current	-	-	89	(89)
<b>Total Real Estate for Resale</b>	<b>363</b>	<b>1,698</b>	<b>335</b>	<b>1,408</b>

##### (b) Inventory Write Downs

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

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	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	-	2,934	1,980	-	954	467	(269)	(196)	-	-	-	-	2,807	1,851	-	956
Office Equipment	-	362	303	-	59	13	-	(25)	-	-	-	-	375	328	-	47
Furniture & Fittings	-	209	158	-	51	-	-	(10)	-	-	-	-	209	168	-	41
Land:																
- Operational Land	-	2,555	-	-	2,555	-	-	-	-	-	-	-	2,555	-	-	2,555
- Community Land	-	5,278	-	-	5,278	-	-	-	-	(116)	-	-	5,162	-	-	5,162
- Land under Roads (post 30/6/08)	-	63	-	-	63	-	-	-	-	-	-	-	63	-	-	63
Land Improvements - depreciable	-	1,050	481	-	569	12	-	(27)	-	-	-	-	1,062	508	-	554
Buildings - Non Specialised	-	4,217	2,465	-	1,752	4	-	(45)	-	-	-	-	4,221	2,510	-	1,711
Buildings - Specialised	-	18,959	7,171	-	11,788	19	-	(222)	-	-	-	-	18,978	7,393	-	11,585
Other Structures	-	4,306	1,418	-	2,888	50	-	(102)	-	-	-	-	4,356	1,520	-	2,836
Infrastructure:																
- Roads	-	62,041	13,505	70	48,466	2,162	-	(1,000)	(932)	-	-	-	63,349	14,584	69	48,696
- Bridges	-	5,174	1,495	-	3,679	-	-	(85)	34	-	-	-	5,174	1,546	-	3,628
- Footpaths	-	2,016	189	-	1,827	43	-	(88)	51	-	-	-	2,063	230	-	1,833
- Bulk Earthworks (non-depreciable)	-	41,178	-	-	41,178	759	-	-	847	-	-	-	42,784	-	-	42,784
- Stormwater Drainage	-	4,750	1,784	-	2,966	448	-	(49)	-	-	664	-	5,135	1,106	-	4,029
- Sewerage Network	-	20,408	9,846	-	10,562	92	-	(288)	-	-	159	-	20,659	10,134	-	10,525
Other Assets:																
- Library Books	-	23	22	-	1	-	-	-	-	-	-	-	23	22	-	1
- Other	-	12	9	-	3	-	-	-	-	-	-	-	12	9	-	3
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>175,535</b>	<b>40,826</b>	<b>70</b>	<b>134,639</b>	<b>4,069</b>	<b>(269)</b>	<b>(2,137)</b>	<b>-</b>	<b>(116)</b>	<b>823</b>	-	<b>178,987</b>	<b>41,909</b>	<b>69</b>	<b>137,009</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,872) and New Assets (\$669).  
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 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Infrastructure	-	20,659	10,134	<b>10,525</b>	-	20,408	9,846	<b>10,562</b>
<b>Total Sewerage Services</b>	-	<b>20,659</b>	<b>10,134</b>	<b>10,525</b>	-	<b>20,408</b>	<b>9,846</b>	<b>10,562</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>20,659</b>	<b>10,134</b>	<b>10,525</b>	-	<b>20,408</b>	<b>9,846</b>	<b>10,562</b>

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

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

## Junee Shire Council

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

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

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		600	-	724	-
Goods & Services - capital expenditure		-	-	247	-
Payments Received In Advance - Rates		66	-	56	-
Accrued Expenses:					
- Borrowings		92	-	102	-
- Salaries & Wages		81	-	169	-
- Other Expenditure Accruals		9	-	9	-
Security Bonds, Deposits & Retentions		68	37	26	37
ATO - Net GST Payable		-	-	119	-
Total Payables		916	37	1,452	37
Borrowings					
Loans - Secured <sup>1</sup>		435	8,002	259	6,928
Total Borrowings		435	8,002	259	6,928
Provisions					
Employee Benefits;					
Annual Leave		418	-	460	-
Long Service Leave		1,221	21	1,227	18
Other Leave		26	-	20	-
Total Provisions		1,665	21	1,707	18
Total Payables, Borrowings & Provisions		3,016	8,060	3,418	6,983
(i) Liabilities relating to Restricted Assets					
Externally Restricted Assets					
Nil					
Internally Restricted Assets					
Employee Leave Entitlements		205	-	280	-
Liabilities relating to internally restricted assets		205	-	280	-
Total Liabilities relating to restricted assets		205	-	280	-
Total Liabilities relating to Unrestricted Assets		2,811	8,060	3,138	6,983
TOTAL PAYABLES, BORROWINGS & PROVISIONS		3,016	8,060	3,418	6,983

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

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

## Junee Shire Council

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

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

	Actual 2015	Actual 2014
\$ '000		

#### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	1,072	1,151
	<b>1,072</b>	<b>1,151</b>

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

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	460	(42)	(331)	331	-	418
Long Service Leave	1,245	(3)	(203)	203	-	1,242
Other Leave (enter deta	20	6	(2)	2	-	26
<b>TOTAL</b>	<b>1,725</b>	<b>(39)</b>	<b>(536)</b>	<b>536</b>	<b>-</b>	<b>1,686</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

## Junee Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	2,335	2,050
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>2,335</b>	<b>2,050</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>574</b>	<b>(440)</b>
Adjust for non cash items:			
Depreciation & Amortisation		2,137	2,020
Net Losses/(Gains) on Disposal of Assets		(199)	(74)
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		(10)	(13)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		748	(368)
Decrease/(Increase) in Inventories		(120)	80
Decrease/(Increase) in Other Assets		274	(186)
Increase/(Decrease) in Payables		(124)	246
Increase/(Decrease) in accrued Interest Payable		(10)	(8)
Increase/(Decrease) in other accrued Expenses Payable		(88)	51
Increase/(Decrease) in Other Liabilities		(67)	130
Increase/(Decrease) in Employee Leave Entitlements		(39)	125
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>3,084</b>	<b>1,593</b>

## Junee Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		250	250
Credit Cards / Purchase Cards		20	20
<b>Total Financing Arrangements</b>		<b>270</b>	<b>270</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		1	3
<b>Total Financing Arrangements Utilised</b>		<b>1</b>	<b>3</b>

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

#### **(ii) Secured Loan Liabilities**

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

#### 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	535	563
Later than one year and not later than 5 years	1,125	1,225
Later than 5 years	234	328
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>1,894</b>	<b>2,116</b>

###### **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 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014      2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	(187)	-1.45%	-14.67%	-3.83%
Total continuing operating revenue <sup>(1)</sup>	12,925			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. ALL Grants & Contributions)	8,235	61.06%	63.55%	55.32%
Total continuing operating revenue <sup>(1)</sup>	13,487			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	1,886	0.97x	1.22	2.60
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	1,944			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	2,390	3.27x	1.85	3.24
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	730			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	438	9.03%	10.20%	10.61%
Rates, Annual and Extra Charges Collectible	4,849			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	2,335	2.44 mths	2.21	3.32
Payments from cash flow of operating and financing activities	958			

#### Notes

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

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

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

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

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

## Junee Shire Council

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

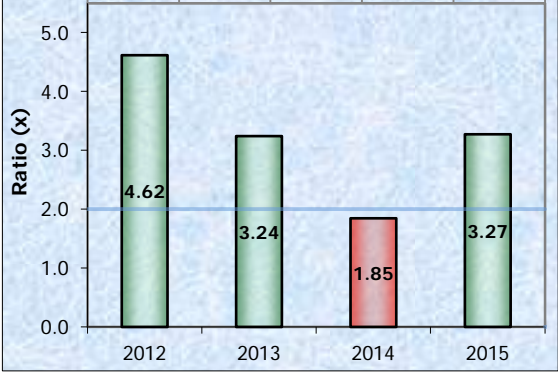
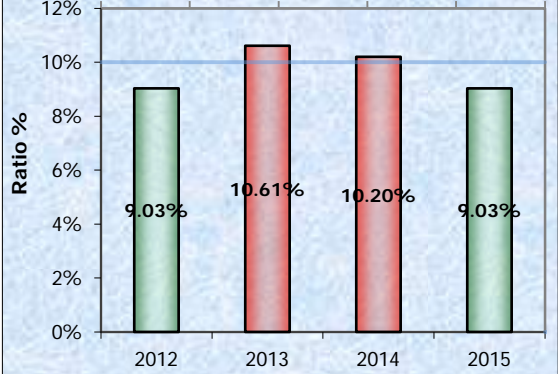
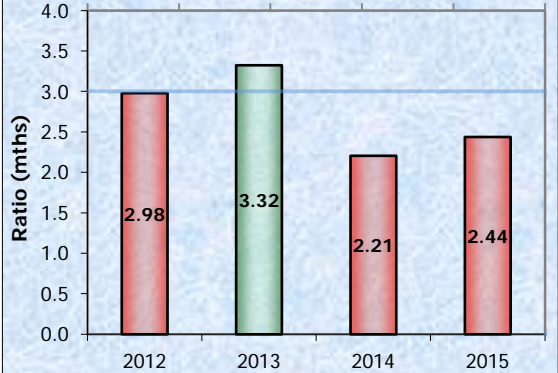
#### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p><b>1. Operating Performance Ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio    -1.45%</b></p> <p>Council's overall operating performance, whilst still below the benchmark, is an improvement on last year. Council will need to address funding shortfalls or contain expenditure within existing revenue streams to address this in the future.</p>
<p><b>2. Own Source Operating Revenue Ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio    61.06%</b></p> <p>Council's own source revenue is meeting the industry benchmark. This ratio will fluctuate from year to year as a result of changes in grant and contributions funding.</p>
<p><b>3. Unrestricted Current Ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio    0.97x</b></p> <p>This ratio, whilst positive, is below the industry standard.</p>

## Junee Shire Council

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

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

<p><b>4. Debt Service Cover Ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 2.00</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 3.27x</b></p> <p>This result indicates continued capacity to repay debt.</p>
<p><b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p>  <p>Benchmark: — Maximum <math>&lt; 10.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 9.03%</b></p> <p>This outstanding ratio sits higher than Council is comfortable with. Council commenced, in the second half of 2013/2014 financial year, with actively increased debt recovery in line with a new Debt Recovery Policy. This has shown an improvement in 2014/2015 and will continue into the future.</p>
<p><b>6. Cash Expense Cover Ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 3.00</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 2.44 mths</b></p> <p>This ratio is lower than the benchmark. The recent Special Rate Variations that have been approved and modelled in Council's Long Term Financial Plan will improve this ratio into the future.</p>

## Junee Shire Council

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

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

\$ '000		Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions) - Operating Expenses		<b>4.80%</b>	<b>-1.83%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period:	-2.00%	-15.58%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>		<b>97.47%</b>	<b>58.91%</b>
(excl. ALL Grants & Contributions)			
Total continuing operating revenue <sup>(1)</sup>	prior period:	96.80%	61.39%
<b>3. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(2)</sup>		No Liabilities	<b>0.97x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period:	No Liabilities	1.22
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation		<b>0.00</b>	<b>2.83x</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	prior period:	0.00	1.27
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual and Extra Charges Outstanding		<b>15.40%</b>	<b>8.15%</b>
Rates, Annual and Extra Charges Collectible			
	prior period:	17.47%	9.17%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents + All Term Deposits	x12	<b>0.00</b>	<b>0.35 mths</b>
Payments from cash flow of operating and financing activities	prior period:	27.56	0.34

#### 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 2015

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,335	2,050	2,335	2,050
Receivables	1,228	1,975	1,228	1,975
<b>Total Financial Assets</b>	<b>3,563</b>	<b>4,025</b>	<b>3,563</b>	<b>4,025</b>
<b>Financial Liabilities</b>				
Payables	887	1,433	887	1,433
Loans / Advances	8,437	7,187	8,437	7,187
<b>Total Financial Liabilities</b>	<b>9,324</b>	<b>8,620</b>	<b>9,324</b>	<b>8,620</b>

Fair Value is determined as follows:

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

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

## Junee Shire Council

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

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

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2015</b>				
Possible impact of a 1% movement in Interest Rates	21	21	(21)	(21)
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	20	20	(20)	(20)



## Junee Shire Council

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

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

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	100%	75%	0%	86%
Overdue	0%	25%	100%	14%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	-	788	-	1,339
< 1 year overdue	0 - 30 days overdue	386	22	419	104
1 - 2 years overdue	30 - 60 days overdue	35	-	26	2
2 - 5 years overdue	60 - 90 days overdue	-	11	-	4
> 5 years overdue	> 90 days overdue	-	28	-	115
		<b>421</b>	<b>849</b>	<b>445</b>	<b>1,564</b>

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

	2015	2014
Balance at the beginning of the year	34	34
+ new provisions recognised during the year	8	-
<b>Balance at the end of the year</b>	<b>42</b>	<b>34</b>



## Junee Shire Council

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

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	105	782	-	-	-	-	-	887	887
Loans & Advances	-	826	812	818	724	724	9,652	13,556	8,437
Total Financial Liabilities	105	1,608	812	818	724	724	9,652	14,443	9,324
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

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	887	0.0%	1,433	0.0%
Loans & Advances - Fixed Interest Rate	7,897	5.0%	7,187	5.6%
Loans & Advances - Variable Interest Rate	540	3.4%	-	0.0%
	<u>9,324</u>		<u>8,620</u>	

## Junee Shire Council

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

#### Note 16. Material Budget Variations

\$ '000

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

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

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

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

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>4,281</b>	<b>4,310</b>	<b>29</b>	1% <b>F</b>
<b>User Charges &amp; Fees</b>	<b>2,873</b>	<b>3,362</b>	<b>489</b>	17% <b>F</b>
Additional RMS contributions are reflecting to the positive result.				
<b>Interest &amp; Investment Revenue</b>	<b>167</b>	<b>120</b>	<b>(47)</b>	(28%) <b>U</b>
Interest rates and available funds for investment were lower than budgeted for.				
<b>Other Revenues</b>	<b>373</b>	<b>443</b>	<b>70</b>	19% <b>F</b>
Additional Insurance Claims Recoveries are reflecting in this positive result.				
<b>Operating Grants &amp; Contributions</b>	<b>4,477</b>	<b>4,690</b>	<b>213</b>	5% <b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>26</b>	<b>562</b>	<b>536</b>	2062% <b>F</b>
Additional Capital Grants and Contributions for roadworks are reflecting in this positive result.				
<b>Net Gains from Disposal of Assets</b>	<b>6</b>	<b>199</b>	<b>193</b>	3217% <b>F</b>
Additional gains from real estate sales not budgeted for are reflecting in this positive result.				

## Junee Shire Council

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>4,199</b>	<b>4,020</b>	<b>179</b>	<b>4% F</b>
<b>Borrowing Costs</b>	<b>457</b>	<b>440</b>	<b>17</b>	<b>4% F</b>
<b>Materials &amp; Contracts</b>	<b>4,713</b>	<b>5,226</b>	<b>(513)</b>	<b>(11%) U</b>
Council was awarded an increase in works requested from the RMS (Roads and Maritime Services) on Ordered Works on State Roads. This unfavourable result is offset by additional RMS Contributions shown under User Fees and Charges.				
<b>Depreciation &amp; Amortisation</b>	<b>2,189</b>	<b>2,137</b>	<b>52</b>	<b>2% F</b>
<b>Other Expenses</b>	<b>750</b>	<b>1,289</b>	<b>(539)</b>	<b>(72%) U</b>
A number of expenses were included in Materials & Contracts in the original budget. The actuals however are report separately. These expenses are Cleaning, Computer software, Electricity & Heating, Office Expenses, Street Lighting & Tourism.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>2,129</b>	<b>3,084</b>	<b>955</b>	<b>44.9% F</b>
Grants and Contributions funding roadworks primarily account for the increase in cash fro operating activities. These were not known at the time of budget preparation.				
<b>Cash Flows from Investing Activities</b>	<b>(3,561)</b>	<b>(4,049)</b>	<b>(488)</b>	<b>13.7% U</b>
Sale of real estate lots were down from budget as was sale of plant and equipment.				
<b>Cash Flows from Financing Activities</b>	<b>1,203</b>	<b>1,250</b>	<b>47</b>	<b>3.9% F</b>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & 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	-	61	-	-	(61)	-	-	106	(106)	-	-
Total S94 Revenue Under Plans	-	61	-	-	(61)	-	-	106	(106)	-	-
<b>Total Contributions</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>(106)</b>	<b>-</b>	<b>-</b>

#### S94A LEVIES - UNDER A PLAN

##### JUNEE SHIRE COUNCIL SECTION 94A LEVY CONTRIBUTION PLAN 2011

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)	-	-	40	(40)	-	-
Roads	-	25	-	-	(25)	-	-	51	(51)	-	-
Open Space	-	22	-	-	(22)	-	-	15	(15)	-	-
Other	-	9	-	-	(9)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>(106)</b>	<b>-</b>	<b>-</b>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

##### (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.

## Junee Shire Council

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

#### Note 19. Interests in Other Entities

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\$ '000

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

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

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

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

**Note 19(a)**

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

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

**Note 19(b)**

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

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

##### **Joint Operations**

**Note 19(c)**

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

##### **Unconsolidated Structured Entities**

**Note 19(d)**

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

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

**Note 19(e)**

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## Junee Shire Council

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

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

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\$ '000

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

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

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

Council has no interest in any Joint Ventures or Associates.

##### (c) Joint Operations

Council has no interest in any Joint Operations.

##### (d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

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

The following Subsidiaries, Joint Arrangements & Associates have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity	2015	2015
		Net Profit	Net Assets
<b>Riverina Regional Library</b>	Provision of Library Services Joint Venture	409	3,667

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 2015 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 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
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##### (a) Retained Earnings

##### Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		76,917	77,357
a. Net Operating Result for the Year		574	(440)
<b>Balance at End of the Reporting Period</b>		<b>77,491</b>	<b>76,917</b>

##### (b) Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		54,587	53,764
<b>Total</b>		<b>54,587</b>	<b>53,764</b>

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

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

- Opening Balance		53,764	53,470
- Revaluations for the year	9(a)	823	294
<b>- Balance at End of Year</b>		<b>54,587</b>	<b>53,764</b>

##### TOTAL VALUE OF RESERVES

<b>54,587</b>	<b>53,764</b>
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##### (iii) Nature & Purpose of Reserves

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

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

##### (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 2015

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

Income Statement by Fund \$ '000	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>		
Rates & Annual Charges	591	3,719
User Charges & Fees	86	3,276
Interest & Investment Revenue	53	67
Other Revenues	-	443
Grants & Contributions provided for Operating Purposes	19	4,671
Grants & Contributions provided for Capital Purposes	-	562
<b>Other Income</b>		
Net Gains from Disposal of Assets	1	198
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
<b>Total Income from Continuing Operations</b>	<b>750</b>	<b>12,936</b>
<b>Expenses from Continuing Operations</b>		
Employee Benefits & on-costs	237	3,783
Borrowing Costs	-	440
Materials & Contracts	148	5,078
Depreciation & Amortisation	288	1,849
Impairment	-	-
Other Expenses	41	1,248
<b>Total Expenses from Continuing Operations</b>	<b>714</b>	<b>12,398</b>
<b>Operating Result from Continuing Operations</b>	<b>36</b>	<b>538</b>
<b>Discontinued Operations</b>		
Net Profit/(Loss) from Discontinued Operations	-	-
<b>Net Operating Result for the Year</b>	<b>36</b>	<b>538</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>36</b>	<b>538</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>36</b>	<b>(24)</b>

<sup>1</sup> 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 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	2,001	334
Investments	-	-
Receivables	91	968
Inventories	-	884
Other	-	-
Non-current assets classified as 'held for sale'	-	-
<b>Total Current Assets</b>	<b>2,092</b>	<b>2,186</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	169
Inventories	-	1,698
Infrastructure, Property, Plant & Equipment	10,525	126,484
Investments Accounted for using the equity method	-	-
Investment Property	-	-
Intangible Assets	-	-
<b>Total Non-Current Assets</b>	<b>10,525</b>	<b>128,351</b>
<b>TOTAL ASSETS</b>	<b>12,617</b>	<b>130,537</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	916
Borrowings	-	435
Provisions	-	1,665
<b>Total Current Liabilities</b>	<b>-</b>	<b>3,016</b>
<b>Non-Current Liabilities</b>		
Payables	-	37
Borrowings	-	8,002
Provisions	-	21
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>8,060</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>11,076</b>
<b>Net Assets</b>	<b>12,617</b>	<b>119,461</b>
<b>EQUITY</b>		
Retained Earnings	5,006	72,485
Revaluation Reserves	7,611	46,976
<b>Total Equity</b>	<b>12,617</b>	<b>119,461</b>

<sup>1</sup> 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 2015

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

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\$ '000

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

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

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

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

Accordingly, the "authorised for issue" date is 12/11/15.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

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

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

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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 2015

#### Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- 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.

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

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

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

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

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

2015	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Financial Assets				
Receivables	-	139	-	139
Cash & Short Term Deposits	2,335	-	-	2,335
Total Financial Assets	2,335	139	-	2,474
Financial Liabilities				
Loans / Advances	-	8,437	-	8,437
Payables	-	811	-	811
Total Financial Liabilities	-	9,248	-	9,248
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	956	956
Office Equipment	-	-	47	47
Furniture & Fittings	-	-	41	41
- Operational Land	-	2,555	-	2,555
- Community Land	-	-	5,162	5,162
- Land under Roads (post 30/6/08)	-	-	63	63
Land Improvements - depreciable	-	-	554	554
Buildings - Non Specialised	-	1,711	-	1,711
Buildings - Specialised	-	-	11,585	11,585
Other Structures	-	-	2,836	2,836
Infrastructure:				
- Roads	-	-	48,696	48,696
- Bridges	-	-	3,628	3,628
- Footpaths	-	-	1,833	1,833
- Bulk Earthworks (non-depreciable)	-	-	42,784	42,784
- Stormwater Drainage	-	-	4,029	4,029
- Sewerage Network	-	-	10,525	10,525
- Library Books	-	-	1	1
- Other	-	-	3	3
Total Infrastructure, Property, Plant & Equipment	-	4,266	132,743	137,009

## Junee Shire Council

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

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

\$ '000

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

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
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 2015

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

\$ '000

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

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

	IPP&E	Total
Adoption of AASB 13	128,855	128,855
Purchases (GBV)	3,042	3,042
Disposals (WDV)	(282)	(282)
Depreciation & Impairment	(2,061)	(2,061)
FV Gains - Other Comprehensive Income	294	294
Impairment Reinstatement	557	557
Transfer to Note 8 - Real Estate Assets	(73)	(73)
<b>Closing Balance - 30/6/14</b>	<b>130,332</b>	<b>130,332</b>
Purchases (GBV)	4,128	4,128
Disposals (WDV)	(269)	(269)
Depreciation & Impairment	(2,092)	(2,092)
FV Gains - Other Comprehensive Income	823	823
Transfer to Note 8 - Real Estate Assets	(116)	(116)
<b>Closing Balance - 30/6/15</b>	<b>132,806</b>	<b>132,806</b>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

**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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I,PP&amp;E</b>						
Plant & Equipment	956	Heavy plant, trucks, cars, utes, minor plant	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>- Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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	47	Copiers, telephone system, projectors, IT equipment	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>- Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Furniture & Fittings	41	Desks, chairs, display equipment	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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.
Community Land	5,162	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.

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Land Improvements - depreciable	555	Sprinkler systems, cricket pitches, fencing, cemetery beams, waste transfer stations	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>- Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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	11,585	Library, Recreation Centre, Athenium Theatre, Broadway Museum, Emergency Services building, sporting facilities.	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>- Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Other Structures	2,836	Sheds, toilets, play equipment, tanks, transmission towers.	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Obtain quotations otherwise estimated unit rates based on recent costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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	49,518	Road seal, road pavement, kerb & gutter, other road structures.	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Bridges	3,628	Bridges and culverts > 6 m in length	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Estimated unit rates based on recent construction costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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	1,833	Footpaths and cycleways	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Estimated unit rates based on recent construction costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$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.

# Junee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Bulk Earthworks (non-depreciable)	42,025	Non depreciable earthworks	Current replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	\$4.20 m2 - \$10.71 m2 depending on product specification  <ul style="list-style-type: none"> <li>- Not applicable</li> <li>- Unlimited life</li> <li>- 0%</li> </ul>	FV may increase or decrease subject to - <ul style="list-style-type: none"> <li>- advances in construction techniques</li> </ul>
Stormwater Drainage	4,029	Pits, pipes, open v drains	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	Depends on product specifications; eg. Single or multicell, round or box, etc. Range of rates too numerous to list.  <ul style="list-style-type: none"> <li>- Excellent to poor</li> <li>- 15 - 100 years</li> <li>- 0%</li> </ul>	FV may increase or decrease subject to - <ul style="list-style-type: none"> <li>- changes to site conditions</li> <li>- construction techniques</li> <li>- asset condition and consumption effecting remaining life or residual value.</li> </ul>

## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Sewerage Network	10,525	Sewer mains, vent stacks, sewer treatment works, telemetry system.	Depreciated replacement cost	<ul style="list-style-type: none"> <li>- Gross replacement cost</li> <li>2014 NSW Reference Rate Manual for Water Supply, Sewerage and Stormwater Assets and checked against recent construction costs.</li> <li>- Asset condition</li> <li>- Remaining useful life</li> <li>- Residual Value</li> </ul>	<ul style="list-style-type: none"> <li>As per 2014 NSW Reference Rates for Water Supply, Sewerage and Stormwater Assets</li> <li>- Excellent to poor</li> <li>- 3 - 100 years</li> <li>- 0% for most assets, 40% for mains, 50% for some components at STW, 75% for storage facilities and wetlands</li> </ul>	<ul style="list-style-type: none"> <li>FV may increase or decrease subject to -</li> <li>- changes to site conditions</li> <li>- construction techniques</li> <li>- asset condition and consumption effecting remaining life or residual value.</li> </ul>



## Junee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

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

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 (30/6/15) \$'000	Examples of Type of Asset	Valuation Technique/s	Key unobservable inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>						
Library Books	1	Books, CD's, Shelves	Depreciated replacement cost	- 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	- 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 2015

#### Note 28. Financial Review

\$ '000

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

<b>Financial Performance Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>4,310</b>	4,197	3,910	3,754	3,629
User Charges Revenue	<b>3,362</b>	2,999	2,658	3,128	2,818
Interest & Investment Revenue (Losses)	<b>120</b>	144	151	213	187
Grants Income - Operating & Capital	<b>4,800</b>	4,339	5,648	5,871	4,925
Total Income from Continuing Operations	<b>13,686</b>	12,418	13,007	14,037	12,827
Sale Proceeds from I,PP&E	<b>1,043</b>	626	1,577	509	467
New Loan Borrowings & Advances	<b>1,540</b>	-	-	-	422
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>4,020</b>	4,416	4,149	4,108	4,166
Borrowing Costs	<b>440</b>	443	430	367	344
Materials & Contracts Expenses	<b>5,226</b>	4,657	4,330	4,785	3,716
Total Expenses from Continuing Operations	<b>13,112</b>	12,858	12,397	12,693	11,547
Total Cash purchases of I,PP&E	<b>4,316</b>	3,119	4,239	3,314	3,323
Total Loan Repayments (incl. Finance Leases)	<b>290</b>	-	163	250	254
Operating Surplus/(Deficit) (excl. Capital Income)	<b>12</b>	(1,571)	(604)	461	380
<b>Financial Position Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
Current Assets	<b>4,278</b>	4,879	5,467	5,757	5,437
Current Liabilities	<b>3,016</b>	3,418	2,541	2,480	2,436
Net Current Assets	<b>1,262</b>	1,461	2,926	3,277	3,001
Available Working Capital (Unrestricted Net Current Assets)	<b>480</b>	827	761	1,281	918
Cash & Investments - Unrestricted	<b>2</b>	43	40	309	13
Cash & Investments - Internal Restrictions	<b>32</b>	-	1,342	1,019	2,312
Cash & Investments - Total	<b>2,335</b>	2,050	3,143	2,865	3,709
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>8,437</b>	7,187	7,187	7,350	7,600
Total Value of I,PP&E (excl. Land & Earthworks)	<b>128,423</b>	126,461	124,287	119,142	116,862
Total Accumulated Depreciation	<b>41,978</b>	40,896	39,492	38,377	40,905
Indicative Remaining Useful Life (as a % of GBV)	67%	68%	68%	68%	65%

**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 2015

#### Note 29. Council Information & Contact Details

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**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:** <http://www.junee.nsw.gov.au>

**Email:** [jsc@junee.nsw.gov.au](mailto:jsc@junee.nsw.gov.au)

**Officers**
**GENERAL MANAGER**

James Davis

**RESPONSIBLE ACCOUNTING OFFICER**

Peter White

**PUBLIC OFFICER**

Les Hullick

**AUDITORS**

Crowe Horwath Auswild  
491 Smollett Street  
Albury NSW 2640

**Elected Members**
**MAYOR**

Clr Neil Smith

**COUNCILLORS**

Clr NW Smith  
Clr PJ Halliburton  
Clr MS Austin  
Clr RJ Callow  
Clr A Clinton  
Clr LM Cummins  
Clr MR Holmes  
Clr CJ Randall  
Clr JM Ward

**Other Information**

**ABN:** 62 621 799 578

## **INDEPENDENT AUDITORS' REPORT TO JUNEES SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Junee Shire Council ("the Council"), which comprises the statement of financial position as at 30 June 2015 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.

### **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. 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 present 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, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to the projections data in Note 17 nor the financial review at Note 28 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.

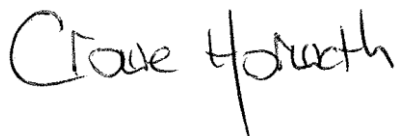
## **INDEPENDENCE**

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 12<sup>th</sup> day of November 2015.

# Report on the Conduct of the Audit

Junee Shire Council

For the Year Ended 30 June 2015

## Contents

1	Report on the Conduct of Audit .....	3
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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 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

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 (3) respectively of the Local Government Act 1993. Council received a formal extension of time from the Office of Local Government for submission of the 30 June 2015 financial statements until 16 November 2015.

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.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Unqualified with an emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of factual findings to Council and OLG
Special Schedule 9	Emphasis of matter regarding basis of preparation	OLG requirements

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:

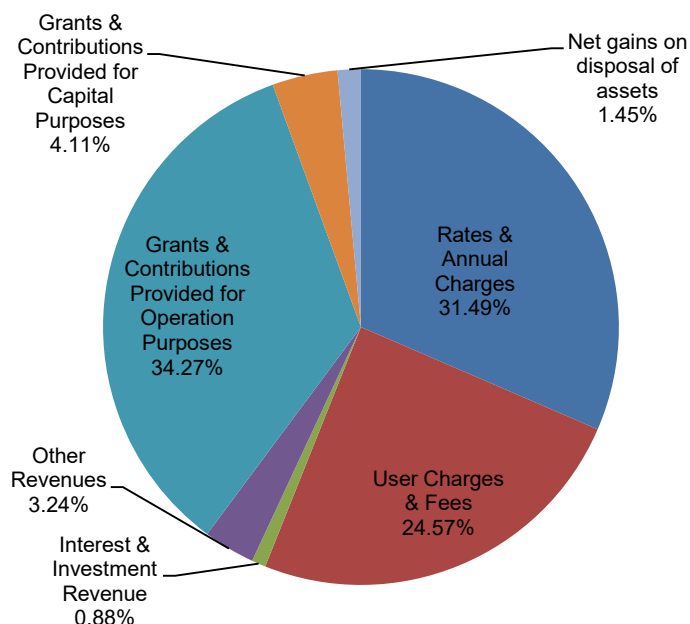
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

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

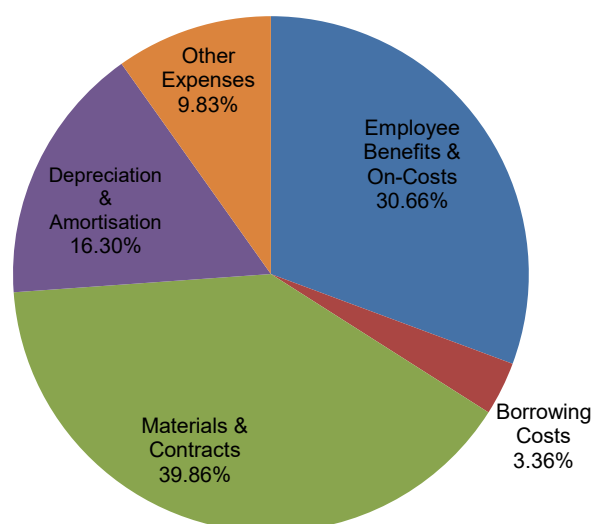
As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$574k (2014: \$440k deficit) for the year ended 30 June 2015.

A breakdown of Council's revenues and expenses for the year are as follows:

### 2015 Revenue



### 2015 Expenses



Significant income and expense items in the current year were:

	2015 \$'000	2014 \$'000	2013 \$'000
Rates and annual charges	4,310 <sup>1</sup>	4,197 <sup>1</sup>	3,910
User charges and fees	3,362	2,999	2,658
Grants and contributions - operating	4,690	3,369	4,598
Grants and contributions - capital	562	1,131	1,214
Employee costs	4,020	4,416	4,149
Materials and contracts	5,226	4,657	4,330
Depreciation and amortisation	2,137	2,020	1,945

The size of Council's core operations has remained relatively constant year on year. Timing and nature of grants received have a major influence on the reported result as demonstrated by the above. Operating grants have been impacted by a \$1.35m increase in financial assistance grants post the timing realignment applied in 2014. Capital grants and contributions in 2014 included \$0.5m of flood restoration works funding which were fully completed in 2014.

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

<sup>1</sup> Council has had in place a special rate variation which commenced in 2014 year and continues to be applied in 2015.

## 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.

	2015 \$'000	2014 \$'000	2013 \$'000
Cash and Liquid Investments	2,335	2,050	3,143
External Restrictions - included in liabilities	-	-	-
- not included in liabilities	(2,301)	(2,007)	(1,761)
Internal Restrictions - included in liabilities #	-	-	(280)
- not included in liabilities #	(32)	-	(1,062)
<b>Unrestricted Cash and Investments</b>	<b>2</b>	<b>43</b>	<b>40</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(160)	327	564
<b>Unrestricted Working Capital Surplus / (Deficit)</b>	<b>(158)</b>	<b>370</b>	<b>604</b>

# 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 highlight the unrestricted working capital deficiency for the 2015 financial year. A deficiency of working capital over the longer term is an unsustainable outcome for Council.

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. Sections 4.1 to 4.6 contemplate Councils performance on a consolidated basis. Section 4.7 shows Councils performance against the same ratios on a fund basis.

### 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 strengthened this year to (1.45)% due to an increase in grants and contributions provided for operating purposes.

Grants and contributions provided for operating purposes has increased due to the timing of receipt of the financial assistance grant.

### 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. A Council has improved financial flexibility with a higher level of own source revenue.

This ratio has decreased from 63.55% in 2014 to 61.06% in 2015. However, this remains above the minimum 60.00% benchmark set by the Code of Accounting Practice and Financial Reporting.

### 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. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

The liquidity ratio at Note 13 shows a decrease in Council's liquidity position compared to the prior year. The Council result of 0.97:1 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 2014/15 due to \$601k reduction in current assets.

#### 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 3.27:1 which is above the 2.00:1 benchmark minimum. The Council continues to hold a significant level of debt relative to like sized peer councils, with a balance of \$8.4m at 30 June 2015.

#### 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 debt recovery efforts.

This year the Council has improved from 10.20% in 2014 to 9.03% in 2015, indicating a relatively low percentage of receivables remains outstanding at year end. This 2015 result is now below the benchmark of 10%.

#### 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 stronger this year with a ratio of 2.44 months compared to 2014 when the ratio was 2.21 months. However, the current year ratio remains below the nominated benchmark minimum of 3.00:1, highlighting the limited available cash position of Council and the need for focus on Council's Long Term Financial Plan.

#### 4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a fund level and would indicate the result of Council's general operations excluding its sewer operations.

Indicators	Sewer	General
Operating performance ratio	4.80%	-1.83%
Own source operating revenue	97.47%	58.91%
Unrestricted current ratio	No liabilities	0.97x
Debt service cover ratio	0.00	2.83x
Rates, Annual Charges, Interest and extra charges outstanding %	15.40%	8.15%
Cash expense cover ratio	0.00	0.35 months

## 5 Specific Balance Sheet Items

### 5.1 Receivables

Total current receivable at 30 June 2015, net of allowance for impairment was \$1,059k (2014: \$1,819k).

This balance primarily consists of rates and annual charges of \$419k (2014: \$445k) and RMS charges of \$422k (2014: \$637k). 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 2015 was \$42k (2014: \$34k). An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient, 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 \$4,069k (2014: \$3,042k) on asset additions of infrastructure, property, plant and equipment. A further \$nil (2014: \$557k) was spent on reinstatement costs for impaired assets.

The primary areas of capital expenditure were as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
Land & improvements	12	76	76
Buildings	23	52	753
Plant and equipment	467	298	287
Roads, bridges and footpaths	2,205	1,858	1,202
Stormwater drainage	448	5	49
Bulk earthworks	759	671	780
Sewerage network	92	54	5
Other	63	28	21
<b>Asset additions</b>	<b>4,069</b>	<b>3,042</b>	<b>3,173</b>
Reinstatement costs for impaired assets	-	557	1,155
<b>Total capital expenditure</b>	<b>4,069</b>	<b>3,599</b>	<b>4,328</b>

### 5.3 Borrowings

Total borrowings have increased from the prior year's balance of \$7,187k to \$8,437k. The loans are held with National Australia Bank (\$1,608k), ANZ Bank (\$990k), CBA (\$540k) and transferrable indexed annuity bonds (\$5.3M).

### 5.4 Fair Value of Infrastructure Assets

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2011: Community land, land improvements, other structures and other assets;  
 2012: Water and sewer networks;  
 2013: Operational land and buildings;  
 2014: Land under roads (if applicable); and  
 2015: Roads, bridges, footpaths, drainage and bulk earthworks.

Given that Council revalued Roads, bridges, footpaths and bulk earthworks in 2012, the 2015 revaluation process resulted in the following adjustments to Council's assets:

Asset Category	Revaluation Amount Increase/(Decrease) \$
Stormwater drainage	664k

In 2015 the Council performed annual indexation of the sewerage network to fair value. This revaluation resulted in the following increment:

Sewerage network:      \$159k      Increment

As per the statement of comprehensive income the net gain on revaluation of I,PP&E was \$823k (2014: \$294k).

As at June 2015 all Council's infrastructure, property, plant and equipment is held at fair value.

## 5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018,
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

Council is of the view that these standards not yet effective 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 Management Letter

A separate report is issued to Council's management which covers in further detail the audit and accounting issues identified during our audit process.

### 6.2 Independence

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

### 6.3 Assistance Provided

We recognise and appreciate the General Manager and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

### 6.4 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

Crowe Horwath Auswild

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Albury NSW 2640 Australia  
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# Junee Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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"Make Tracks"



## Junee Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	4
Statement of Financial Position - Other Business Activities	n/a
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>5</b>
<b>4. Auditor's Report</b>	<b>12</b>

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office 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 2015

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

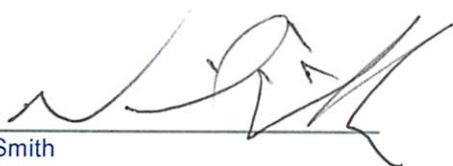
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

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

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

Signed in accordance with a resolution of Council made on 20 October 2015.



Neil Smith  
MAYOR



Pam Halliburton  
COUNCILLOR



James Davis  
GENERAL MANAGER



Peter White  
RESPONSIBLE ACCOUNTING OFFICER

## Junee Shire Council

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

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	591	584
User charges	86	75
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	53	67
Grants and contributions provided for non capital purposes	19	21
Profit from the sale of assets	1	-
Other income	-	3
<b>Total income from continuing operations</b>	<b>750</b>	<b>750</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	237	187
Borrowing costs	-	-
Materials and contracts	148	250
Depreciation and impairment	288	270
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	41	58
<b>Total expenses from continuing operations</b>	<b>714</b>	<b>765</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>36</b>	<b>(15)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>36</b>	<b>(15)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>36</b>	<b>(15)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(11)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>25</b>	<b>(15)</b>
plus Opening Retained Profits	4,970	4,985
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	11	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>5,006</b>	<b>4,970</b>
<b>Return on Capital %</b>	<b>0.3%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>282</b>	<b>391</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	25	(15)
less: Capital grants and contributions (excluding developer contributions)	9	-
<b>Surplus for dividend calculation purposes</b>	<b>34</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>17</b>	<b>-</b>

## Junee Shire Council

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

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,001	1,757
Investments	-	-
Receivables	91	103
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>2,092</b>	<b>1,860</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,525	10,562
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>10,525</b>	<b>10,562</b>
<b>TOTAL ASSETS</b>	<b>12,617</b>	<b>12,422</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>12,617</b>	<b>12,422</b>
<b>EQUITY</b>		
Retained earnings	5,006	4,970
Revaluation reserves	7,611	7,452
Council equity interest	12,617	12,422
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>12,617</b>	<b>12,422</b>

## Junee Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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

Note	Details	Page
1	Summary of Significant Accounting Policies	6
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 2015

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

**Nil**

##### Category 2

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

#### 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 2015

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

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from 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 2015

#### 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 3.02% at 30/6/15.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

#### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government 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 sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Junee Shire Council

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

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2015

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	5,139
(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]	17,100
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	51,390
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	52,100

2015 Surplus	34,200	2014 Surplus	(15,000)	2013 Surplus	32,900
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	17,100
(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 2015

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

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

2015

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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	697
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,525
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	426
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	92
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.16%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	697
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.73%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	92
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.16%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Junee Shire Council

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

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

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

2015

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	-15.86%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	17
	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:	-	53
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	36
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage)	\$'000	19
	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 JUNEE 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 2015, 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 NSW Office of Water 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

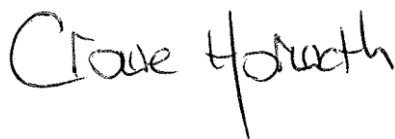
In our opinion the special purpose financial statements of Junee Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2015 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.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council 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 12<sup>th</sup> day of November 2015.



# Junee Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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"Make Tracks"



## Junee Shire Council

### Special Schedules

for the financial year ended 30 June 2015

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### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
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- Special Schedule No. 9	Permissible Income Calculation	16

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

### Background

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

# Junee Shire Council

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

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>532</b>	-	-	<b>(532)</b>
<b>Administration</b>	<b>1,349</b>	<b>293</b>	-	<b>(1,056)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	206	64	-	<b>(142)</b>
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1	6	-	<b>5</b>
Animal Control	35	8	-	<b>(27)</b>
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>242</b>	<b>78</b>	-	<b>(164)</b>
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	127	46	-	<b>(81)</b>
Other Environmental Protection	3	-	-	<b>(3)</b>
Solid Waste Management	653	655	30	<b>32</b>
Street Cleaning	103	-	-	<b>(103)</b>
Drainage	64	43	-	<b>(21)</b>
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>950</b>	<b>744</b>	<b>30</b>	<b>(176)</b>
<b>Community Services and Education</b>				
Administration & Education	45	108	-	<b>63</b>
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	130	157	-	<b>27</b>
Children's Services	848	802	-	<b>(46)</b>
<b>Total Community Services &amp; Education</b>	<b>1,023</b>	<b>1,067</b>	-	<b>44</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	137	78	-	<b>(59)</b>
Public Conveniences	57	-	-	<b>(57)</b>
Street Lighting	71	17	-	<b>(54)</b>
Town Planning	327	80	52	<b>(195)</b>
Other Community Amenities	63	30	-	<b>(33)</b>
<b>Total Housing and Community Amenities</b>	<b>655</b>	<b>205</b>	<b>52</b>	<b>(398)</b>
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	<b>714</b>	<b>741</b>	<b>9</b>	<b>36</b>

# Junee Shire Council

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

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	376	53	-	(323)
Museums	30	-	-	(30)
Art Galleries	-	-	-	-
Community Centres and Halls	64	2	-	(62)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	173	-	-	(173)
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	325	26	-	(299)
Other Sport and Recreation	977	279	-	(698)
<b>Total Recreation and Culture</b>	<b>1,945</b>	<b>360</b>	<b>-</b>	<b>(1,585)</b>
<b>Fuel &amp; Energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agriculture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	99	-	-	(99)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>(99)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	406	100	21	(285)
Urban Roads - Regional	10	-	-	(10)
Sealed Rural Roads (SRR) - Local	992	329	450	(213)
Sealed Rural Roads (SRR) - Regional	181	400	-	219
Unsealed Rural Roads (URR) - Local	452	-	-	(452)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	16	-	-	(16)
Bridges on SRR - Local	43	-	-	(43)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	26	-	-	(26)
Parking Areas	-	-	-	-
Footpaths	40	-	-	(40)
Aerodromes	-	-	-	-
Other Transport & Communication	2,954	2,512	-	(442)
<b>Total Transport and Communication</b>	<b>5,120</b>	<b>3,341</b>	<b>471</b>	<b>(1,308)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	20	9	-	(11)
Other Economic Affairs	463	430	-	(33)
<b>Total Economic Affairs</b>	<b>483</b>	<b>439</b>	<b>-</b>	<b>(44)</b>
<b>Totals – Functions</b>	<b>13,112</b>	<b>7,268</b>	<b>562</b>	<b>(5,282)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>5,856</b>		<b>5,856</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>13,112</b>	<b>13,124</b>	<b>562</b>	<b>574</b>

(1) As reported in the Income Statement

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

## Junee Shire Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	259	6,928	7,187	1,540	290	-	-	440	435	8,002	8,437
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>259</b>	<b>6,928</b>	<b>7,187</b>	<b>1,540</b>	<b>290</b>	<b>-</b>	<b>-</b>	<b>440</b>	<b>435</b>	<b>8,002</b>	<b>8,437</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>259</b>	<b>6,928</b>	<b>7,187</b>	<b>1,540</b>	<b>290</b>	<b>-</b>	<b>-</b>	<b>440</b>	<b>435</b>	<b>8,002</b>	<b>8,437</b>

Notes: Excludes (i) Internal Loans &amp; (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	84	81
b. Engineering and Supervision	9	29
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	101	116
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	-	-
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	31	53
i. Effluent Management	17	21
j. Biosolids Management	-	-
k. Maintenance expenses	184	195
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	288	270
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
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)	-	-
<b>5. Total expenses</b>	<b>714</b>	<b>765</b>

## Junee Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	591	584
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	86	75
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	53	67
<b>11. Other income</b>	1	-
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	19	21
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	3
<b>14. Total income</b>	<b>750</b>	<b>750</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<b>36</b>	<b>(15)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	36	(15)

## Junee Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	92	54
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>92</b>	<b>54</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,437	1,430
b. Residential (unoccupied, ie. vacant lot)	131	125
c. Non-residential (occupied)	125	126
d. Non-residential (unoccupied, ie. vacant lot)	20	21
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 33,786	\$ 34,803



## Junee Shire Council

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

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

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

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

## 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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,001	-	2,001
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	91	-	91
c. User Charges	-	-	-
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	10,525	10,525
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>2,092</b>	<b>10,525</b>	<b>12,617</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>42. NET ASSETS COMMITTED</b>	<b>2,092</b>	<b>10,525</b>	<b>12,617</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			5,006
<b>44. Asset revaluation reserve</b>			7,611
<b>45. TOTAL EQUITY</b>			<b>12,617</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			20,659
<b>47. Accumulated current cost</b> depreciation of system assets			(10,134)
<b>48. Written down current cost</b> of system assets			<b>10,525</b>

## Junee Shire Council

### Note to Special Schedule No. 5 for the financial year ended 30 June 2015

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

(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 <sup>(1)</sup>

(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).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedule 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 12a of Special Schedule 5 is for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's sewerage revenue.

**Residential charges** <sup>(2)</sup> (item 6 of Special Schedule 5) include all income from residential charges.

**Non-residential charges** <sup>(2)</sup> (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:

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

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

## Junee Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	13	6	8	774	0%	0%	100%	0%	0%
	Council Works Depot	29	18	17	390	0%	45%	45%	4%	6%
	Council Public Halls	-	3	2	1,279	100%	0%	0%	0%	0%
	Council Houses	-	10	7	601	95%	0%	0%	0%	5%
	Medical Centre	-	10	15	937	100%	0%	0%	0%	0%
	Museum	21	5	14	936	0%	0%	100%	0%	0%
	Library	-	11	9	2,271	100%	0%	0%	0%	0%
	Amenities/Toilets	55	19	18	-	22%	58%	0%	20%	
	Swimming Pool	60	8	10	960	0%	100%	0%	0%	0%
	Recreation Centre	65	10	11	4,303	98%	0%	2%	0%	0%
	Other	160	21	23	845	25%	30%	25%	10%	10%
	<b>sub total</b>	<b>403</b>	<b>121</b>	<b>134</b>	<b>13,296</b>	<b>71.3%</b>	<b>10.4%</b>	<b>16.4%</b>	<b>0.8%</b>	<b>1.0%</b>
Other Structures	Other Structures	340	25	20	2,836	22%	60%	5%	12%	1%
	<b>sub total</b>	<b>340</b>	<b>25</b>	<b>20</b>	<b>2,836</b>	<b>22.0%</b>	<b>60.0%</b>	<b>5.0%</b>	<b>12.0%</b>	<b>1.0%</b>
Roads	Sealed Roads Surface	221	251	253	6,029	27%	27%	41%	4%	1%
	Sealed Roads Structure	845	479	327	32,876	16%	16%	61%	6%	1%
	Unsealed Roads	444	196	157	3,843	8%	27%	60%	5%	0%
	Bridges	-	-	-	3,627	12%	61%	24%	3%	0%
	Footpaths	-	3	1	5,949	85%	9%	6%	0%	0%
	Kerb and Gutter	-	2	2	1,833	38%	38%	16%	7%	1%
	<b>sub total</b>	<b>1,510</b>	<b>931</b>	<b>740</b>	<b>54,157</b>	<b>24.7%</b>	<b>21.0%</b>	<b>48.7%</b>	<b>4.9%</b>	<b>0.8%</b>

## Junee Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Sewerage Network	Mains	2,340	152	147	6,561	29%	15%	4%	52%	0%
	Treatment	310	122	111	1,025	0%	0%	34%	23%	43%
	Effluent Reuse	52	54	47	2,939	60%	38%	2%	0%	0%
	<b>sub total</b>	<b>2,702</b>	<b>328</b>	<b>305</b>	<b>10,525</b>	<b>34.8%</b>	<b>20.0%</b>	<b>6.4%</b>	<b>34.7%</b>	<b>4.2%</b>
Stormwater Drainage	Pipes / Culverts	131	16	13	636	0%	2%	95%	3%	0%
	Urban Drainage Infrastructure	12	3	21	3,393	37%	21%	38%	4%	0%
	<b>sub total</b>	<b>143</b>	<b>19</b>	<b>34</b>	<b>4,029</b>	<b>31.2%</b>	<b>18.0%</b>	<b>47.0%</b>	<b>3.8%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>5,098</b>	<b>1,424</b>	<b>1,233</b>	<b>84,843</b>	<b>33.5%</b>	<b>20.4%</b>	<b>36.8%</b>	<b>8.1%</b>	<b>1.2%</b>

## Notes:

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

## (5). Infrastructure Asset Condition Assessment "Key"

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

## Junee Shire Council

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) <sup>(1)</sup>	2,872	152.85%	134.38%	76.32%
Depreciation, Amortisation & Impairment	1,879			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	5,098	5.97%	6.70%	6.66%
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	85,397			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	1,233	0.87	0.85	1.02
Required Asset Maintenance	1,424			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	3,800	1.78	1.64	1.46
Annual Depreciation	2,137			

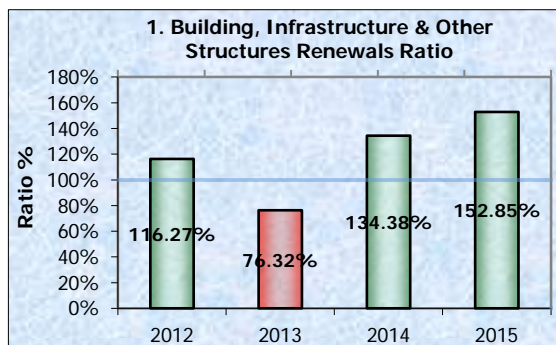
#### Notes

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

<sup>(2)</sup> Written Down Value

## Junee Shire Council

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



Benchmark: — Minimum  $\geq 100.00\%$

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

#### Purpose of Asset Renewals Ratio

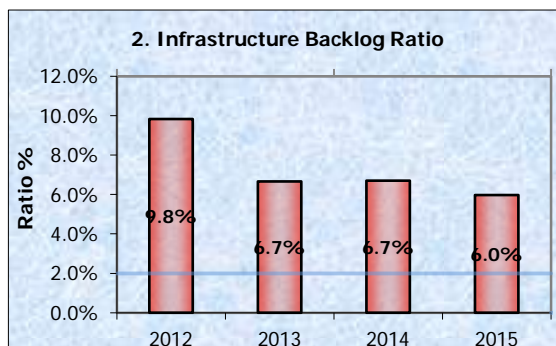
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

#### Commentary on 2014/15 Result

**2014/15 Ratio 152.85%**

This is a healthy asset renewal ratio. Additional capital roadworks is a major contributing factor.

Ratio is within Benchmark  
Ratio is outside Benchmark



Benchmark: — Maximum  $< 0.02$

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

#### Purpose of Infrastructure Backlog Ratio

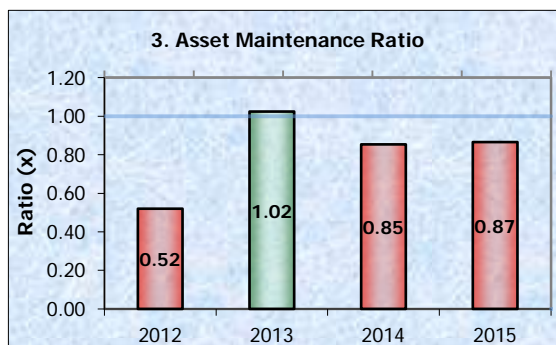
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

#### Commentary on 2014/15 Result

**2014/15 Ratio 5.97%**

This ratio has reduced between 2013 and 2015, but still is above the industry standard of 2%. Council continues to work on reducing the backlog and has allocated resources in future budgets.

Ratio is within Benchmark  
Ratio is outside Benchmark



Benchmark: — Minimum  $> 1.00$

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

#### Purpose of Asset Maintenance Ratio

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

#### Commentary on 2014/15 Result

**2014/15 Ratio 0.87 x**

A slight improvement on 2014, but still a little below the benchmark.

Ratio is within Benchmark  
Ratio is outside Benchmark



Benchmark: — Minimum  $> 1.10$

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

#### Purpose of Capital Expenditure Ratio

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

#### Commentary on 2014/15 Result

**2014/15 Ratio 1.78 x**

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

Ratio is within Benchmark  
Ratio is outside Benchmark

## Junee Shire Council

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

\$ '000	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>		
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>		
Asset Renewals		
(Building, Infrastructure & Other Structures) <sup>(2)</sup>	<b>0.00%</b>	<b>180.52%</b>
Depreciation, Amortisation & Impairment		
prior period:	20.00%	154.29%
<b>2. Infrastructure Backlog Ratio</b>		
Estimated Cost to bring Assets to a Satisfactory Condition		
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>25.67%</b>	<b>3.20%</b>
prior period:	25.58%	4.00%
<b>3. Asset Maintenance Ratio</b>		
Actual Asset Maintenance		
Required Asset Maintenance	<b>0.93</b>	<b>0.85</b>
prior period:	0.93	0.83
<b>4. Capital Expenditure Ratio</b>		
Annual Capital Expenditure		
Annual Depreciation	<b>0.32</b>	<b>2.01</b>
prior period:	0.20	1.86

#### Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Sewer activity which is listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value



## Junee Shire Council

### Special Schedule No. 9 - Permissible Income Calculation for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	3,089	3,181
Plus or minus Adjustments <sup>(2)</sup>	b	12	8
<b>Notional General Income</b>	<b>c = (a + b)</b>	<b>3,101</b>	<b>3,189</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	11.90%	9.50%
or Rate peg percentage	e	0.00%	0.00%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	(257)	-
plus Special variation amount	h = d x (c-g)	338	303
or plus Rate peg amount	i = c x e	-	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	<b>k = (c+g+h+i+j)</b>	<b>3,182</b>	<b>3,492</b>
plus (or minus) last year's Carry Forward Total	l	(1)	0
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	<b>n = (l + m)</b>	<b>(1)</b>	<b>0</b>
<b>Total Permissible income</b>	<b>o = k + n</b>	<b>3,181</b>	<b>3,492</b>
less Notional General Income Yield	p	3,181	3,492
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>0</b>	<b>0</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	<b>t = q + r - s</b>	<b>0</b>	<b>0</b>

#### Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

## **JUNEE SHIRE COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT AUDITORS REPORT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016**

### *Report on Special Schedule No. 9*

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

### *Responsibility of Council for Special Schedule No. 9*

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

### *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*

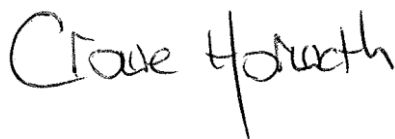
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

*Audit Opinion*

In our opinion, Special Schedule No. 9 of Junee Shire Council for 2015/16 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 12<sup>th</sup> day of November 2015.