

Junee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

"Make Tracks"



Junee Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	70
- On the Conduct of the Audit (Sect 417 [3])	72

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 specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government 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 22/10/12.
Council has the power to amend and reissue the financial statements.

Junee Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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 NSW Division 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. An Income Statement

A summary of 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. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A 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 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 Division of Local Government.

Junee Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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:

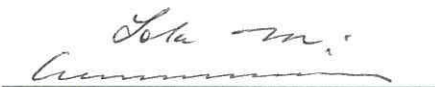
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 16 October 2012.



Cr L M Cummins
MAYOR



Cr N W Smith
COUNCILLOR



G F S Campbell
GENERAL MANAGER



J W Whitfield
RESPONSIBLE ACCOUNTING OFFICER

Junee Shire Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012 \$ '000		Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
3,746	Rates & Annual Charges	3a	3,754	3,629
2,935	User Charges & Fees	3b	3,128	2,818
169	Interest & Investment Revenue	3c	213	187
295	Other Revenues	3d	430	426
4,040	Grants & Contributions provided for Operating Purposes	3e,f	5,527	4,666
789	Grants & Contributions provided for Capital Purposes	3e,f	883	900
Other Income:				
143	Net gains from the disposal of assets	5	102	201
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
12,117	Total Income from Continuing Operations		14,037	12,827
Expenses from Continuing Operations				
4,244	Employee Benefits & On-Costs	4a	4,108	4,166
343	Borrowing Costs	4b	367	344
4,738	Materials & Contracts	4c	4,785	3,716
1,758	Depreciation & Amortisation	4d	2,123	2,149
-	Impairment	4d	-	-
646	Other Expenses	4e	1,310	1,172
11,729	Total Expenses from Continuing Operations		12,693	11,547
388	Operating Result from Continuing Operations		1,344	1,280
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
388	Net Operating Result for the Year		1,344	1,280
388	Net Operating Result attributable to Council		1,344	1,280
	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(401)			461	380

(1) Original Budget as approved by Council - refer Note 16

Junee Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		1,344	1,280
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,661	4,597
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(2,249)	(593)
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		8,412	4,004
Total Comprehensive Income for the Year		9,756	5,284
Total Comprehensive Income attributable to Council		9,756	5,284
Total Comprehensive Income attributable to Minority Interests		-	-

Junee Shire Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	2,865	3,709
Investments	6b	-	-
Receivables	7	2,110	971
Inventories	8	658	687
Other	8	124	70
Total Current Assets		5,757	5,437
Non-Current Assets			
Investments	6b	-	-
Receivables	7	2	190
Inventories	8	1,765	1,671
Infrastructure, Property, Plant & Equipment	9	128,476	119,067
Total Non-Current Assets		130,243	120,928
TOTAL ASSETS		136,000	126,365
LIABILITIES			
Current Liabilities			
Payables	10	812	722
Borrowings	10	162	250
Provisions	10	1,506	1,464
Total Current Liabilities		2,480	2,436
Non-Current Liabilities			
Payables	10	37	37
Borrowings	10	7,188	7,350
Provisions	10	12	15
Total Non-Current Liabilities		7,237	7,402
TOTAL LIABILITIES		9,717	9,838
Net Assets		126,283	116,527
EQUITY			
Retained Earnings	20	76,747	75,403
Revaluation Reserves	20	49,536	41,124
Council Equity Interest		126,283	116,527
Minority Equity Interest		-	-
Total Equity		126,283	116,527

Junee Shire Council

Statement of Changes in Equity for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		75,403	41,124	116,527	-	116,527
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		75,403	41,124	116,527	-	116,527
c. Net Operating Result for the Year		1,344	-	1,344	-	1,344
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,661	10,661	-	10,661
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,249)	(2,249)	-	(2,249)
Other Comprehensive Income		-	8,412	8,412	-	8,412
Total Comprehensive Income (c&d)		1,344	8,412	9,756	-	9,756
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		76,747	49,536	126,283	-	126,283

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		73,808	37,120	110,928	-	110,928
a. Correction of Prior Period Errors	20 (c)	315	-	315	-	315
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		74,123	37,120	111,243	-	111,243
c. Net Operating Result for the Year		1,280	-	1,280	-	1,280
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,597	4,597	-	4,597
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(593)	(593)	-	(593)
Other Comprehensive Income		-	4,004	4,004	-	4,004
Total Comprehensive Income (c&d)		1,280	4,004	5,284	-	5,284
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		75,403	41,124	116,527	-	116,527

Junee Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget			Actual	Actual
2012	\$ '000	Notes	2012	2011
Cash Flows from Operating Activities				
<u>Receipts:</u>				
3,746	Rates & Annual Charges		3,765	3,550
2,935	User Charges & Fees		3,290	3,090
169	Investment & Interest Revenue Received		196	175
4,829	Grants & Contributions		5,707	5,802
-	Bonds, Deposits & Retention amounts received		-	20
295	Other		739	567
<u>Payments:</u>				
(4,044)	Employee Benefits & On-Costs		(4,036)	(3,929)
(4,887)	Materials & Contracts		(5,393)	(4,708)
(334)	Borrowing Costs		(362)	(325)
(646)	Other		(1,496)	(1,426)
2,063	Net Cash provided (or used in) Operating Activities	11b	2,410	2,816
Cash Flows from Investing Activities				
<u>Receipts:</u>				
519	Sale of Real Estate Assets		235	-
1,059	Sale of Infrastructure, Property, Plant & Equipment		274	467
-	Deferred Debtors Receipts		52	-
<u>Payments:</u>				
(4,127)	Purchase of Infrastructure, Property, Plant & Equipment		(3,314)	(3,323)
(206)	Purchase of Real Estate Assets		(251)	(543)
-	Deferred Debtors & Advances Made		-	(9)
(2,755)	Net Cash provided (or used in) Investing Activities		(3,004)	(3,408)
Cash Flows from Financing Activities				
<u>Receipts:</u>				
-	Proceeds from Borrowings & Advances		-	422
<u>Payments:</u>				
(250)	Repayment of Borrowings & Advances		(250)	(254)
(250)	Net Cash Flow provided (used in) Financing Activities		(250)	168
(942)	Net Increase/(Decrease) in Cash & Cash Equivalents		(844)	(424)
2,559	plus: Cash & Cash Equivalents - beginning of year	11a	3,709	4,133
1,617	Cash & Cash Equivalents - end of the year	11a	2,865	3,709
Additional Information:				
	plus: Investments on hand - end of year	6b	-	-
Total Cash, Cash Equivalents & Investments			2,865	3,709

Please refer to Note 11 for additional cash flow information

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	27
2(b)	Council Functions / Activities - Component Descriptions	28
3	Income from Continuing Operations	29
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	38
6(a)	Cash & Cash Equivalent Assets	38
6(b)	Investment Securities	38 n/a
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	39
7	Receivables	40
8	Inventories & Other Assets	41
9(a)	Infrastructure, Property, Plant & Equipment	42
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	43
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	43
10(a)	Payables, Borrowings & Provisions	44
10(b)	Description of (& movements in) Provisions	45
11	Statement of Cash Flows - Additional Information	46
12	Commitments for Expenditure	47
13a	Statements of Performance Measures:	
	(i) Local Government Industry Indicators (Consolidated)	48
	(ii) Local Government Industry Graphs (Consolidated)	49
13b	Statement of Performance Measures - Industry Indicators (by Fund)	50
14	Investment Properties	51 n/a
15	Financial Risk Management	51
16	Material Budget Variations	55
17	Statement of Developer Contributions	57
18	Contingencies and Other Liabilities/Assets not recognised	59
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	61
20	Equity - Retained Earnings and Revaluation Reserves	62
21	Financial Result & Financial Position by Fund	64
22	"Held for Sale" Non Current Assets & Disposal Groups	66 n/a
23	Events occurring after Balance Sheet Date	66
24	Discontinued Operations	66 n/a
25	Intangible Assets	67 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	67
Additional Council Disclosures		
27	Financial Commentary & Review	68
28	Council Information & Contact Details	69

n/a - not applicable

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 (AASB's), 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 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 Australian Accounting Standards (AASB's) 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 Australian Accounting Standards.

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(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 2011.

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) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment 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)].

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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 the entity 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.

Critical judgements in applying the entity'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 94A Commitments - Council has used significant judgement in determining future Section 94A 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 the entity 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.

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 S94A of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(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 30/6/12) and (ii) all

the related operating results (for the financial year ended the 30th June 2012).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

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

(i) The Consolidated Fund

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

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

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

- *General Fund*
- *Sewerage Fund*

(ii) The Trust Fund

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Joint Ventures

Riverina Regional Library

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

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

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

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

Spatial Information Management Project

A Memorandum of Understanding was signed in August 2005 to form a Spatial Information Management Project group consisting of Junee Shire Council, Temora Shire Council, Bland Shire Council, Coolamon Shire Council and Goldenfields Water County Council.

The Project seeks to enhance the spatial information capabilities of each of its member.

Junee Shire Council is the host Council with all 5 Councils contributing equal contributions to the Project. The Project costs and the contributions from the other Councils are shown in these consolidated accounts.

Note 19 – Joint Ventures and Associated Entities outlines further information concerning the Spatial Information Management Project group.

(iv) Associated Entities

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

Such entities are usually termed Associates.

As at the reporting date, Council has no interest in any Associated Entities.

(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 Goldenfields Water County Council is responsible for managing its own affairs.

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

(vi) Additional Information

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

(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

Junee Shire 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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are “held for trading”. A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

(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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division 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)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (External Valuation)
- **Land Improvements** (as approximated by depreciated historical cost)
- **Other Structures** (External Valuation)
- **Other Assets** (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

to Council and the cost of the item can be measured reliably.

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

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 carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

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

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

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

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
----------------	------------------

Plant & Equipment

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

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

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line 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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Other Equipment

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

Buildings

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

Stormwater Drainage

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

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
-------------------	----------

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

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

Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net

disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

accounting treatment for Crown Reserves across both tiers of government.

and there is no material cost to remediate at the end of their life.

(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 2011-2012 financial year.

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

The Council has no obligations for clean up of tips. Its 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 the 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.

The Council has no obligations to restore quarries. The quarries are made safe as they are operated

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

The Council did not hold any non-current assets for sale or have any discontinued operations during the 2011-2012 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.

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the “deprival value” of the asset which is approximated as its written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 except to the extent that they are incurred during the construction of qualifying assets.

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

reporting date (which is not expected to be 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 Local Government Superannuation Scheme defined benefit plan and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using

the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

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

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

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

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

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

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

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

(y) Self insurance

Council does not self insure.

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Applicable to Local Government but no implications for Council;

None

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

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

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

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

In September 2011, the AASB released a revised standard on accounting for employee benefits.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

This replaces the expected return on plan assets that is currently included in profit or loss.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	30	-	404	376	346	(404)	(346)	(346)	30	-	3,179	3,165
Administration	472	728	599	1,977	2,343	1,844	(1,505)	(1,615)	(1,245)	-	-	1,226	1,744
Public Order & Safety	90	98	125	265	249	241	(175)	(151)	(116)	87	101	195	203
Environment	683	800	719	782	814	1,019	(99)	(14)	(300)	182	72	3,931	3,962
Community Services & Education	937	857	888	974	902	931	(37)	(45)	(43)	691	727	18	-
Housing & Community Amenities	372	281	230	607	457	482	(235)	(176)	(252)	2	3	1,560	1,516
Sewerage Services	723	723	701	676	743	741	47	(20)	(40)	21	20	11,707	13,403
Recreation & Culture	374	389	485	1,787	1,894	1,694	(1,413)	(1,505)	(1,209)	34	193	16,995	16,852
Mining, Manufacturing & Construction	5	-	-	101	99	-	(96)	(99)	-	-	-	18	20
Transport & Communication	2,479	3,688	3,331	3,437	4,279	3,544	(958)	(591)	(213)	1,611	1,326	93,074	81,613
Economic Affairs	805	543	684	719	537	705	86	6	(21)	13	14	4,097	3,887
Total Functions & Activities	6,940	8,137	7,762	11,729	12,693	11,547	(4,789)	(4,556)	(3,785)	2,671	2,456	136,000	126,365
General Purpose Income ¹	5,177	5,900	5,065	-	-	-	5,177	5,900	5,065	3,200	2,469	-	-
Operating Result from Continuing Operations	12,117	14,037	12,827	11,729	12,693	11,547	388	1,344	1,280	5,871	4,925	136,000	126,365

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 2012

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, food control other, administration.

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters, RTA works, other.

ECONOMIC AFFAIRS

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		1,021	980
Farmland		1,333	1,296
Business		256	252
Total Ordinary Rates		2,610	2,528
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		422	409
Stormwater Management Services		45	43
Sewerage Services		551	531
Waste Management Services (non-domestic)		126	118
Total Annual Charges		1,144	1,101
TOTAL RATES & ANNUAL CHARGES		3,754	3,629

Council has used 2009 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 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		78	80
Waste Management Services (non-domestic)		2	2
Total User Charges		80	82
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		60	57
Private Works - Section 67		405	229
Regulatory/ Statutory Fees		12	15
Section 149 Certificates (EPA Act)		18	15
Section 603 Certificates		9	7
Total Fees & Charges - Statutory/Regulatory		504	323
(ii) Fees & Charges - Other(incl. General User Charges (per s.608)			
Cemeteries		99	64
Family Day Care		112	92
Leaseback Fees - Council Vehicles		55	49
Library & Art Gallery		5	5
Multipurpose Centre		197	175
Refuse & Effluent Disposal		1	1
Rent & Hire of Council Properties		7	7
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,025	1,977
Waste Disposal Tipping Fees		41	43
Other		2	-
Total Fees & Charges - Other		2,544	2,413
TOTAL USER CHARGES & FEES		3,128	2,818

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		41	30
- Interest earned on Investments (interest & coupon payment income)		153	145
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		19	12
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>213</u>	<u>187</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		41	30
General Council Cash & Investments		56	27
Restricted Investments/Funds - External:			
Sewerage Fund Operations		74	70
Other Externally Restricted Assets		8	19
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		34	41
<u>Total Interest & Investment Revenue Recognised</u>		<u>213</u>	<u>187</u>
(d). Other Revenues			
Rental Income - Other Council Properties		149	152
Fines		1	1
Legal Fees Recovery - Rates & Charges (Extra Charges)		13	15
Commissions & Agency Fees		112	95
Diesel Rebate		25	28
Holiday Activities		7	4
Insurance Claim Recoveries		27	36
Recycling Income (non domestic)		4	7
Sales - Swimming Centre		68	59
Scrap Metal Sales		20	27
Other		4	2
<u>TOTAL OTHER REVENUE</u>		<u>430</u>	<u>426</u>

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	3,155	2,423	-	-
Pensioners' Rates Subsidies - General Component	45	46	-	-
Total General Purpose	3,200	2,469	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	21	20	-	-
- Domestic Waste Management	19	20	-	-
Aged Care	1	1	-	-
Bushfire & Emergency Services	127	101	-	-
Community Care	1	1	-	-
Community Transport	92	88	-	-
Family Day Care	587	620	-	-
Flood Risk Planning	77	19	-	-
Flood Restoration	-	-	502	651
Heritage & Cultural	14	17	-	-
Library	-	-	-	15
Library - per capita	24	24	-	-
Library - special projects	-	-	6	5
Noxious Weeds	41	33	-	-
Recreation & Culture	-	-	10	30
RLCIP	-	-	-	119
Transport (Roads to Recovery)	249	284	-	-
Transport (Other Roads & Bridges Funding)	549	366	310	25
Youth Services	11	17	-	-
State Government Specific Purpose Grant	30	-	-	-
Total Specific Purpose	1,843	1,611	828	845
Total Grants	5,043	4,080	828	845
Grant Revenue is attributable to:				
- Commonwealth Funding	4,076	3,200	-	138
- State Funding	967	880	828	707
	5,043	4,080	828	845

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94A - Fixed Development Consent Levies	41	28	-	-
Total Developer Contributions 17	41	28	-	-
Other Contributions:				
Community Services	29	31	-	-
Community Transport	42	43	-	-
Long Service Leave	-	126	-	-
Other Councils - Joint Works/Services	362	330	-	27
Recreation & Culture	2	3	52	-
Roads & Bridges	-	-	3	28
Tourism	6	25	-	-
Other	2	-	-	-
Total Other Contributions	443	558	55	55
Total Contributions	484	586	55	55
TOTAL GRANTS & CONTRIBUTIONS	5,527	4,666	883	900

\$ '000	Actual 2012	Actual 2011
---------	----------------	----------------

(g). Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	174	348
add: Grants & contributions recognised in the current period but not yet spent:	315	84
less: Grants & contributions recognised in a previous reporting period now spent:	(339)	(258)
Net Increase (Decrease) in Restricted Assets during the Period	(24)	(174)
Unexpended and held as Restricted Assets	150	174
Comprising:		
- Specific Purpose Unexpended Grants	150	174
	150	174

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,289	3,293
Travelling		-	1
Employee Leave Entitlements (ELE)		562	675
Superannuation		444	499
Workers' Compensation Insurance		119	123
Fringe Benefit Tax (FBT)		22	15
Training Costs (other than Salaries & Wages)		47	78
Other		12	10
Total Employee Costs		4,495	4,694
less: Capitalised Costs		(387)	(528)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>4,108</u>	<u>4,166</u>
Number of "Equivalent Full Time" Employees at year end		75	75
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		467	460
Total Interest Bearing Liability Costs		467	460
less: Capitalised Costs		(100)	(116)
Total Interest Bearing Liability Costs Expensed		367	344
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>367</u>	<u>344</u>

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		2,031	1,238
Contractor & Consultancy Costs		2,194	1,948
Auditors Remuneration ⁽¹⁾		13	14
Legal Expenses:			
- Legal Expenses: Planning & Development		6	3
- Legal Expenses: Other		22	23
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		519	490
Total Materials & Contracts		4,785	3,716
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>4,785</u>	<u>3,716</u>

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	13	14
Total Auditor Remuneration	13	14

2. Operating Lease Payments are attributable to:

Computers	40	21
Motor Vehicles	18	8
Plant	461	461
	519	490

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	242	264
Office Equipment		-	-	46	43
Furniture & Fittings		-	-	12	14
Buildings - Non Specialised		-	-	38	38
Buildings - Specialised		-	-	199	182
Other Structures		-	-	109	112
Infrastructure:					
- Roads, Bridges & Footpaths		2,249	593	1,191	1,274
- Stormwater Drainage		-	-	48	46
- Sewerage Network		-	-	313	278
Other Assets					
- Library Books		-	-	2	2
- Other		-	-	1	1
Total Depreciation & Impairment Costs		2,249	593	2,201	2,254
less: Capitalised Costs		-	-	(78)	(105)
less: Impairments (to)/from ARR [Equity]	9a	(2,249)	(593)	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	2,123	2,149

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		22	17
Bad & Doubtful Debts		4	4
Bank Charges		9	9
Cleaning		86	83
Computer Software Charges		59	21
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		135	129
- NSW Fire Brigade Levy		13	28
Councillor Expenses - Mayoral Fee		14	13
Councillor Expenses - Councillors' Fees		68	66
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		4	3
Donations, Contributions & Assistance to other organisations (Section 356)		20	17
Electricity & Heating		260	213
Insurance		260	221
Office Expenses (including computer expenses)		57	57
Postage		12	15
Printing & Stationery		53	43
Street Lighting		72	66
Subscriptions & Publications		15	13
Telephone & Communications		42	55
Tourism Expenses (excluding employee costs)		86	80
Valuation Fees		19	19
Total Other Expenses		1,310	1,172
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>1,310</u>	<u>1,172</u>

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	117
less: Carrying Amount of Property Assets Sold / Written Off		-	(91)
Net Gain/(Loss) on Disposal		-	26
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		235	389
less: Carrying Amount of P&E Assets Sold / Written Off		(194)	(214)
Net Gain/(Loss) on Disposal		41	175
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		235	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(174)	-
Net Gain/(Loss) on Disposal		61	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		102	201

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		396	-	536	-
Cash-Equivalent Assets ¹					
- Deposits at Call		-	-	473	-
- Short Term Deposits		2,469	-	2,700	-
Total Cash & Cash Equivalents		2,865	-	3,709	-
Investment Securities (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		2,865	-	3,709	-

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

**Cash, Cash Equivalents & Investments were
classified at year end in as follows:**

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	2,865	-	3,709	-
--	--------------	----------	--------------	----------

Investments - Nil

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	2,865	-	3,709	-
attributable to:				
External Restrictions (refer below)	1,537	-	1,384	-
Internal Restrictions (refer below)	1,019	-	2,312	-
Unrestricted	309	-	13	-
	2,865	-	3,709	-

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	-	41	(41)	-
Specific Purpose Unexpended Grants (F)	174	-	(24)	150
Sewerage Services (G)	1,172	144	-	1,316
Domestic Waste Management (G)	26	40	-	66
Other	12	15	(22)	5
External Restrictions - Other	1,384	240	(87)	1,537
Total External Restrictions	1,384	240	(87)	1,537

Internal Restrictions

Plant & Vehicle Replacement	92	11	-	103
Infrastructure Replacement	1,300	-	(1,300)	-
Employees Leave Entitlement	280	-	-	280
Financial Assistance Grant - advance payment	614	429	(614)	429
Gravel Pits Restoration	26	-	-	26
Broadway Museum	-	84	-	84
GAP Project	-	97	-	97
Total Internal Restrictions	2,312	621	(1,914)	1,019
TOTAL RESTRICTIONS	3,696	861	(2,001)	2,556

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

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		388	-	399	-
Interest & Extra Charges		29	-	29	-
User Charges & Fees		12	-	-	-
Private Works		115	-	22	-
Contributions to Works		-	-	-	-
Capital Debtors (being sale of assets)					
- Other Asset Sales		-	-	39	-
Accrued Revenues					
- Interest on Investments		7	-	9	-
Cemetery Fees		18	-	9	-
Deferred Debtors		170	2	15	190
Government Grants & Subsidies		1,051	-	139	-
Kerb & Gutter Contributions		3	-	3	-
Net GST Receivable		38	-	33	-
RTA Charges		258	-	278	-
Other Debtors		71	-	46	-
Total		2,160	2	1,021	190
less: Provision for Impairment					
Rates & Annual Charges		(38)	-	(38)	-
User Charges & Fees		(12)	-	(12)	-
Total Provision for Impairment - Receivables		(50)	-	(50)	-
<u>TOTAL NET RECEIVABLES</u>		<u>2,110</u>	<u>2</u>	<u>971</u>	<u>190</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		83	-	86	-
Total External Restrictions		83	-	86	-
Internally Restricted Receivables					
Government Grants & Subsidies		597	-	-	-
RTA Charges		258	-	-	-
Internally Restricted Receivables		855	-	-	-
Unrestricted Receivables		1,172	2	885	190
TOTAL NET RECEIVABLES		2,110	2	971	190

Notes on Debtors above:

- Rates & Annual Charges Outstanding are secured against the property.
- 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.
- Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.
- The internally restricted receivables of \$855k reimburse a portion of the advance payment of the Financial Assistance Grant for 2012-13 received in June 2012. The internal restriction has been applied to Government Grants & Subsidies (in part) and RTA Charges (in total).

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		295	1,765	312	1,671
Stores & Materials		356	-	369	-
Trading Stock		7	-	6	-
Total Inventories		658	1,765	687	1,671
Other Assets					
Prepayments		124	-	70	-
Total Other Assets		124	-	70	-
TOTAL INVENTORIES / OTHER ASSETS		782	1,765	757	1,671

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	295	1,765	312	1,671
Total Real Estate for Resale	295	1,765	312	1,671

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

Represented by:

Acquisition Costs	5	343	6	362
Development Costs	271	1,346	286	1,208
Borrowing Costs	15	76	15	101
Other Holding Costs	4	-	5	-
Total Costs	295	1,765	312	1,671
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	295	1,765	312	1,671

Movements:

Real Estate assets at beginning of the year	312	1,671	452	988
- Purchases and other costs	157	94	60	483
- WDV of Sales (exp)	(174)	-	-	-
- Transfer between Current/Non Current	-	-	(200)	200
Total Real Estate for Resale	295	1,765	312	1,671

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period							as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Plant & Equipment	-	3,152	1,810	-	1,342	377	-	(194)	(242)	-	-	-	-	3,061	1,778	-	1,283
Office Equipment	-	298	190	-	108	34	-	-	(46)	-	-	-	-	332	236	-	96
Furniture & Fittings	-	186	126	-	60	8	-	-	(12)	-	-	-	-	194	138	-	56
Land:																	
- Operational Land	-	2,624	-	-	2,624	9	-	-	-	-	-	-	-	2,633	-	-	2,633
- Community Land	-	5,351	-	-	5,351	-	-	-	-	-	-	-	-	5,351	-	-	5,351
Buildings - Non Specialised	-	3,324	1,378	-	1,946	-	-	-	(38)	-	-	-	-	3,324	1,416	-	1,908
Buildings - Specialised	-	16,408	6,769	-	9,639	197	-	-	(199)	-	-	-	-	16,604	6,967	-	9,637
Other Structures	-	5,109	1,969	-	3,140	51	-	-	(109)	-	-	-	-	5,159	2,077	-	3,082
Infrastructure:																	
- Roads, Bridges, Footpaths	-	62,721	18,021	30	44,670	1,572	497	-	(1,191)	(2,249)	-	8,181	-	66,171	12,910	1,781	51,480
- Bulk Earthworks (non-depreciable)	-	35,135	-	-	35,135	436	-	-	-	-	-	4,156	-	39,727	-	-	39,727
- Stormwater Drainage	-	4,640	1,641	-	2,999	57	-	-	(48)	-	-	-	-	4,696	1,688	-	3,008
- Sewerage Network	-	20,991	8,946	-	12,045	152	-	-	(313)	-	(1,676)	-	-	19,566	9,358	-	10,208
Other Assets:																	
- Library Books	-	23	18	-	5	-	-	-	(2)	-	-	-	-	23	20	-	3
- Other	-	10	7	-	3	2	-	-	(1)	-	-	-	-	12	8	-	4
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	159,972	40,875	30	119,067	2,895	497	(194)	(2,201)	(2,249)	(1,676)	12,337	-	166,853	36,596	1,781	128,476

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2,080) and New Assets (\$334).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Infrastructure	-	19,566	9,358	10,208	-	20,991	8,946	12,045
Total Sewerage Services	-	19,566	9,358	10,208	-	20,991	8,946	12,045
TOTAL RESTRICTED I,PP&E	-	19,566	9,358	10,208	-	20,991	8,946	12,045

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

\$ '000		Notes	Actual 2012	Actual 2011
Impairment Losses recognised direct to Equity (ARR) include:				
Road assets due to storms and flood damage			(2,249)	(593)
Total Impairment Losses			(2,249)	(593)
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)		<u>(2,249)</u>	<u>(593)</u>

Refer to Note 9(a) for Impairment Restoration Works totalling \$497K undertaken this year relating to current year or prior year Impairments.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		539	-	498	-
Accrued Expenses:					
- Borrowings		110	-	105	-
- Salaries & Wages		128	-	83	-
- Other Expenditure Accruals		9	-	10	-
Security Bonds, Deposits & Retentions		26	37	26	37
Total Payables		812	37	722	37
Borrowings					
Loans - Secured ¹		162	7,188	250	7,350
Total Borrowings		162	7,188	250	7,350
Provisions					
Employee Benefits					
Annual Leave		425	-	415	-
Long Service Leave		1,066	12	1,033	15
Other Leave		15	-	16	-
Sub Total - Aggregate Employee Benefits		1,506	12	1,464	15
Total Provisions		1,506	12	1,464	15
Total Payables, Borrowings & Provisions		2,480	7,237	2,436	7,402

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Internally Restricted Assets				
Employee Leave Entitlements	280	-	280	-
Liabilities relating to internally restricted assets	280	-	280	-
Total Liabilities relating to restricted assets	280	-	280	-

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	2012	2011
(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	1,050	1,010
	1,050	1,010

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/12
Annual Leave	415	305	(295)	-	-	425
Long Service Leave	1,048	79	(49)	-	-	1,078
Other Leave	16	1	(2)	-	-	15
TOTAL	1,479	385	(346)	-	-	1,518

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	2,865	3,709
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		2,865	3,709

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

Net Operating Result from Income Statement		1,344	1,280
Adjust for non cash items:			
Depreciation & Amortisation		2,123	2,149
Net Losses/(Gains) on Disposal of Assets		(102)	(201)
- Interest on all fair value adjusted Interest Free Advances made by Council		(19)	(12)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,023)	(176)
Decrease/(Increase) in Inventories		12	(156)
Decrease/(Increase) in Other Assets		(54)	(70)
Increase/(Decrease) in Payables		41	(286)
Increase/(Decrease) in accrued Interest Payable		5	19
Increase/(Decrease) in other accrued Expenses Payable		44	83
Increase/(Decrease) in Other Liabilities		-	20
Increase/(Decrease) in Employee Leave Entitlements		39	166
NET CASH PROVIDED FROM/(USED IN)			
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		2,410	2,816

(c) Non-Cash Investing & Financing Activities

Nil

(d) Financing Arrangements

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

Bank Overdraft Facilities ⁽¹⁾	250	250
Credit Cards / Purchase Cards	20	20
Total Financing Arrangements	270	270
Amounts utilised as at Balance Date:		
- Credit Cards / Purchase Cards	-	3
Total Financing Arrangements Utilised	-	3

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(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		537	490
Later than one year and not later than 5 years		1,477	1,514
Later than 5 years		273	409
Total Non Cancellable Operating Lease Commitments		2,287	2,413

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.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	4,137	2.89 : 1	2.78	2.58
Current Liabilities less Specific Purpose Liabilities ^(2,3)	1,430			
2. Debt Service Ratio				
Debt Service Cost	717	6.62%	7.34%	5.64%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	10,827			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	3,754	26.74%	28.29%	30.28%
Income from Continuing Operations	14,037			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	379	9.03%	9.81%	8.11%
Rates, Annual & Extra Charges Collectible	4,198			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	2,080	116.27%	128.88%	176.22%
Depreciation & Amortisation	1,789			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

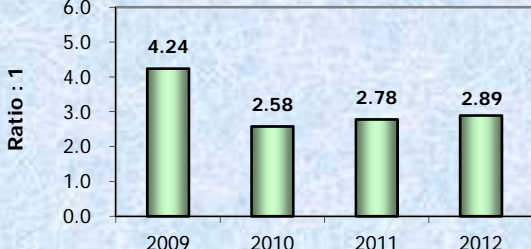
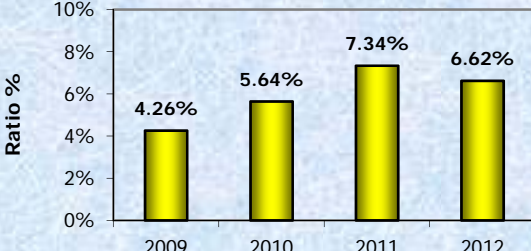
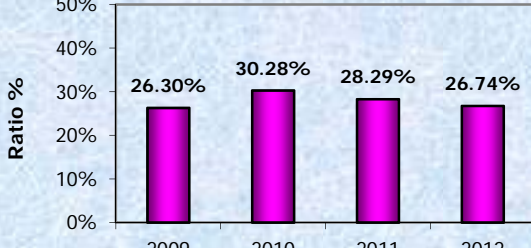
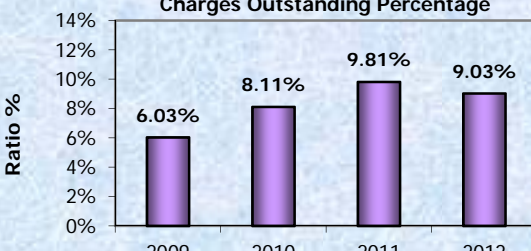
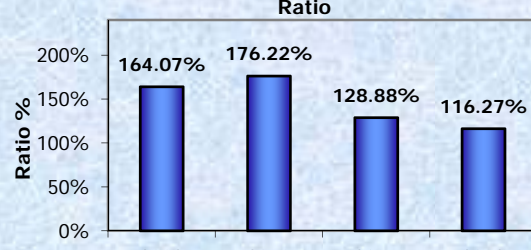
⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Asset Renewals include building and infrastructure assets only.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 13a(ii). Statement of Performance Measurement - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p>  <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2009</td><td>4.24</td></tr><tr><td>2010</td><td>2.58</td></tr><tr><td>2011</td><td>2.78</td></tr><tr><td>2012</td><td>2.89</td></tr></table>	Year	Ratio : 1	2009	4.24	2010	2.58	2011	2.78	2012	2.89	<p>Purpose of Unrestricted Current Ratio</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>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 2.89 : 1</p> <p>This ratio has remained at a similar level to 2010/11 and is considered to be at a reasonable level.</p>
Year	Ratio : 1											
2009	4.24											
2010	2.58											
2011	2.78											
2012	2.89											
<p>2. Debt Service Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>4.26%</td></tr><tr><td>2010</td><td>5.64%</td></tr><tr><td>2011</td><td>7.34%</td></tr><tr><td>2012</td><td>6.62%</td></tr></table>	Year	Ratio %	2009	4.26%	2010	5.64%	2011	7.34%	2012	6.62%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 6.62%</p> <p>Council has two types of loans. 1. An Indexed Bond with repayments calculated using an Effective Interest Rate method. No principal has been repaid in 2011/12. 2. The Council has an interest only loan for real estate development. As a stage is fully sold, the principal borrowed to develop that stage is repaid as a lump sum. Loan principal of \$250K was repaid in 2011/12.</p>
Year	Ratio %											
2009	4.26%											
2010	5.64%											
2011	7.34%											
2012	6.62%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>26.30%</td></tr><tr><td>2010</td><td>30.28%</td></tr><tr><td>2011</td><td>28.29%</td></tr><tr><td>2012</td><td>26.74%</td></tr></table>	Year	Ratio %	2009	26.30%	2010	30.28%	2011	28.29%	2012	26.74%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 26.74%</p> <p>This ratio has remained at a similar level to previous years. By its nature it does not fluctuate significantly.</p>
Year	Ratio %											
2009	26.30%											
2010	30.28%											
2011	28.29%											
2012	26.74%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>6.03%</td></tr><tr><td>2010</td><td>8.11%</td></tr><tr><td>2011</td><td>9.81%</td></tr><tr><td>2012</td><td>9.03%</td></tr></table>	Year	Ratio %	2009	6.03%	2010	8.11%	2011	9.81%	2012	9.03%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 9.03%</p> <p>The outstanding rates ratio has fallen slightly in the last 12 months. The ratio is higher than Council is comfortable with and efforts will be made to continue to reduce it.</p>
Year	Ratio %											
2009	6.03%											
2010	8.11%											
2011	9.81%											
2012	9.03%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>164.07%</td></tr><tr><td>2010</td><td>176.22%</td></tr><tr><td>2011</td><td>128.88%</td></tr><tr><td>2012</td><td>116.27%</td></tr></table>	Year	Ratio %	2009	164.07%	2010	176.22%	2011	128.88%	2012	116.27%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 116.27%</p> <p>Junee Shire Council has consistently devoted most of its capital budget to renewing its building and infrastructure assets.</p>
Year	Ratio %											
2009	164.07%											
2010	176.22%											
2011	128.88%											
2012	116.27%											

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	n/a	No Liabilities	2.89 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	n/a	No Liabilities	2.78 : 1
2. Debt Service Ratio			
Debt Service Cost	n/a	0.00%	7.08%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	n/a	0.00%	7.89%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	n.a	76.21%	24.06%
Income from Continuing Operations			
prior period:	n/a	75.75%	25.55%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	n/a	15.06%	8.12%
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	16.20%	8.82%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	n/a	13.10%	54.74%
Depreciation, Amortisation & Impairment			
prior period:	n/a	0.00%	97.18%

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	2,865	3,709	2,865	3,709
Investments				
Receivables	2,112	1,161	2,112	1,161
Total Financial Assets	4,977	4,870	4,977	4,870
Financial Liabilities				
Payables	849	759	849	759
Loans / Advances	7,350	7,600	7,350	7,600
Total Financial Liabilities	8,199	8,359	8,199	8,359

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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these 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.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is 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
2012				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	29	29	(29)	(29)
2011				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	32	32	(32)	(32)

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	256	1,611	265	563
Past due by up to 30 days	-	74	-	7
Past due between 31 and 180 days	-	82	-	79
Past due by more than 1 year	132	7	134	163
	388	1,774	399	812
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			50	50
Balance at the end of the year			50	50

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 Liquidity 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		
2012									
Trade/Other Payables	63	786	-	-	-	-	-	849	849
Loans & Advances	-	495	618	677	539	556	9,687	12,572	7,350
Total Financial Liabilities	63	1,281	618	677	539	556	9,687	13,421	8,199
2011									
Trade/Other Payables	63	696	-	-	-	-	-	759	759
Loans & Advances	-	475	475	474	474	472	12,898	15,268	7,600
Total Financial Liabilities	63	1,171	475	474	474	472	12,898	16,027	8,359

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	849	0.0%	759	0.0%
Loans & Advances - Fixed Interest Rate	7,350	5.8%	7,600	6.2%
	<u>8,199</u>		<u>8,359</u>	

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 21 June 2011.

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	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	3,746	3,754	8	0%	F
User Charges & Fees	2,935	3,128	193	7%	F
Interest & Investment Revenue	169	213	44	26%	F
The better than expected result is due to actual interest rates being higher than those used to develop the budget and to actual funds to be invested being larger than those used to develop the budget.					
Other Revenues	295	430	135	46%	F
A number of revenue items were not included in the original budget, being Diesel Fuel Rebates and Insurance Claim Recoveries. Commissions from RMS agency transactions were greater than expected.					
Operating Grants & Contributions	4,040	5,527	1,487	37%	F
A number of grants received during the year were not included in the original budget, being, Bushfire Hazard Reduction grant, Flood Risk Studies grants and State Government grant for development of IPR plans. The other major factor is an advance payment of the 2012/13 Financial Assistance Grant in 2011/12.					
Capital Grants & Contributions	789	883	94	12%	F
Flood Damage grants of \$502K were received that were not included in the original budget.					
Net Gains from Disposal of Assets	143	102	(41)	(29%)	U
The actual real estate sales in 2011/12 were three blocks, compared to the original budget of six blocks being sold.					

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	4,244	4,108	136	3%	F
Borrowing Costs	343	367	(24)	(7%)	U
Materials & Contracts	4,738	4,785	(47)	(1%)	U
Depreciation & Amortisation	1,758	2,123	(365)	(21%)	U
The fair value of assets as determined by Council has resulted in asset values increasing. The increase in fair values resulted in an increase in depreciation expense. The original budget did not reflect the increased fair values.					
Other Expenses	646	1,310	(664)	(103%)	U
A number of expenses are included in Materials and Contracts in the original budget but the actuals are reported separately. These expenses are Cleaning, Computer Software, Electricity and Heating, Office Expenses, Street Lighting and Tourism.					

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

Cash Flows from Operating Activities	2,063	2,410	347	16.8%	F
The increase in cash flows over the original budget is due to the receipt of grants that were not included in the original budget, in particular, Flood Damage grants.					
Cash Flows from Investing Activities	(2,755)	(3,004)	(249)	9.0%	U
Cash Flows from Financing Activities	(250)	(250)	-	0.0%	F

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Recreational Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	-	-	-	-	-	-	-	-	-	-
S94A Levies - under a Plan	-	41	-	-	(41)	-	-	209	(209)	-	-
Total S94 Revenue Under Plans	-	41	-	-	(41)	-	-	209	(209)	-	-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
Total Contributions	-	41	-	-	(41)	-	-	-	-	-	-

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

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	-	8	-	-	(8)	-	-	20	(20)	-	-
Roads	-	19	-	-	(19)	-	-	128	(128)	-	-
Community Facilities	-	2	-	-	(2)	-	-	8	(8)	-	-
Recreational Facilities	-	12	-	-	(12)	-	-	53	(53)	-	-
Total	-	41	-	-	(41)	-	-	209	(209)	-	-

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, 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 its 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 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

Riverina Regional Library

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

As at 30 June 2012 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.

Spatial Information Management Project

A Memorandum of Understanding was signed in August 2005 to form a Spatial Information Management Project group consisting of Junee Shire Council, Temora Shire Council, Bland Shire Council, Coolamon Shire Council and Goldenfields Water County Council.

Junee Shire Council is the host council with all 5 councils contributing equal contributions to the project. The project costs and the contributions from the other councils are shown in these consolidated accounts.

The Spatial Information Management Project wound up operations on 30 June 2012. From 1 July 2012 each of the former member councils will independently arrange their spatial information requirements.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		75,403	73,808
a. Correction of Prior Period Errors	20 (c)	-	315
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		1,344	1,280
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		76,747	75,403

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	49,536	41,124
Total	49,536	41,124

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	41,124	37,120
- Revaluations for the year	9(a) 10,661	4,597
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c) (2,249)	(593)
- Balance at End of Year	49,536	41,124

TOTAL VALUE OF RESERVES

49,536	41,124
---------------	---------------

(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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors as disclosed in last year's financial statements:			
a. Lots 158 & 159 adjacent to the Junee Caravan Park were found to be not included in the Land Asset Register.			
Lot 158 has a value of \$35K, Lot 159 has a value of \$21K. An adjustment of \$56K was made to the opening balance of Operational Land in Note 9(a) and a corresponding change made to Equity.			
			56
b. Council should have impaired an asset in the 09/10 Accounts totaling \$406K, which were then rectified to the value of \$259K.			
The retrospective effect of this impairment included:			
1. A reduction in the ARR (in Equity of \$406K).			
2. An outstanding Provision for Impairment at 30/6/10 (\$147K)			
			259
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10		-	315
(relating to adjustments for the 30/6/10 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/11		-	-
(relating to adjustments for the 30/6/11 year end)			
Total Prior Period Adjustments - Prior Period Errors		-	315

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012
	Sewer	General¹
Continuing Operations		
Income from Continuing Operations		
Rates & Annual Charges	551	3,203
User Charges & Fees	78	3,050
Interest & Investment Revenue	74	139
Other Revenues	-	430
Grants & Contributions provided for Operating Purposes	20	5,507
Grants & Contributions provided for Capital Purposes	-	883
Other Income		
Net Gains from Disposal of Assets	-	102
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
Total Income from Continuing Operations	723	13,314
Expenses from Continuing Operations		
Employee Benefits & on-costs	167	3,941
Borrowing Costs	-	367
Materials & Contracts	131	4,654
Depreciation & Amortisation	313	1,810
Impairment	-	-
Other Expenses	132	1,178
Interest & Investment Losses	-	-
Total Expenses from Continuing Operations	743	11,950
Operating Result from Continuing Operations	(20)	1,364
Discontinued Operations		
Net Profit/(Loss) from Discontinued Operations	-	-
Net Operating Result for the Year	(20)	1,364
Net Operating Result attributable to each Council Fund	(20)	1,364
Net Operating Result attributable to Minority Interests	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(20)	481

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

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

Junee Shire Council

Notes to the Financial Statements

as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012
ASSETS	Sewer	General¹
Current Assets		
Cash & Cash Equivalents	1,316	1,549
Investments	-	-
Receivables	83	2,027
Inventories	-	658
Other	-	124
Total Current Assets	1,399	4,358
Non-Current Assets		
Investments	-	-
Receivables	-	2
Inventories	-	1,765
Infrastructure, Property, Plant & Equipment	10,208	118,268
Total Non-Current Assets	10,208	120,035
TOTAL ASSETS	11,607	124,393
LIABILITIES		
Current Liabilities		
Payables	-	812
Borrowings	-	162
Provisions	-	1,506
Total Current Liabilities	-	2,480
Non-Current Liabilities		
Payables	-	37
Borrowings	-	7,188
Provisions	-	12
Total Non-Current Liabilities	-	7,237
TOTAL LIABILITIES	-	9,717
Net Assets	11,607	114,676
EQUITY		
Retained Earnings	4,938	71,809
Revaluation Reserves	6,669	42,867
Council Equity Interest	11,607	114,676
Minority Interests	-	-
Total Equity	11,607	114,676

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including 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 appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 22/10/12.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Note 24. Discontinued Operations

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 25. Intangible Assets

\$ '000

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

Land at Junee Shire Council's depot was contaminated by a diesel leak from a pipe connecting the diesel storage tank with the bowser. In the financial year ended 30 June 2012 the Council wrote-off 36,000 litres of diesel at a cost of \$47K. In the first few months of the 2012-2013 financial year the Council will incur costs to rehabilitate the land at the depot that was contaminated by the diesel fuel. The estimated cost for this rehabilitation is \$30K.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	3,754	3,629	3,502	3,084	2,952
User Charges Revenue	3,128	2,818	2,464	2,509	2,773
Interest & Investment Revenue (Losses)	213	187	195	188	254
Grants Income - Operating & Capital	5,871	4,925	4,473	4,878	4,921
Total Income from Continuing Operations	14,037	12,827	11,613	11,728	11,273
Sale Proceeds from I,PP&E	509	467	1,451	960	916
New Loan Borrowings & Advances	-	422	-	1,300	1,550
Outflows:					
Employee Benefits & On-cost Expenses	4,108	4,166	4,051	3,664	3,345
Borrowing Costs	367	344	503	385	358
Materials & Contracts Expenses	4,785	3,716	4,033	3,694	4,454
Total Expenses from Continuing Operations	12,693	11,547	11,688	10,417	10,704
Total Cash purchases of I,PP&E	3,314	3,323	3,093	4,007	3,554
Total Loan Repayments (incl. Finance Leases)	250	254	-	-	-
Operating Surplus/(Deficit) (excl. Capital Income)	461	380	(282)	24	(248)
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	5,757	5,437	5,724	5,876	5,036
Current Liabilities	2,480	2,436	2,441	1,665	2,192
Net Current Assets	3,277	3,001	3,283	4,211	2,844
Available Working Capital (Unrestricted Net Current Assets)	1,281	918	648	1,856	not available
Cash & Investments - Unrestricted	309	13	198	625	146
Cash & Investments - Internal Restrictions	1,019	2,312	2,336	1,010	437
Cash & Investments - Total	2,865	3,709	4,133	4,048	3,258
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	7,350	7,600	7,432	7,432	6,132
Total Value of I,PP&E (excl. Land & Earthworks)	119,142	116,862	114,504	111,219	141,294
Total Accumulated Depreciation	38,377	40,905	39,225	37,297	36,268
Indicative Remaining Useful Life (as a % of GBV)	68%	65%	66%	66%	74%

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 2012

Note 28. Council Information & Contact Details

Principal Place of Business:

Belmore Street
Junee NSW 2663

Contact Details
Mailing Address:

PO Box 93
Junee NSW 2663

Opening Hours:

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

Telephone: 02 6924 8100

Facsimile: 02 6924 2497

Internet: www.junee.nsw.gov.au

Email: jsc@junee.nsw.gov.au

Officers
GENERAL MANAGER

G F S Campbell

RESPONSIBLE ACCOUNTING OFFICER

J W Whitfield

PUBLIC OFFICER

J W Whitfield

AUDITORS

Auswid & Co

Elected Members
MAYOR

Cr L M Cummins

COUNCILLORS

CR M Austin

Cr R Callow

Cr A Clinton

CR P Halliburton

Cr M Holmes

CR C Randall

Cr N Smith

Cr J Ward

Other Information

ABN: 62 621 799 578



**Independent auditor's report to the Councillors of the Junee Shire Council
and the Chief Executive Officer of the Division of Local Government**

We have audited the accompanying general purpose financial report of the Junee Shire Council, which comprises the Statement by Councillors and Management, Balance Sheet as at 30th June, 2012, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

The Council is responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Cash Flow Statement, Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 or the additional disclosures in Note 27. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

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; and
- (b) The general purpose financial report
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

AUSWILD & CO.



G.J. BRADLEY
Principal

Registered Auditor No: 1249

CANBERRA
22nd October, 2012



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

22nd October, 2012

Councillor L. Cummins
Mayor
Junee Shire Council
P.O. Box 93
JUNEE. N.S.W. 2663

Dear Cr Cummins,

Having completed an audit examination of the books of account and associated records of the Junee Shire Council for the twelve months period ended 30th June 2012 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

Background

The financial statements for the year ended 30th June, 2012 have been prepared in accordance with

- Australian Accounting Standards;
- Local Government Act 1993 and Regulations; and
- Local Government Code of Accounting Practice and Financial Reporting (the Code).

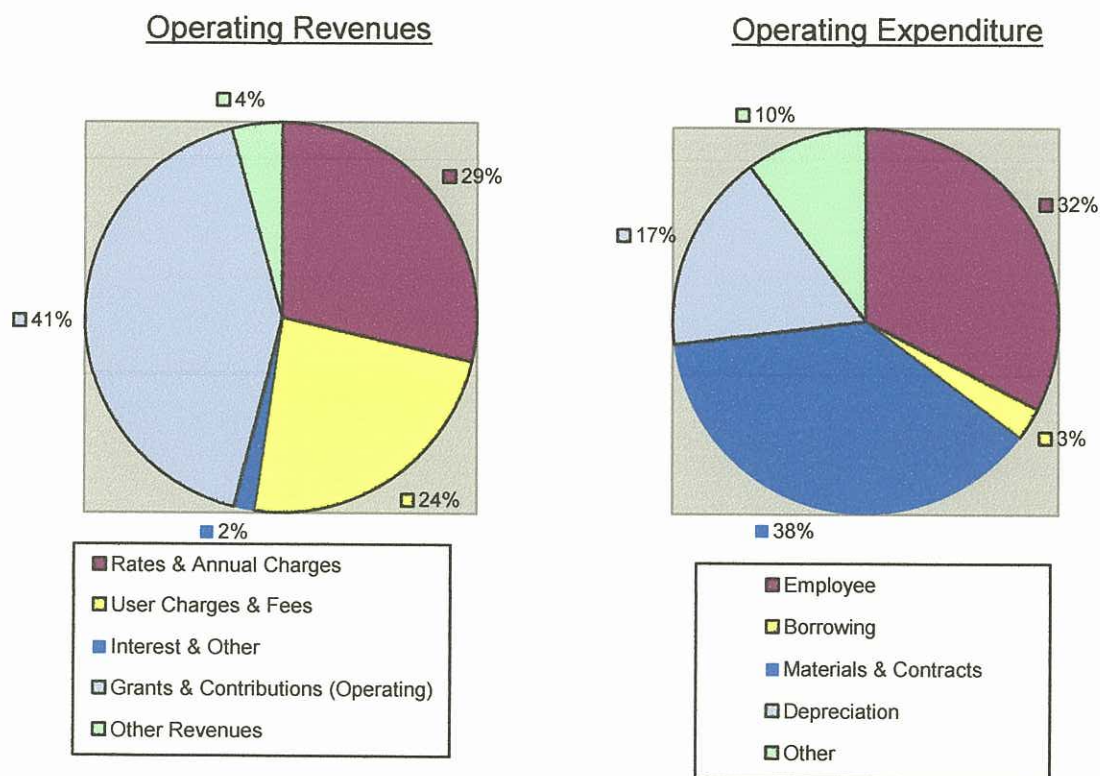
These financial statements have been prepared in much the same manner as those of the previous year.

Junee Shire Council has continued to revalue certain classes of assets on a five year rotation basis. In the current year all sewerage infrastructure assets were re-valued in accordance with the timetable enunciated in the Code of Accounting Practice whilst Council elected to again revalue its roads, bridges and footpath assets.

Financial Results

Council reported a surplus operating result before capital grants and contributions of \$461,000 for the year ended 30 June 2012 (2011 – surplus of \$380,000). Operating revenues (\$13.15 million) increased approximately 10.29% on those of the previous year (\$11.93 million) with increases being recorded in most areas of Council's operations. Operating expenses (including depreciation expenses of \$2.12 million) increased approximately 9.92% to \$12.69 million.

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



In addition to operating revenues, Council received capital grants and contributions amounting to \$883,000 (2011 - \$900,000).

In the twelve months period to 30 June 2012, Council's operating result from continuing operations (including capital grants and contributions) was a surplus of \$1.34 million compared with a surplus of \$1.28 million in the previous year.

Budget Comparison

The net operating surplus for the year of \$1.34 million was higher than the original budget expectations which anticipated a surplus of \$388,000.

Details of material variations between the original budget and actual results are detailed in Note 16 to the General Purpose Financial Reports. In essence, the variations have been attributed to:

Favourable Variances

- Increased interest revenue due to favourable cash flow management and better than anticipated interest rates.
- Receipt of additional operating and capital grants and contributions including unbudgeted flood risk studies, financial assistance grant, integrated planning and reporting plans and bushfire hazard reduction not shown in the original budget.
- Increased other revenue due to unbudgeted diesel rebates, insurance claim recoveries and RTA agency transaction receipts.

Unfavourable Variances

- Increased Other Expenses due to the budget allocation being recorded in materials and contracts.
- Gains from disposal of assets were less than expectations.



DETAILED AUDIT OBSERVATIONS

Rates and Annual Charges

Revenue from rates and annual charges (including Council owned properties) amounted to \$3.75 million (2011 - \$3.63 million).

In setting the ordinary rates for the year Council resolved to adopt the maximum increase available of 2.8%. This action has resulted in revenues from ordinary rates increasing from \$2.53 million in 2010/2011 to \$2.61 million in the current year.

Council's **ordinary rating base** remained fairly static during the twelve month period and at year end 2,910 assessments were subject to **ordinary rates**.

Council further resolved that other charges be increased as follows:

- Sewerage annual charge (residential) increased 3.25% to \$354.80
- Domestic waste management charge increased 3.5% to \$261.40

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	2011	2012
	\$	\$
Sewerage	531,000	551,000
Domestic Waste	409,000	422,000
Non Domestic Waste	118,000	126,000

Rebates of \$155,000 were provided to eligible pensioners and a subsidy of \$85,000 was received from the Division of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year were \$41,000 (2011 - \$30,000) and outstanding rates were subject to interest at the rate of 11.00%.

User Charges and Fees

Council derived \$80,000 from **specific user charges** (2011 - \$82,000) and a further \$3.05 million from **fees** (2011 - \$2.74 million) imposed during the twelve months period ended 30 June 2012.



Revenues from fees were primarily derived from RMS works requested on the state roads which increased approximately 2.43% to \$2.03 million in the current year.

Other significant revenues received from user charges and fees included: -

	2011 \$	2012 \$
Planning & Building Fees	57,000	60,000
Sewerage Services	80,000	78,000
Cemeteries	64,000	99,000
Recreation Centre	175,000	197,000
Family Day Care	92,000	112,000
Private Works	229,000	405,000

Interest

Interest and investment revenues increased approximately \$26,000 (13.90%) in the current year, principally in response to favourable cash flow movements.

Interest income was earned as follows:

	2011 \$	2012 \$
Overdue Rates & Annual Charges	30,000	41,000
Sewerage Investments	70,000	74,000
Externally Restricted Investments	19,000	8,000
General Investments	<u>68,000</u>	<u>90,000</u>
	\$187,000	\$213,000

Interest on investments for the year represented approximately 8.16% (2011 – 7.40%) of Council's ordinary rating income and remains low by industry standards.

Other Operating Income

June Shire Council has again received important income from a number of non-core activities. Predominantly, such income has been earned from rental income (\$149,000) and agency commission & fees (\$112,000).



Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$5.53 million were received in 2011/2012 compared with \$4.67 million received in the previous year.

Council's untied Financial Assistance Grant increased approximately 30.21% from \$2.42 million in 2010/2011 to \$3.16 million this year. This significant increase is attributed to the Australian Government decision to pay half of the 2012/2013 grant in advance. The advance payment to Junee Shire amounted to \$1.28 million and was received and brought to account in late June 2012. Although these advance payments have been restricted by Council for utilisation in 2012/2013 we emphasise that Council's future operating results may be adversely impacted should the Australian Government act to realign the financial assistance grants to the years to which they relate.

Other major specific purpose grants and contributions were received for family day care operations (\$587,000), bushfire and emergency services (\$127,000), joint council works/services (\$362,000), transport (\$549,000) and roads to recovery (\$249,000).

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted \$883,000 (2011 - \$900,000) and principally related to roads and bridges funding (\$310,000) and flood restoration works (\$502,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in 2011/2012 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$315,000. At year end Council held unexpended grants and contributions amounting to \$150,000 (2011 - \$174,000) and such funds have been identified as an externally restricted asset.

Operating Expenditure

Expenses from continuing operations (\$12.69 million) were higher than both budget expectations (\$11.73 million) and those of the previous year (\$11.55 million).

Impacting significantly on operating expenses for the year were:

Materials and Contracts

Material and contracts expenditure (\$4.79 million) increased approximately 28.77% during the twelve months period, primarily in response to Council's focus on maintenance works.

Depreciation Expenses

Depreciation expenses (\$2.12 million) were marginally lower than those of the previous year (\$2.15 million) and accounted for approximately 16.73% of Council's total operating expenses. Whilst such expenses have a significant impact on Council's operating result we note that Council's depreciation percentage appears relatively low in comparison with most rural Councils with which we are associated.

Capital Expenditure

During the reporting period Council expended \$3.57 million (2011 - \$3.87 million) on the acquisition/construction of assets.

The principal items being:-

	2011 \$ '000's	2012 \$ '000's
Real Estate	543	251
Plant & Equipment	441	377
Buildings	767	197
Roads, Bridges & Footpaths	1,793	2,505
Sewerage Network	111	152

The expenditure associated with buildings and infrastructure has given Council an assets renewal ratio of 116.27%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. In our opinion Council should be endeavouring to maintain an average ratio greater than 100.00%.



Cash & Investments

At balance date Council controlled cash and investments totalling \$2.87 million (2011 - \$3.71 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises specific purpose unexpended grants (\$150,000), sewerage investments (\$1.32 million), employee entitlements (\$280,000), advance instalments of the financial assistance grant (\$429,000) and monies for future works.

Note: The balance of the financial assistance grant received in advance (\$855,000) has been internally restricted against government receivables on Note 7.

Externally restricted investments amounted to \$1.54 million whilst Council has "earmarked" a further \$1.02 million towards the funding of its long term objectives.

Council's cash and investments were held as follows:

	2011 \$	2012 \$
General Fund	2,325,000	1,328,000
Sewerage Fund	1,172,000	1,316,000
Externally Restricted Funds	212,000	221,000
	<u>3,709,000</u>	<u>2,865,000</u>
and comprised:		
Cash on Hand and at Bank	536,000	396,000
Deposits at Call	473,000	NIL
Short Term Deposits	2,700,000	2,469,000
	<u>3,709,000</u>	<u>2,865,000</u>

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$379,000 (2011 - \$390,000) which represented 9.03% of total receivable (2011 - 9.81%). Although the arrears percentage remains within acceptable limits it has stubbornly remained between 8% - 10% for the past three years. We reiterate our comments of last year and again encourage Council to continue positive recovery action in an endeavour to lower this arrears percentage to under 5.0%.

We further note that Council is not materially exposed to the arrears of any one ratepayer and at year end the ten largest outstanding arrears collectively amounted to approx. \$83,000.

Outstanding rates and annual charges have been subject to interest at the rate of 11.00% and Council has maintained a provision for doubtful debts of \$38,000.

Property, Plant & Equipment excluding Real Estate

During the year Council acquired/constructed assets to the value of \$3.39 million and sold assets with a written down value of \$194,000. The sale of these assets realised a profit of \$41,000 (2011 – profit of \$201,000).

In accordance with the requirements of the Code of Accounting Practice, Council's sewerage infrastructure assets were subject to a full revaluation which is required to be conducted every five years. This revaluation has resulted in Council's Sewerage Network assets decreasing by \$1.68 million to \$10.21 million.

In addition, we report that Council elected to conduct an internal revaluation of its roads, bridges, footpaths and bulk earthworks assets in the current year which has resulted in an increase to these assets values of \$8.18 million and \$4.16 million respectively.

In March, 2012 severe flooding throughout the Shire caused major damage to Council's infrastructure. In particular, damage to Council's roads, bridges and footpaths was assessed at \$2.25 million which has been adjusted against Council's assets revaluation reserves.

The combined action of asset movements, impairment and revaluations has resulted in the written down value of property, plant and equipment increasing from \$119.07 million in 2010/2011 to \$128.48 million as at 30 June 2012.

Major acquisitions during the year were funded from cash & investments and grants and contributions.

Land Stock on Hand

During the current reporting period Council expended \$251,000 on the acquisition and continuing development of its residential and industrial lots of land whilst sales of three lots were recorded. Council has reported a profit of \$61,000 from the sale of its real estate holdings in the twelve months period to 30 June 2012.

At year end Council held residential and industrial land with a book value of \$2.06 million. Details of Council's real estate holdings at year-end were as follows:

Residential Land

John Potts Drive Stages 4, 5, 6 & Future

In the twelve months period to 30 June 2012 Council expended approximately \$93,000 on further development of this residential estate and sold two lots in Stage 5. At year end Stage 4 had one lot available for sale with a book value of \$50,262 whilst Stages 5 & 6 had six lots unsold with a book value of \$331,400.

Additionally, this estate had undeveloped land valued at \$147,350 which will be developed and released as appropriate.

Kaiser Subdivision

During the year Council expended approximately \$158,300 on this rural residential subdivision and sold one lot. At year end this land had a book value of \$1.49 million.

Other Land

There were no movements in Council's minor land holdings and at year end Council held land designated for industrial use (\$7,600) and other minor lots collectively valued at \$32,000.

Provisions

At 30 June 2012 the Provision for Employee Accrued Entitlements totalled \$1.52 million. The components of the liability are:-

	2011 \$	2012 \$
Annual Leave	415,000	425,000
Long Service Leave	1,048,000	1,078,000
Other	16,000	15,000



The average leave entitlement per employee as at 30 June 2012 was \$20,240 (2011 - \$19,720).

At year end Council had set aside funds amounting to \$280,000 or 18.45% of the employee' leave entitlement liability. Such funds have been identified as an internally restricted asset.

Loans and Debt Servicing

Council has been able to conduct its operations without the need for additional external loan borrowings in 2011/2012.

During the year Council has repaid loan principal of \$250,000 and at year's end loan borrowings had been reduced to \$7.35 million (2011 - \$7.60 million).

All borrowings relate to the General Fund and Council required \$717,000 or 6.62% of its income received from operating revenues (excluding specific purpose grants and contributions) to service this loan commitment in 2011/2012.

SUMMARY

In analysing Council's financial results for the year particular attention must be given to the following:

- Operating result before capital amounts (surplus of \$461,000)
- Net decrease in cash held – \$844,000
- Internal and unrestricted investments of \$1.33 million together with sewerage fund investments of \$1.32 million
- Performance ratios

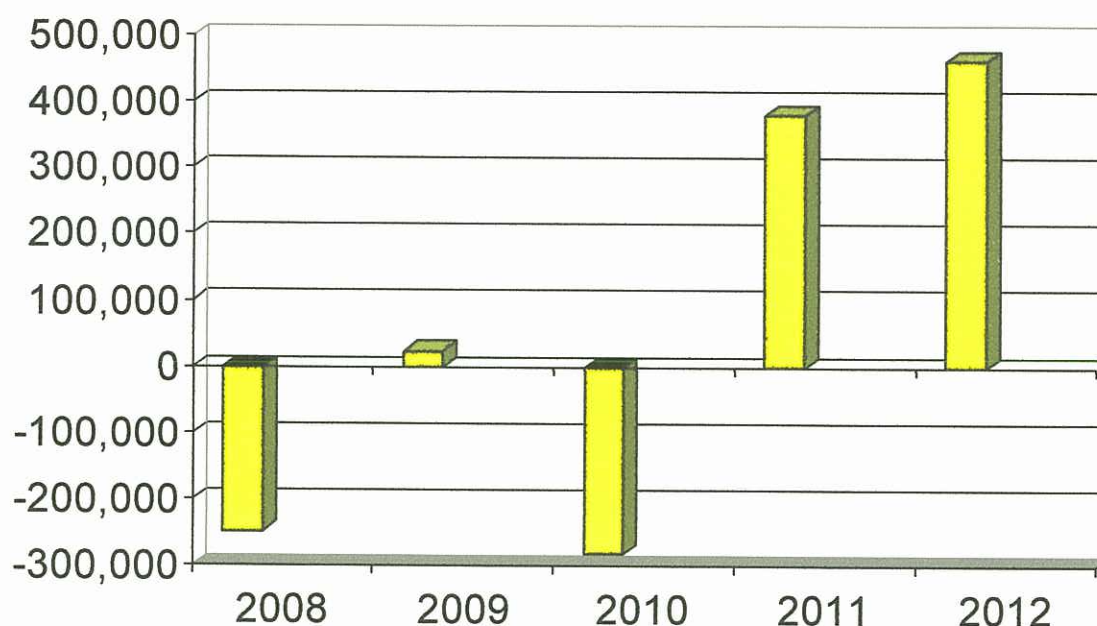
Operating Result

Council has reported an operating surplus before capital amounts of \$461,000 for the twelve months period to 30 June 2012. This surplus has been reported after allowing for depreciation expenses of \$2.12 million and was above both budget expectations (deficit - \$401,000) and the result of the previous year (surplus - \$380,000).

The contribution of the individual funds/activities to the consolidated operating result before capital grants and contributions were as follows:

	Surplus/(Deficit)	
	2011	2012
	\$	\$
General Fund	1,034,000	481,000
Sewerage Fund	(40,000)	(20,000)
Junee Junction	(614,000)	NIL
	<u>\$380,000</u>	<u>\$461,000</u>

Operating Surplus/(Deficit) before Capital Amounts

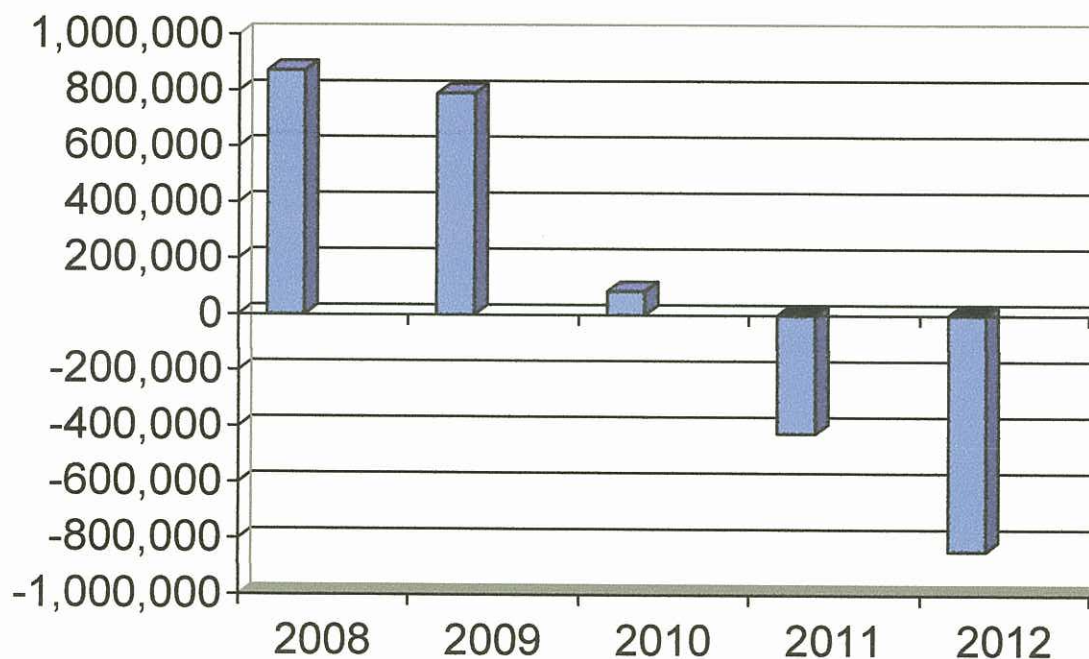


Council's reported operating result for 2012 (surplus of \$461,000) has been largely impacted by the Australian Government's decision to make an advance payment of the 2012/2013 financial assistance grant to local government. The advance payment to Junee Shire Council amounted \$1.28 million and was received in June, 2012. In accordance with the accounting standards this untied grant was required to be brought to account as operating income in the year it was received and has therefore "artificially" inflated the operating result.

Cash Flow (excluding purchases of investments)

Council achieved a cash surplus of \$2.41 million (2011 – \$2.82 million) from its general operating activities which was principally utilised to purchase/construct assets and repay loans. These actions have resulted in council recording a cash flow deficit of \$844,000 for the year.

Cash Flow Surplus/Deficit



Upon analysis the cash flow deficit can be identified as follows:-

<u>Activity</u>	<u>Surplus/(Deficit)</u>	
	2011 \$	2012 \$
<u>Externally Restricted</u>		
Sewerage Fund	118,000	144,000
Other External Restrictions	(333,000)	9,000
<u>Internally Restricted & Unrestricted</u>		
General Fund	(209,000)	(997,000)

For comparative purposes, we note the following factors that have impacted on the cash flow deficit in 2011/2012.

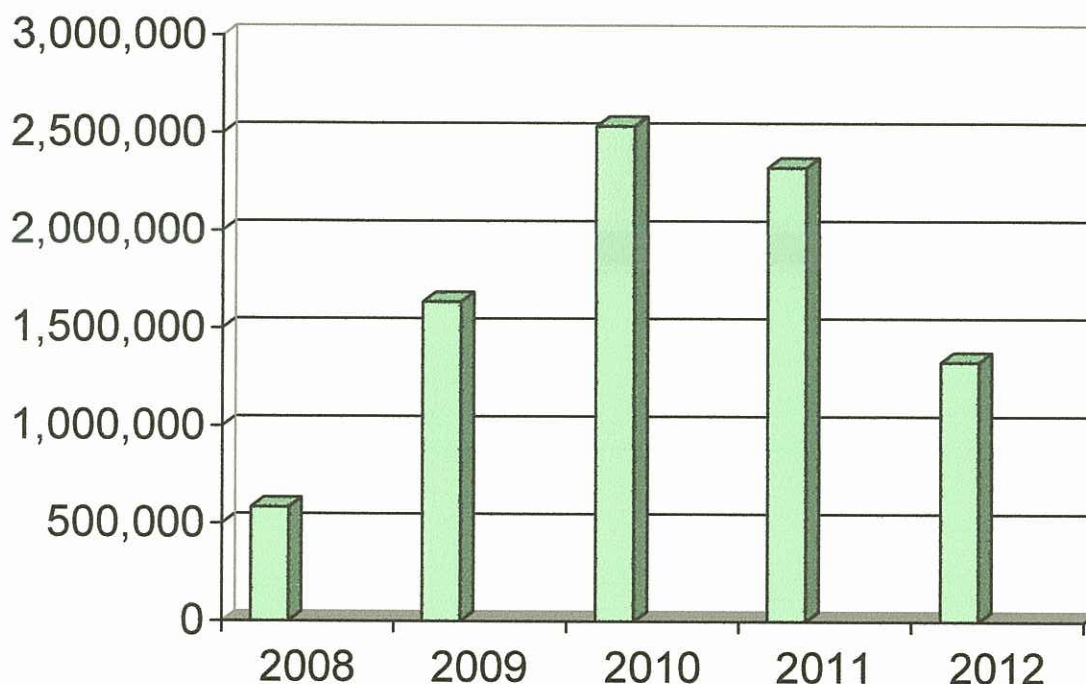
- Advance instalments of the 2012/2013 financial assistance grant (\$1.28 million) was received in the current year.
- Capital expenditure amounted to \$3.57 million in the current year (2011 - \$3.87 million).
- Receivables increased \$951,000 in the twelve months period.
- Council did not obtain any external loan borrowings in 2011/2012 (2011 - \$422,000).

Reserves (Internally Restricted Assets)

As noted previously, Council's internal and unrestricted funds decreased by \$997,000 during the twelve months period and at year end Council held internally restricted investments amounting to \$1.02 million whilst a further \$309,000 was maintained as unrestricted investments. Additionally, we report that the sewerage fund held cash and investments amounting to \$1.32 million.

In addition to these reserves of \$1.33 million we note that Council held land holdings (both residential and industrial) valued at approximately \$2.06 million and future sales (if so earmarked) will also add much needed strength to Council's reserve funding.

Internal and Unrestricted Reserve Funds



As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and in our opinion Junee Shire cash reserves remain low.

Performance Ratios

Council's performance ratios appear satisfactory and in line with industry standards.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 2.89 and the satisfactory debt service commitment (6.62%). As earlier reported the rates outstanding percentage (9.03%) however remains relatively high and Council should focus on reducing this outstanding percentage to less than 5.0%.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each. Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,
AUSWILD & CO.

per:



G.J. BRADLEY
Registered Auditor No 1249



Junee Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

"Make Tracks"



Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
- Income Statement of Water Supply Business Activity	n/a
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	n/a
- Balance Sheet of Water Supply Business Activity	n/a
- Balance Sheet of Sewerage Business Activity	4
- Balance Sheet of Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	6
4. Auditor's Report	12

Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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 16 October 2012.


Cr L M Cummins
MAYOR
Cr N W Smith
COUNCILLOR
G F S Campbell
GENERAL MANAGER
J W Whitfield
RESPONSIBLE ACCOUNTING OFFICER

Junee Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	551	531	512
User charges	78	80	83
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	74	70	47
Grants and contributions provided for non capital purposes	20	20	20
Profit from the sale of assets	-	-	-
Other income	-	-	13
Total income from continuing operations	723	701	675
Expenses from continuing operations			
Employee benefits and on-costs	167	199	191
Borrowing costs	-	-	-
Materials and contracts	131	158	180
Depreciation and impairment	313	278	238
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	132	106	65
Total expenses from continuing operations	743	741	674
Surplus (deficit) from Continuing Operations before capital amounts	(20)	(40)	1
Grants and contributions provided for capital purposes	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(20)	(40)	1
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(20)	(40)	1
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(0)
SURPLUS (DEFICIT) AFTER TAX	(20)	(40)	1
plus Opening Retained Profits	4,958	4,998	4,997
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	0
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	4,938	4,958	4,998
Return on Capital %	-0.2%	-0.3%	0.0%
Subsidy from Council	329	668	-
Calculation of dividend payable:			
Surplus (deficit) after tax	(20)	(40)	1
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	-	-	1
Potential Dividend calculated from surplus	-	-	0

Junee Shire Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	1,316	1,172
Investments	-	-
Receivables	83	86
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,399	1,258
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,208	12,045
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,208	12,045
TOTAL ASSETS	11,607	13,303
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	11,607	13,303
EQUITY		
Retained earnings	4,938	4,958
Revaluation reserves	6,669	8,345
Council equity interest	11,607	13,303
Minority equity interest	-	-
TOTAL EQUITY	11,607	13,303

Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- 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. They are 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 Division 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 Environment, Climate Change and Water) some 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 businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

Junee Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

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 **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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 the business.

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 GPFS.

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.

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

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 Business Activities.

(iii) Dividends

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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

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 2012 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 its payment.

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

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	5,082
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	50,820
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(59,300)

2012 Surplus	(20,000)	2011 Surplus	(40,000)	2010 Surplus	700
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 4 Criteria

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

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
Complying charges (a) Residential [Item 2(c) in Table 1]	NO
(b) Non Residential [Item 2(c) in Table 1]	NO
(c) Trade Waste [Item 2(d) in Table 1]	NO
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii) Complete Performance Reporting Form (by 15 September each year)	NO
(iv) a. Integrated Water Cycle Management Evaluation	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	649
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,208
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	430
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	152
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.92%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	649
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	3.08%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	152
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.92%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

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

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

2012

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-11.34%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(20)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	20

- 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 auditor's report to the Councillors of the Junee Shire Council
and the Chief Executive Officer of the Division of Local Government**

We have audited the accompanying financial report, being a special purpose financial report, of the Junee Shire Council, which comprises the statement by councillors and management, balance sheet as at 30th June, 2012, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

The council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial requirements of National Competition Policy reporting and are appropriate to meet the needs of the council. The council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 report is free from material misstatement.

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

The financial report has been prepared for distribution to the council and the Division of Local Government for the purpose of fulfilling council's financial reporting requirements under National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the council or the Division of Local Government or for any purpose other than that for which it was prepared.

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of Junee Shire Council as at 30 June, 2012 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

AUSWILD & CO.



G.J. BRADLEY
Principal

Registered Auditor No: 1249

CANBERRA
22nd October, 2012

Junee Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

"Make Tracks"



Junee Shire Council

Special Schedules

for the financial year ended 30 June 2012

Contents

Page

Special Schedules¹

- 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 - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	5
- Special Schedule No. 6	Sewerage Service - Balance Sheet	9
- Notes to Special Schedules No. 3 & 5		10
- Special Schedule No. 7	Condition of Public Works	11
- Special Schedule No. 8	Financial Projections	13

¹ Special Purpose Schedules are not audited.

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,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (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 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	376	30	-	(346)
Administration	2,343	728	-	(1,615)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	220	86	-	(134)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	5	-	5
Animal Control	28	7	-	(21)
Other	1	-	-	(1)
Total Public Order & Safety	249	98	-	(151)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	82	42	-	(40)
Other Environmental Protection	29	1	-	(28)
Solid Waste Management	592	635	-	43
Street Cleaning	-	-	-	-
Drainage	61	45	-	(16)
Stormwater Management	50	77	-	27
Total Environment	814	800	-	(14)
Community Services and Education				
Administration & Education	67	-	-	(67)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	111	112	-	1
Children's Services	724	745	-	21
Total Community Services & Education	902	857	-	(45)
Housing and Community Amenities				
Public Cemeteries	112	99	-	(13)
Public Conveniences	64	-	-	(64)
Street Lighting	-	-	-	-
Town Planning	205	122	-	(83)
Other Community Amenities	76	60	-	(16)
Total Housing and Community Amenities	457	281	-	(176)
Water Supplies	-	-	-	-
Sewerage Services	743	723	-	(20)

Junee Shire Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	364	29	6	(329)
Museums	6	-	-	(6)
Art Galleries	-	-	-	-
Community Centres and Halls	62	-	-	(62)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	178	-	62	(116)
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	320	27	-	(293)
Other Sport and Recreation	964	265	-	(699)
Total Recreation and Culture	1,894	321	68	(1,505)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	88	-	-	(88)
Other Mining, Manufacturing & Construction	11	-	-	(11)
Total Mining, Manufacturing and Const.	99	-	-	(99)
Transport and Communication				
Urban Roads (UR) - Local	715	50	40	(625)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,034	249	505	(280)
Sealed Rural Roads (SRR) - Regional	162	549	270	657
Unsealed Rural Roads (URR) - Local	600	-	-	(600)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	1,768	2,025	-	257
Total Transport and Communication	4,279	2,873	815	(591)
Economic Affairs				
Camping Areas & Caravan Parks	15	9	-	(6)
Other Economic Affairs	522	534	-	12
Total Economic Affairs	537	543	-	6
Totals – Functions	12,693	7,254	883	(4,556)
General Purpose Revenues⁽²⁾		5,900		5,900
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	12,693	13,154	883	1,344

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Junee Shire Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	250	7,350	7,600	-	250	-	-	467	162	7,188	7,350
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	250	7,350	7,600	-	250	-	-	467	162	7,188	7,350
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	250	7,350	7,600	-	250	-	-	467	162	7,188	7,350

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

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

Junee Shire Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	77	75
b. Engineering and Supervision	28	22
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	79	86
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	-	-
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	43	53
i. Effluent Management	19	13
j. Biosolids Management	-	-
k. Maintenance expenses	184	214
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	313	278
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	743	741

Junee Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	551	531
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	78	80
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	74	70
11. Other income	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	20	20
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	723	701
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	(20)	(40)
16a. Operating Result (less grants for acquisition of assets)	(20)	(40)

Junee Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	111	58
b. New Assets for Growth	-	-
c. Renewals	41	49
d. Plant and equipment	-	3
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	152	110
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,436	1,426
b. Residential (unoccupied, ie. vacant lot)	111	121
c. Non-residential (occupied)	126	125
d. Non-residential (unoccupied, ie. vacant lot)	21	21
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 35,227	\$ 35,331

Junee Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox" value="NO"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox" value="Yes"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox" value="No"/>	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

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

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

Junee Shire Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,316	-	1,316
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	83	-	83
c. Other (including User Charges)	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	10,208	-	10,208
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	11,607	-	11,607
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	-	-	-
42. NET ASSETS COMMITTED	11,607	-	11,607
EQUITY			
42. Accumulated surplus			4,938
44. Asset revaluation reserve			6,669
45. TOTAL EQUITY			11,607
Note to system assets:			
46. Current replacement cost of system assets			19,566
47. Accumulated current cost depreciation of system assets			(9,358)
48. Written down current cost of system assets			10,208

Junee Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

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

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

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

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

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

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

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Council Offices	1 - 5%	15	-	1,367	711	656	3	50	32	20
	Council Works Depot	1 - 2%	9	-	712	507	205	3	90	25	26
	Council Halls	1.00%	21	-	3,050	2,051	999	1	-	2	3
	Council Houses	1 - 5%	15	-	1,224	162	1,062	1	-	5	8
	Medical Centre	1 - 4%	14	-	1,097	93	1,004	1	-	3	12
	Museum	1.67%	14	-	2,959	2,314	645	3	70	2	1
	Library	1 - 5%	27	-	1,697	75	1,622	1	-	2	8
	Amenities/Toilets	2.00%	2	-	140	49	91	3	50	15	12
	Swimming Pool	2 - 2.5%	1	-	62	56	6	1	-	5	7
	Other Public Buildings	2 - 10%	6	-	455	319	136	3	-	1	1
	Other Sportsgrounds	1 - 5%	113	-	7,165	2,046	5,119	3	500	30	30
	sub total		237	-	19,928	8,383	11,545		760	122	128
Other Structures											
	Assets not included in Buildings		109	-	5,159	2,077	3,082				
	sub total		109	-	5,159	2,077	3,082		-	-	-
Public Roads											
	Sealed Roads	5.00%	510	-	7,515	2,192	5,323	3	3,200	750	274
	Unsealed Roads	5.00%	376	-	7,991	2,879	5,112	3	500	600	234
	Sealed Roads Structure	1.00%	147	-	37,735	6,700	31,035	3	1,500	1,100	717
	Bridges	1.00%	60	-	8,448	2,246	6,202	2	380	-	-
	Footpaths	2.00%	34	-	1,760	117	1,643	2	-	25	25
	Kerb and Gutter	1 - 2%	64	-	2,722	557	2,165	3	370	20	7
	sub total		1,191	-	66,171	14,691	51,480		5,950	2,495	1,257

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
Sewerage		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>							
	Pipeline	1.2 - 4%	163	-	11,550	4,350	7,200	3	500	149	54
	Treatment Works	1 - 20%	114	-	6,356	4,851	1,505	3	400	321	149
	Effluent Reuse	1 - 5%	36	-	1,660	157	1,503	2	50	43	19
	sub total		313	-	19,566	9,358	10,208		950	513	222
Drainage Works											
	Pipes / Culverts	1 - 1.7%	22	-	2,128	913	1,215	3	125	25	25
	Urban Drainage Infrastructure	1.00%	26	-	2,568	775	1,793	2	10	10	14
	sub total		48	-	4,696	1,688	3,008		135	35	39
	TOTAL - ALL ASSETS		1,898	-	115,520	36,197	79,323		7,795	3,165	1,646

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

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. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	14,037	12,583	12,661	12,645	13,116
Expenses from continuing operations	12,693	11,824	11,961	12,144	12,347
Operating Result from Continuing Operations	1,344	759	700	501	769
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	334	625	84	95	109
Replacement/Refurbishment of Existing Assets	2,561	2,550	2,658	2,706	2,930
Total Capital Budget	2,895	3,175	2,742	2,801	3,039
Funded by:					
– Loans	-	-	-	510	-
– Asset sales	509	1,362	710	740	795
– Reserves	1,300	-	-	-	-
– Grants/Contributions	883	739	739	739	739
– Recurrent revenue	203	1,074	1,293	812	1,505
– Other	-	-	-	-	-
	2,895	3,175	2,742	2,801	3,039

Notes:

(1) From 11/12 Income Statement.

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

(3) If Council has only adopted 3 years of projections then only show 3 years.

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.