

Junee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013



Junee Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

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
- Statement of Financial Position	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])	73
- On the Conduct of the Audit (Sect 417 [3])	75

Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 18 October 2013. Council has the power to amend and reissue these financial statements.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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 2013.

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. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Junee Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

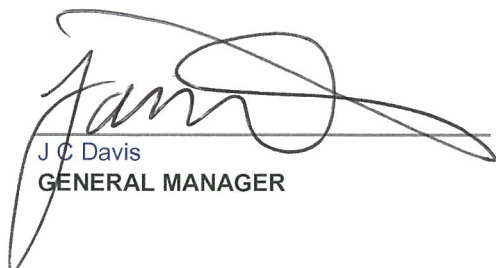
Signed in accordance with a resolution of Council made on 15 October 2013.



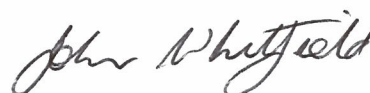
Cr L M Cummins
MAYOR



Cr A Clinton
COUNCILLOR



J C Davis
GENERAL MANAGER



J W Whitfield
RESPONSIBLE ACCOUNTING OFFICER

Junee Shire Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
3,893	Rates & Annual Charges	3a	3,910	3,754
3,032	User Charges & Fees	3b	2,658	3,128
176	Interest & Investment Revenue	3c	151	213
341	Other Revenues	3d	476	430
3,649	Grants & Contributions provided for Operating Purposes	3e,f	4,598	5,527
1,489	Grants & Contributions provided for Capital Purposes	3e,f	1,214	883
Other Income:				
3	Net gains from the disposal of assets	5	-	102
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	-	-
12,583	Total Income from Continuing Operations		13,007	14,037
Expenses from Continuing Operations				
4,210	Employee Benefits & On-Costs	4a	4,149	4,108
343	Borrowing Costs	4b	430	367
4,362	Materials & Contracts	4c	4,330	4,785
2,176	Depreciation & Amortisation	4d	1,945	2,123
-	Impairment	4d	-	-
733	Other Expenses	4e	1,391	1,310
-	Net Losses from the Disposal of Assets	5	152	-
11,824	Total Expenses from Continuing Operations		12,397	12,693
759	Operating Result from Continuing Operations		610	1,344
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
759	Net Operating Result for the Year		610	1,344
759	Net Operating Result attributable to Council		610	1,344
-	Net Operating Result attributable to Non-controlling Interests		-	-
(730)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(604)	461

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

Junee Shire Council

Statement of Comprehensive Income for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		610	1,344
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	3,934	10,661
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,249)
Total Items which will not be reclassified subsequently to the Operating Result		3,934	8,412
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		3,934	8,412
Total Comprehensive Income for the Year		4,544	9,756
Total Comprehensive Income attributable to Council		4,544	9,756
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Junee Shire Council

Statement of Financial Position as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,143	2,865
Investments	6b	-	-
Receivables	7	1,628	2,110
Inventories	8	608	658
Other	8	88	124
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		5,467	5,757
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	2
Inventories	8	1,762	1,765
Infrastructure, Property, Plant & Equipment	9	133,208	128,476
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		134,970	130,243
TOTAL ASSETS		140,437	136,000
LIABILITIES			
Current Liabilities			
Payables	10	786	812
Borrowings	10	162	162
Provisions	10	1,593	1,506
Total Current Liabilities		2,541	2,480
Non-Current Liabilities			
Payables	10	37	37
Borrowings	10	7,025	7,188
Provisions	10	7	12
Total Non-Current Liabilities		7,069	7,237
TOTAL LIABILITIES		9,610	9,717
Net Assets		130,827	126,283
EQUITY			
Retained Earnings	20	77,357	76,747
Revaluation Reserves	20	53,470	49,536
Council Equity Interest		130,827	126,283
Non-controlling Interests		-	-
Total Equity		130,827	126,283

Junee Shire Council

Statement of Changes in Equity for the financial year ended 30 June 2013

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling 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
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,249)	(2,249)	-	(2,249)
- Other Movements	20b (ii)	-	-	-	-	-
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) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		76,747	49,536	126,283	-	126,283

Junee Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
3,893	Rates & Annual Charges		3,838	3,765
3,032	User Charges & Fees		2,796	3,290
176	Investment & Interest Revenue Received		131	196
5,138	Grants & Contributions		7,105	5,707
341	Other		472	739
Payments:				
(4,010)	Employee Benefits & On-Costs		(4,087)	(4,036)
(4,513)	Materials & Contracts		(5,203)	(5,393)
(333)	Borrowing Costs		(430)	(362)
(733)	Other		(1,461)	(1,496)
2,991	Net Cash provided (or used in) Operating Activities	11b	3,161	2,410
Cash Flows from Investing Activities				
Receipts:				
293	Sale of Real Estate Assets		235	235
1,069	Sale of Infrastructure, Property, Plant & Equipment		1,342	274
-	Deferred Debtors Receipts		4	52
Payments:				
(3,926)	Purchase of Infrastructure, Property, Plant & Equipment		(4,239)	(3,314)
(183)	Purchase of Real Estate Assets		(62)	(251)
(2,747)	Net Cash provided (or used in) Investing Activities		(2,720)	(3,004)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(162)	Repayment of Borrowings & Advances		(163)	(250)
(162)	Net Cash Flow provided (used in) Financing Activities		(163)	(250)
82	Net Increase/(Decrease) in Cash & Cash Equivalents		278	(844)
2,502	plus: Cash & Cash Equivalents - beginning of year	11a	2,865	3,709
2,584	Cash & Cash Equivalents - end of the year	11a	3,143	2,865
Additional Information:				
plus: Investments on hand - end of year				
		6b	-	-
Total Cash, Cash Equivalents & Investments			3,143	2,865

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 2013

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	28
2(b)	Council Functions / Activities - Component Descriptions	29
3	Income from Continuing Operations	30
4	Expenses from Continuing Operations	35
5	Gains or Losses from the Disposal of Assets	39
6(a)	Cash & Cash Equivalent Assets	39
6(b)	Investments	n/a
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	40
7	Receivables	41
8	Inventories & Other Assets	42
9(a)	Infrastructure, Property, Plant & Equipment	43
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	44
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	44
10(a)	Payables, Borrowings & Provisions	45
10(b)	Description of (and movements in) Provisions	46
11	Statement of Cash Flows - Additional Information	47
12	Commitments for Expenditure	49
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	50
	13a (ii) Local Government Industry Graphs (Consolidated)	52
	13b Local Government Industry Indicators (by Fund)	55
14	Investment Properties	57 n/a
15	Financial Risk Management	57
16	Material Budget Variations	61
17	Statement of Developer Contributions	63
18	Contingencies and Other Liabilities/Assets not recognised	64
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	66
20	Equity - Retained Earnings and Revaluation Reserves	67
21	Financial Result & Financial Position by Fund	68
22	"Held for Sale" Non Current Assets & Disposal Groups	70 n/a
23	Events occurring after the Reporting Period	70
24	Discontinued Operations	70 n/a
25	Intangible Assets	70 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	70 n/a
Additional Council Disclosures		
27	Financial Review	71
28	Council Information & Contact Details	72

n/a - not applicable

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 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 2013.

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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

(vii) Critical Accounting Estimates

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on 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 real estate held for re-sale.
- (ii) 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 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to 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.

A provision for the impairment on rates receivables has been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

(iii) Joint Ventures

Riverina Regional Library

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

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

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

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

Spatial Information Management Project

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

(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.

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 Council and accordingly this entity has 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

Council had no finance leases both during the year or 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 2013

Note 1. Summary of Significant Accounting Policies

(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 2013

Note 1. Summary of Significant Accounting Policies

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Government Act and S212 of the LG (General) Regulation 2005.

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same

instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

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

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

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

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Sewerage Networks**
(Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

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

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

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ

materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

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

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.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(n) Crown Reserves

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

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

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements .

(p) Investment property

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

Council has not held any Investment Property during the 2012-2013 financial year.

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

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

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

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

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

Council did not hold any non-current assets for sale or have any discontinued operations during the 2012-2013 financial year.

(s) Impairment of assets

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then value in use is represented by the

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

'deprival value' of the asset which is approximated as the written down replacement cost.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

Defined Benefit Plans

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

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

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

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 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 June 2013.

(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.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 2013.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

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

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

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

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

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

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

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

AASB 13 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.

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 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.

Applicable to Local Government but no implications for Council;

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

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

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

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single

economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

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

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

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

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

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

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

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

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

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

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

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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)

This revised standard on accounting for employee benefits requires the recognition of all re-measurements 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.

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

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.

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

Not applicable to Local Government per se;

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

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 2013

Note 1. Summary of Significant Accounting Policies

(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 2013

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
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	30	513	556	376	(513)	(556)	(346)	-	30	-	-
Administration	161	326	728	1,689	1,888	2,343	(1,528)	(1,562)	(1,615)	-	-	4,700	4,405
Public Order & Safety	113	108	98	261	214	249	(148)	(106)	(151)	83	87	360	195
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	734	729	800	822	929	814	(88)	(200)	(14)	63	182	3,998	3,931
Community Services & Education	906	975	857	973	975	902	(67)	-	(45)	760	691	64	18
Housing & Community Amenities	237	261	281	547	605	457	(310)	(344)	(176)	-	2	881	1,560
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	748	744	723	749	698	743	(1)	46	(20)	20	21	12,142	11,707
Recreation & Culture	299	397	389	1,802	2,191	1,894	(1,503)	(1,794)	(1,505)	50	34	19,693	16,995
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	5	-	-	20	97	99	(15)	(97)	(99)	-	-	17	18
Transport & Communication	3,447	3,681	3,688	3,922	3,714	4,279	(475)	(33)	(591)	2,092	1,611	94,811	93,074
Economic Affairs	515	413	543	526	530	537	(11)	(117)	6	14	13	3,771	4,097
Total Functions & Activities	7,165	7,634	8,137	11,824	12,397	12,693	(4,659)	(4,763)	(4,556)	3,082	2,671	140,437	136,000
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	5,418	5,373	5,900	-	-	-	5,418	5,373	5,900	2,566	3,200	-	-
Operating Result from Continuing Operations	12,583	13,007	14,037	11,824	12,397	12,693	759	610	1,344	5,648	5,871	140,437	136,000

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 2013

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,040	1,021
Farmland		1,413	1,333
Business		268	256
Total Ordinary Rates		2,721	2,610
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		441	422
Stormwater Management Services		46	45
Sewerage Services		577	551
Waste Management Services (non-domestic)		125	126
Total Annual Charges		1,189	1,144
TOTAL RATES & ANNUAL CHARGES		3,910	3,754

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		82	78
Waste Management Services (non-domestic)		2	2
Total User Charges		84	80
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		68	60
Private Works - Section 67		341	405
Regulatory/ Statutory Fees		14	12
Section 149 Certificates (EPA Act)		17	18
Section 603 Certificates		10	9
Total Fees & Charges - Statutory/Regulatory		450	504
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		90	99
Family Day Care		116	112
Leaseback Fees - Council Vehicles		51	55
Library & Art Gallery		5	5
Multipurpose Centre		229	197
Refuse & Effluent Disposal		1	1
Rent & Hire of Council Properties		7	7
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,580	2,025
Waste Disposal Tipping Fees		44	41
Other		1	2
Total Fees & Charges - Other		2,124	2,544
TOTAL USER CHARGES & FEES		2,658	3,128

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		41	41
- Interest earned on Investments (interest & coupon payment income)		99	153
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		11	19
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>151</u>	<u>213</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		41	41
General Council Cash & Investments		27	56
Restricted Investments/Funds - External:			
Sewerage Fund Operations		65	74
Other Externally Restricted Assets		-	8
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		18	34
Total Interest & Investment Revenue Recognised		<u>151</u>	<u>213</u>
(d) Other Revenues			
Rental Income - Other Council Properties		136	149
Fines		4	1
Legal Fees Recovery - Rates & Charges (Extra Charges)		6	13
Commissions & Agency Fees		102	112
Diesel Rebate		32	25
Holiday Activities		6	7
Insurance Claim Recoveries		60	27
Recycling Income (non domestic)		8	4
Sales - Swimming Centre		80	68
Scrap Metal Sales		3	20
Gravel Pits		37	-
Other		2	4
<u>TOTAL OTHER REVENUE</u>		<u>476</u>	<u>430</u>

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	2,520	3,155	-	-
Pensioners' Rates Subsidies - General Component	46	45	-	-
Total General Purpose	2,566	3,200	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	20	21	-	-
- Domestic Waste Management	19	19	-	-
Aged Care	1	1	-	-
Bushfire & Emergency Services	83	127	-	-
Community Care	1	1	-	-
Community Transport	120	92	-	-
Family Day Care	637	587	-	-
Flood Restoration	2	-	841	502
Flood Risk Planning	-	77	-	-
Heritage & Cultural	14	14	-	-
Library - per capita	22	24	-	-
Library - special projects	-	-	8	6
Noxious Weeds	42	41	-	-
Recreation & Culture	10	-	10	10
State Government Specific Purpose Grant	-	30	-	-
Transport (Roads to Recovery)	691	249	-	-
Transport (Other Roads & Bridges Funding)	209	549	351	310
Youth Services	1	11	-	-
Total Specific Purpose	1,872	1,843	1,210	828
Total Grants	4,438	5,043	1,210	828
Grant Revenue is attributable to:				
- Commonwealth Funding	3,849	4,076	-	-
- State Funding	589	967	1,210	828
	4,438	5,043	1,210	828

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000		2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the LGA):					
S 94A - Fixed Development Consent Levies		43	41	-	-
Total Developer Contributions	17	43	41	-	-
Other Contributions:					
Community Services		39	29	-	-
Community Transport		47	42	-	-
Kerb & Gutter		3	-	-	-
Other Councils - Joint Works/Services		-	362	-	-
Recreation & Culture		2	2	-	52
Roads & Bridges		-	-	4	3
Tourism		1	6	-	-
Long Service Leave		22	-	-	-
Other		3	2	-	-
Total Other Contributions		117	443	4	55
Total Contributions		160	484	4	55
TOTAL GRANTS & CONTRIBUTIONS		4,598	5,527	1,214	883

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

(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	150	174
add: Grants & contributions recognised in the current period but not yet spent:	19	315
less: Grants & contributions recognised in a previous reporting period now spent:	(60)	(339)
Net Increase (Decrease) in Restricted Assets during the Period	(41)	(24)
Unexpended and held as Restricted Assets	109	150
Comprising:		
- Specific Purpose Unexpended Grants	109	150
	109	150

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,416	3,289
Employee Leave Entitlements (ELE)		615	562
Superannuation		458	444
Workers' Compensation Insurance		95	119
Fringe Benefit Tax (FBT)		17	22
Training Costs (other than Salaries & Wages)		41	47
Other		7	12
Total Employee Costs		4,649	4,495
less: Capitalised Costs		(500)	(387)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>4,149</u>	<u>4,108</u>
Number of "Equivalent Full Time" Employees at year end		75	75
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		430	467
Total Interest Bearing Liability Costs		430	467
less: Capitalised Costs		-	(100)
Total Interest Bearing Liability Costs Expensed		430	367
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>430</u>	<u>367</u>

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		1,496	2,031
Contractor & Consultancy Costs		2,278	2,194
Auditors Remuneration ⁽¹⁾		15	13
Legal Expenses:			
- Legal Expenses: Planning & Development		-	6
- Legal Expenses: Other		15	22
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		526	519
Total Materials & Contracts		4,330	4,785
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		4,330	4,785
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		15	13
Remuneration for audit and other assurance services		15	13
Total Auditor Remuneration		15	13
2. Operating Lease Payments are attributable to:			
Computers		38	40
Motor Vehicles		18	18
Plant		470	461
		526	519

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	228	242
Office Equipment		-	-	40	46
Furniture & Fittings		-	-	10	12
Land Improvements (depreciable)		-	-	28	-
Buildings - Non Specialised		-	-	35	38
Buildings - Specialised		-	-	199	199
Other Structures		-	-	80	109
Infrastructure:					
- Roads, Bridges & Footpaths		-	2,249	1,146	1,191
- Stormwater Drainage		-	-	48	48
- Sewerage Network		-	-	219	313
Other Assets					
- Library Books		-	-	1	2
- Other		-	-	-	1
Total Depreciation & Impairment Costs		-	2,249	2,034	2,201
less: Capitalised Costs		-	-	(89)	(78)
less: Impairments (to)/from ARR [Equity]	9a	-	(2,249)	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	1,945	2,123

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		18	22
Bad & Doubtful Debts		5	4
Bank Charges		10	9
Cleaning		93	86
Computer Software Charges		50	59
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		130	135
- NSW Fire Brigade Levy		13	13
Councillor Expenses - Mayoral Fee		14	14
Councillor Expenses - Councillors' Fees		71	68
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		12	4
Donations, Contributions & Assistance to other organisations (Section 356)		24	20
Election Expenses		32	-
Electricity & Heating		320	260
Insurance		267	260
Office Expenses (including computer expenses)		60	57
Postage		15	12
Printing & Stationery		42	53
Street Lighting		77	72
Subscriptions & Publications		14	15
Telephone & Communications		37	42
Tourism Expenses (excluding employee costs)		65	86
Valuation Fees		22	19
Total Other Expenses		1,391	1,310
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>1,391</u>	<u>1,310</u>

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		1,133	-
less: Carrying Amount of Property Assets Sold / Written Off		(1,308)	-
Net Gain/(Loss) on Disposal		(175)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		209	235
less: Carrying Amount of P&E Assets Sold / Written Off		(188)	(194)
Net Gain/(Loss) on Disposal		21	41
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		235	235
less: Carrying Amount of Real Estate Assets Sold / Written Off		(233)	(174)
Net Gain/(Loss) on Disposal		2	61
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(152)	102

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		671	-	396	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		2,472	-	2,469	-
Total Cash & Cash Equivalents		3,143	-	2,865	-
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		3,143	-	2,865	-

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

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

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		3,143	-	2,865	-

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Total Cash, Cash Equivalents and Investments	3,143	-	2,865	-
attributable to:				
External Restrictions (refer below)	1,761	-	1,537	-
Internal Restrictions (refer below)	1,342	-	1,019	-
Unrestricted	40	-	309	-
	3,143	-	2,865	-

2013 \$ '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)	-	43	(43)	-
Specific Purpose Unexpended Grants (F)	150	-	(41)	109
Sewerage Services (G)	1,316	243	-	1,559
Domestic Waste Management (G)	66	14	-	80
Other	5	15	(7)	13
External Restrictions - Other	1,537	315	(91)	1,761
Total External Restrictions	1,537	315	(91)	1,761
Internal Restrictions				
Plant & Vehicle Replacement	103	48	-	151
Employees Leave Entitlement	280	-	-	280
Broadway Museum	84	2	(37)	49
Financial Assistance Grant - advance payment	429	778	(429)	778
GAP Project	97	-	(39)	58
Gravel Pits Restoration	26	-	-	26
Total Internal Restrictions	1,019	828	(505)	1,342
TOTAL RESTRICTIONS	2,556	1,143	(596)	3,103

- 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 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		448	-	388	-
Interest & Extra Charges		38	-	29	-
User Charges & Fees		16	-	12	-
Private Works		243	-	115	-
Accrued Revenues					
- Interest on Investments		7	-	7	-
Cemetery Fees		19	-	18	-
Deferred Debtors		179	-	170	2
Government Grants & Subsidies		75	-	1,051	-
Kerb & Gutter Contributions		5	-	3	-
Net GST Receivable		14	-	38	-
RMS Charges		538	-	258	-
Other Debtors		80	-	71	-
Total		1,662	-	2,160	2
less: Provision for Impairment					
Rates & Annual Charges		(26)	-	(38)	-
User Charges & Fees		(8)	-	(12)	-
Total Provision for Impairment - Receivables		(34)	-	(50)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,628</u>	<u>-</u>	<u>2,110</u>	<u>2</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		100	-	83	-
Other					
Total External Restrictions		100	-	83	-
Internally Restricted Receivables					
Government Grants & Subsidies		-	-	597	-
RMS Charges		538	-	258	-
Internally Restricted Receivables		538	-	855	-
Unrestricted Receivables		990	-	1,172	2
TOTAL NET RECEIVABLES		1,628	-	2,110	2

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		127	1,762	295	1,765
Stores & Materials		473	-	356	-
Trading Stock		8	-	7	-
Total Inventories		608	1,762	658	1,765
Other Assets					
Prepayments		88	-	124	-
Total Other Assets		88	-	124	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		696	1,762	782	1,765

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures

Details for Real Estate Development

Residential	127	1,762	295	1,765
Total Real Estate for Resale	127	1,762	295	1,765

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

Represented by:

Acquisition Costs	2	333	5	343
Development Costs	117	1,355	271	1,346
Borrowing Costs	6	74	15	76
Other Holding Costs	2	-	4	-
Total Costs	127	1,762	295	1,765
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	127	1,762	295	1,765

Movements:

Real Estate assets at beginning of the year	295	1,765	312	1,671
- Purchases and other costs	11	51	157	94
- WDV of Sales (exp)	(179)	(54)	(174)	-
Total Real Estate for Resale	127	1,762	295	1,765

5

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period						as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment										Dep'n	Impairment	
Plant & Equipment	-	3,061	1,778	-	1,283	287	-	(187)	(228)	-	-	-	3,064	1,909	-	1,155
Office Equipment	-	332	236	-	96	12	-	-	(40)	-	-	-	340	272	-	68
Furniture & Fittings	-	194	138	-	56	9	-	-	(10)	-	-	-	203	148	-	55
Land:																
- Operational Land	-	2,633	-	-	2,633	74	-	(210)	-	-	58	-	2,555	-	-	2,555
- Community Land	-	5,351	-	-	5,351	-	-	-	-	-	-	-	5,351	-	-	5,351
Land Improvements - depreciable	-	-	-	-	-	2	-	(33)	(28)	641	-	-	1,037	455	-	582
Buildings - Non Specialised	-	3,324	1,416	-	1,908	32	-	(518)	(35)	-	411	-	4,217	2,419	-	1,798
Buildings - Specialised	-	16,604	6,967	-	9,637	527	-	(541)	(199)	-	2,585	-	18,958	6,949	-	12,009
Other Structures	-	5,159	2,077	-	3,082	194	-	(7)	(80)	(641)	390	-	4,255	1,317	-	2,938
Infrastructure:																
- Roads, Bridges, Footpaths	-	66,171	12,910	1,781	51,480	1,202	1,155	-	(1,146)	-	-	-	67,373	14,055	627	52,691
- Bulk Earthworks (non-depreciable)	-	39,727	-	-	39,727	780	-	-	-	-	-	-	40,507	-	-	40,507
- Stormwater Drainage	-	4,696	1,688	-	3,008	49	-	-	(48)	-	-	-	4,745	1,736	-	3,009
- Sewerage Network	-	19,566	9,358	-	10,208	5	-	-	(219)	-	490	-	20,060	9,576	-	10,484
Other Assets:																
- Library Books	-	23	20	-	3	-	-	-	(1)	-	-	-	23	21	-	2
- Other	-	12	8	-	4	-	-	-	-	-	-	-	12	8	-	4
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	166,853	36,596	1,781	128,476	3,173	1,155	(1,496)	(2,034)	-	3,934	-	172,700	38,865	627	133,208

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$1,257) and New Assets (\$677). 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 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Infrastructure	-	20,060	9,576	10,484	-	19,566	9,358	10,208
Total Sewerage Services	-	20,060	9,576	10,484	-	19,566	9,358	10,208
TOTAL RESTRICTED I,PP&E	-	20,060	9,576	10,484	-	19,566	9,358	10,208

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

\$ '000	Notes	Actual 2013	Actual 2012
Impairment Losses recognised direct to Equity (ARR) incl:			
Road assets due to storms and flood damage		-	(2,249)
Total Impairment Losses		-	(2,249)
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)	-	<u>(2,249)</u>

Refer to Note 9(a) for Impairment Restoration Works totalling \$1.2M 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 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		478	-	502	-
Payments Received In Advance		45	-	37	-
Accrued Expenses:					
- Borrowings		110	-	110	-
- Salaries & Wages		118	-	128	-
- Other Expenditure Accruals		9	-	9	-
Security Bonds, Deposits & Retentions		26	37	26	37
Total Payables		786	37	812	37
Borrowings					
Loans - Secured ¹		162	7,025	162	7,188
Total Borrowings		162	7,025	162	7,188
Provisions					
Employee Benefits;					
Annual Leave		435	-	425	-
Long Service Leave		1,139	7	1,066	12
Other Leave		19	-	15	-
Sub Total - Aggregate Employee Benefits		1,593	7	1,506	12
Total Provisions		1,593	7	1,506	12
Total Payables, Borrowings & Provisions		2,541	7,069	2,480	7,237
(i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Nil					
Internally Restricted Assets					
Employee Leave Entitlements		280	-	280	-
Liabilities relating to internally restricted assets		280	-	280	-
Total Liabilities relating to restricted assets		280	-	280	-
Total Liabilities relating to Unrestricted Assets		2,261	7,069	2,200	7,237
TOTAL PAYABLES, BORROWINGS & PROVISIONS		2,541	7,069	2,480	7,237

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 2013

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

	Actual 2013	Actual 2012
\$ '000		

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

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

Provisions - Employees Benefits	1,155	1,050
	1,155	1,050

Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	425	237	(281)	54	-	435
Long Service Leave	1,078	116	(100)	52	-	1,146
Other Leave	15	5	(1)	-	-	19
TOTAL	1,518	358	(382)	106	-	1,600

- 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 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,143	2,865
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,143	2,865
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		610	1,344
Adjust for non cash items:			
Depreciation & Amortisation		1,945	2,123
Net Losses/(Gains) on Disposal of Assets		152	(102)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(11)	(19)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		507	(1,023)
Increase/(Decrease) in Provision for Doubtful Debts		(16)	-
Decrease/(Increase) in Inventories		(118)	12
Decrease/(Increase) in Other Assets		36	(54)
Increase/(Decrease) in Payables		(24)	41
Increase/(Decrease) in accrued Interest Payable		-	5
Increase/(Decrease) in other accrued Expenses Payable		(10)	44
Increase/(Decrease) in Other Liabilities		8	-
Increase/(Decrease) in Employee Leave Entitlements		82	39
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		3,161	2,410

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(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.

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(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		536	537
Later than one year and not later than 5 years		1,246	1,477
Later than 5 years		222	273
Total Non Cancellable Operating Lease Commitments		2,004	2,287

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 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	3,606	2.60 : 1	2.89	2.78
Current Liabilities less Specific Purpose Liabilities ^(2,3)	1,386			
2. Debt Service Ratio				
Debt Service Cost	593	6.08%	6.62%	7.34%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	9,761			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	3,910	30.06%	26.74%	28.29%
Income from Continuing Operations	13,007			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	460	10.61%	9.03%	9.81%
Rates, Annual & Extra Charges Collectible	4,336			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	1,257	76.32%	116.27%	128.88%
Depreciation, Amortisation & Impairment	1,647			

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 2013


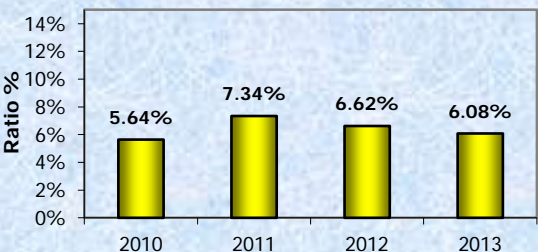
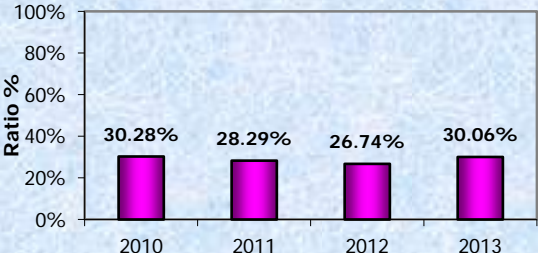
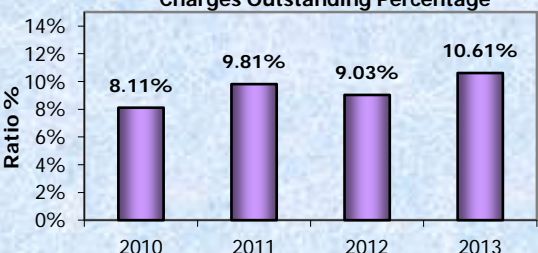

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue (excl. Capital Grants & Contributions)				
- Operating Expenses	(604)	-5.12%		
Operating Revenue (excl. Capital Grants & Contributions)	11,793			
b. Own Source Operating Revenue				
Rates & Annual Charges + User Charges & Fees	6,568	50.50%		
Total Operating Revenue (incl. Capital Grants & Contributions)	13,007			
c. Unrestricted Current Ratio				
Current Assets less all External Restrictions	3,606	2.60		
Current Liabilities less Specific Purpose Liabilities	1,386			
d. Debt Service Cover Ratio				
Operating Result before Interest & Depreciation (EBITDA)	1,771	2.99		
Principal Repayments (from the Statement of Cash Flows)	593			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
Annual Capital Expenditure	2,832	1.46		
Annual Depreciation	1,945			
f. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	5,564	0.07		
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	83,511			
g. Asset Maintenance Ratio				
Actual Asset Maintenance	1,264	1.02		
Required Asset Maintenance	1,234			
h. Building & Infrastructure Renewals Ratio				
Asset Renewals	1,257	0.76		
Depreciation of Building and Infrastructure Assets	1,647			
i. Cash Expense Cover Ratio				
Current Year's Cash & Cash Equivalents	3,143	3.76		
(Total Expenses - Depreciation - Interest Costs) x12	835			
j. Interest Cover Ratio				
Operating Results before Interest & Depreciation (EBITDA)	1,771	4.12		
Borrowing Interest Costs (from the income statement)	430			

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

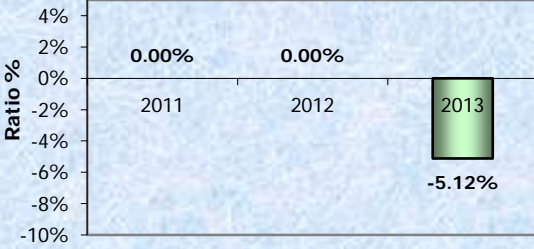
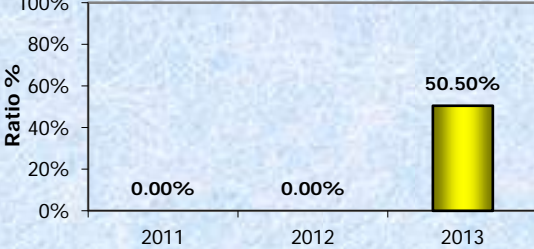
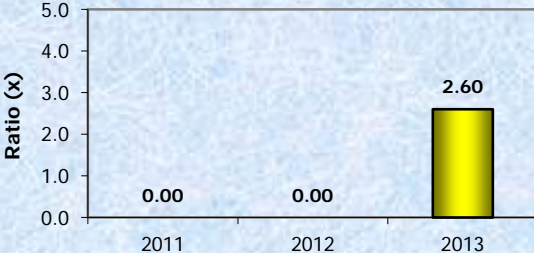
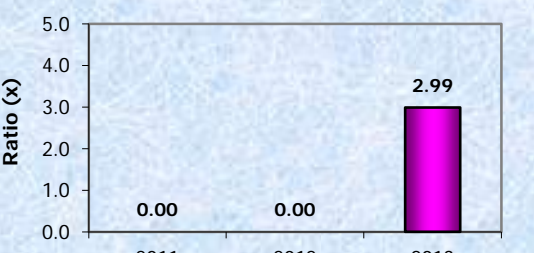
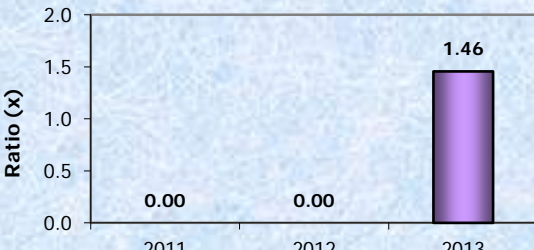
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p>  <table><tr><th>Year</th><th>Ratio : 1</th></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><tr><td>2013</td><td>2.60</td></tr></table>	Year	Ratio : 1	2010	2.58	2011	2.78	2012	2.89	2013	2.60	<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 2012/13 Result</p> <p>2012/13 Ratio 2.60 : 1</p> <p>This ratio has remained at a similar level in 2012/13 to previous years.</p>
Year	Ratio : 1											
2010	2.58											
2011	2.78											
2012	2.89											
2013	2.60											
<p>2. Debt Service Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>6.08%</td></tr></table>	Year	Ratio %	2010	5.64%	2011	7.34%	2012	6.62%	2013	6.08%	<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 2012/13 Result</p> <p>2012/13 Ratio 6.08%</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 2012/13. 2. The Council has an interest only loan for real estate development. As land is progressively sold, principal is repaid as a lump sum. Loan principal of \$163K was repaid in 2012/13.</p>
Year	Ratio %											
2010	5.64%											
2011	7.34%											
2012	6.62%											
2013	6.08%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>30.06%</td></tr></table>	Year	Ratio %	2010	30.28%	2011	28.29%	2012	26.74%	2013	30.06%	<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 2012/13 Result</p> <p>2012/13 Ratio 30.06%</p> <p>This ratio has remained at a similar level to previous years. By its nature it does not fluctuate significantly.</p>
Year	Ratio %											
2010	30.28%											
2011	28.29%											
2012	26.74%											
2013	30.06%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>10.61%</td></tr></table>	Year	Ratio %	2010	8.11%	2011	9.81%	2012	9.03%	2013	10.61%	<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 2012/13 Result</p> <p>2012/13 Ratio 10.61%</p> <p>The outstanding rates ratio has risen 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 %											
2010	8.11%											
2011	9.81%											
2012	9.03%											
2013	10.61%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>76.32%</td></tr></table>	Year	Ratio %	2010	176.22%	2011	128.88%	2012	116.27%	2013	76.32%	<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 2012/13 Result</p> <p>2012/13 Ratio 76.32%</p> <p>This ratio has steadily decreased over the years and for the first time is less than 100%. Affecting this ratio is a very high roads reinstatement figure that doesn't come into calculation but has the effect of renewing roads.</p>
Year	Ratio %											
2010	176.22%											
2011	128.88%											
2012	116.27%											
2013	76.32%											

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

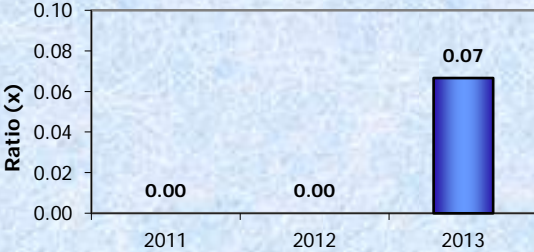
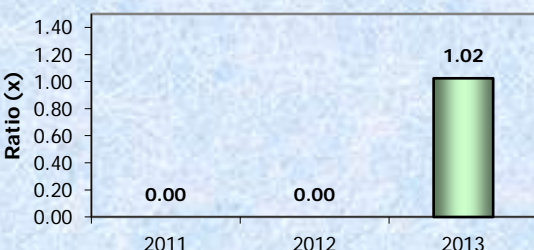
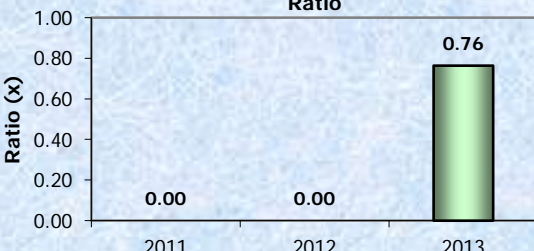
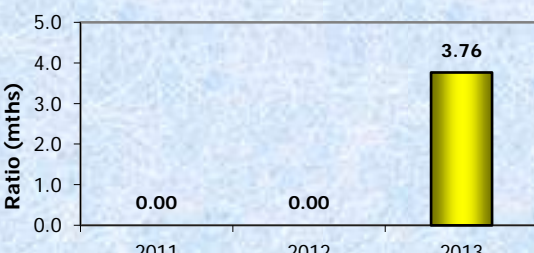
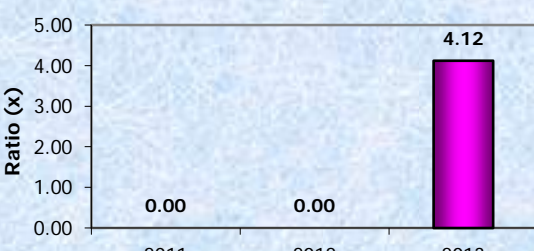
Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p>a. Operating Performance</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2011</td><td>0.00%</td></tr><tr><td>2012</td><td>0.00%</td></tr><tr><td>2013</td><td>-5.12%</td></tr></table>	Year	Ratio %	2011	0.00%	2012	0.00%	2013	-5.12%	<p>Purpose of Operating Performance Ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio -5.12%</p> <p>Council made an operating loss in 2012/13. It has recently successfully sought Special Rates Variation approval through IPART for the 2013/14 financial year in order to lift its rates base and improve its financial results. It may seek further SRV's in the coming years.</p>
Year	Ratio %									
2011	0.00%									
2012	0.00%									
2013	-5.12%									
<p>b. Own Source Operating Revenue</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2011</td><td>0.00%</td></tr><tr><td>2012</td><td>0.00%</td></tr><tr><td>2013</td><td>50.50%</td></tr></table>	Year	Ratio %	2011	0.00%	2012	0.00%	2013	50.50%	<p>Purpose of Own Source Operating Revenue Ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 50.50%</p> <p>This ratio indicates the Council relies heavily on external funding sources such as operating grants & contributions.</p>
Year	Ratio %									
2011	0.00%									
2012	0.00%									
2013	50.50%									
<p>c. Unrestricted Current Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>2.60</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	2.60	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 2.60</p> <p>This ratio has remained at a similar level in 2012/13 to previous years.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	2.60									
<p>d. Debt Service Cover Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>2.99</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	2.99	<p>Purpose of Debt Service Cover Ratio</p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 2.99 x</p> <p>This result indicates capacity to repay debt.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	2.99									
<p>e. Capital Expenditure Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>1.46</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	1.46	<p>Purpose of Capital Expenditure Ratio</p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement & renewal of existing assets).</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 1.46 x</p> <p>With a result above 1, the Council has spent more on asset purchases than the expense incurred through depreciation.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	1.46									

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued

<p>f. Infrastructure Backlog Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>0.07</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	0.07	<p>Purpose of Infrastructure Backlog Ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 0.07 x</p> <p>Asset renewals are less than the depreciation expense in 2012-13. However asset renewal expenditure is not necessarily even across the years.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	0.07									
<p>g. Asset Maintenance Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>1.02</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	1.02	<p>Purpose of Asset Maintenance Ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio of > 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 1.02 x</p> <p>Council is meeting its required annual maintenance requirements as this ratio is slightly above 1.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	1.02									
<p>h. Building & Infrastructure Renewals Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>0.76</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	0.76	<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 2012/13 Result</p> <p>2012/13 Ratio 0.76 x</p> <p>This ratio has steadily decreased over the years and for the first time is less than 100%. Affecting this ratio is a very high roads reinstatement figure that doesn't come into calculation but has the effect of renewing roads.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	0.76									
<p>i. Cash Expense Cover Ratio</p>  <table><tr><th>Year</th><th>Ratio (mths)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>3.76</td></tr></table>	Year	Ratio (mths)	2011	0.00	2012	0.00	2013	3.76	<p>Purpose of Cash Expense Cover Ratio</p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 3.76 mths</p> <p>This ratio is above the benchmark as set by TCorp of 3%.</p>
Year	Ratio (mths)									
2011	0.00									
2012	0.00									
2013	3.76									
<p>j. Interest Cover Ratio</p>  <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.00</td></tr><tr><td>2012</td><td>0.00</td></tr><tr><td>2013</td><td>4.12</td></tr></table>	Year	Ratio (x)	2011	0.00	2012	0.00	2013	4.12	<p>Purpose of Interest Cover Ratio</p> <p>This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt & take on additional borrowings.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 4.12 x</p> <p>Junee Shire Council has lots of capacity to cover interest expenses.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.00									
2013	4.12									

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	n/a	No Liabilities	2.60 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	n/a	No Liabilities	2.89 : 1
2. Debt Service Ratio			
Debt Service Cost	n/a	0.00%	6.56%
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period:	n/a	0.00% 7.08%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	n.a	77.45%	27.18%
Income from Continuing Operations			
prior period:	n/a	76.21%	24.06%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	n/a	15.15%	9.79%
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	15.06%	8.12%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	n/a	2.28%	87.68%
Depreciation, Amortisation & Impairment			
prior period:	n/a	13.10%	54.74%

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 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
TCorp Performance Measures - by Fund			
a. Operating Performance			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses			
Operating Revenue (excl. Capital Grants & Contributions)	n/a	6.31%	-5.89%
b. Own Source Operating Revenue			
Rates & Annual Charges + User Charges & Fees			
Total Operating Revenue (incl. Capital Grants & Contributions)	n/a	88.59%	48.18%
c. Unrestricted Current Ratio			
Current Assets less all External Restrictions			
Current Liabilities less Specific Purpose Liabilities	n/a	0.00	2.60
d. Debt Service Cover Ratio			
Operating Result before Interest & Depreciation (EBITDA)			
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	n/a	0.00	1.36
e. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	n/a	0.02	1.64
f. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)			
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	n/a	0.25	0.04
g. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	n/a	0.88	1.06
h. Building and Infrastructure Renewals Ratio			
Asset Renewals			
Depreciation of Building and Infrastructure Assets	n/a	0.02	0.00
i. Cash Expense Cover Ratio			
Current Year's Cash & Cash Equivalents			
(Total Expenses - Depreciation - Interest Costs) x12	n/a	39.06	3.95
j. Interest Cover Ratio			
Operating Results before Interest & Depreciation (EBITDA)			
Borrowing Interest Costs (from the income statement)	n/a	0.00	3.50

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 2013

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	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	3,143	2,865	3,143	2,865
Investments				
Receivables	1,628	2,112	1,628	2,112
Total Financial Assets	4,771	4,977	4,771	4,977
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	778	812	778	812
Loans / Advances	7,187	7,350	7,187	7,350
Total Financial Liabilities	7,965	8,162	7,965	8,162

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 2013

Note 15. Financial Risk Management (continued)

\$ '000

(b) 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
2013				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	31	31	(31)	(31)
2012				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	29	29	(29)	(29)

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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

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

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

	2013 Rates & Annual Charges	2013 Other Receivables	2012 Rates & Annual Charges	2012 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	968	-	1,611
Past due by up to 30 days	294	193	256	74
Past due between 31 and 180 days	-	11	-	82
Past due between 181 and 365 days	-	18	-	-
Past due by more than 1 year	154	24	132	7
	448	1,214	388	1,774
(ii) Movement in Provision for Impairment of Receivables			2013	2012
Balance at the beginning of the year			50	50
- amounts already provided for & written off this year			(16)	-
Balance at the end of the year			34	50

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(d) 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		
2013									
Trade/Other Payables	63	760	-	-	-	-	-	823	778
Loans & Advances	-	613	690	789	732	738	9,599	13,161	7,187
Total Financial Liabilities	63	1,373	690	789	732	738	9,599	13,984	7,965
2012									
Trade/Other Payables	63	786	-	-	-	-	-	849	812
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	8,162

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	778	0.0%	812	0.0%
Loans & Advances - Variable Interest Rate	7,187	5.7%	7,350	5.8%
	<u>7,965</u>		<u>8,162</u>	

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 27 June 2013.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	3,893	3,910	17	0% F
User Charges & Fees	3,032	2,658	(374)	(12%) U
A lower amount of Private Works undertaken meant that revenue was lower than budgeted and revenue from RMS work lower than expected.				
Interest & Investment Revenue	176	151	(25)	(14%) U
Interest rates and available funds for investment were lower than budgeted for.				
Other Revenues	341	476	135	40% F
A number of revenue items were not included in the original budget, being Diesel Fuel Rebates and Insurance Claim Recoveries.				
Operating Grants & Contributions	3,649	4,598	949	26% F
The adopted 2012/13 budget had shown the Roads to Recovery grant and most of the Regional Roads grant as capital grants but the correct treatment is as an operating grant. They have been shown as such in these financial reports. The other major factor was the continued advanced payment of a portion of the Financial Assistance Grant. \$1,316 M of the 2013/14 grant was received in June 2013.				
Capital Grants & Contributions	1,489	1,214	(275)	(18%) U
The adopted 2012/13 budget had shown the Roads to Recovery grant and most of the Regional Roads grant as capital grants but the correct treatment is as an operating grant. They have been shown as such in these financial reports.				

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
INCOME (continued)				
Net Gains from Disposal of Assets	3	-	(3)	(100%) U
A review of buildings and structures was undertaken as part of a revaluation exercise and a number of assets were scrapped and removed from the asset register. This resulted in an overall loss on disposal of assets rather than a small gain.				
EXPENSES				
Employee Benefits & On-Costs	4,210	4,149	61	1% F
Borrowing Costs	343	430	(87)	(25%) U
The adopted budget for 2012/13 allowed for the capitalisation of interest for the Kaiser Estate development. The development work was complete at 30 June 2012 and therefore the correct accounting treatment is to expense interest on this loan.				
Materials & Contracts	4,362	4,330	32	1% F
Depreciation & Amortisation	2,176	1,945	231	11% F
A revaluation of Sewer Assets in 2011/12 resulted in a lowering of replacement costs. This, in turn, along with a reassessment of useful lives, has resulted in lower depreciation in 2012/13.				
Other Expenses	733	1,391	(658)	(90%) 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.				
Net Losses from Disposal of Assets	-	152	(152)	0% U
A review of buildings and structures was undertaken as part of a revaluation exercise and a number of assets were scrapped and removed from the asset register. This resulted in an overall loss on disposal of assets rather than a small gain.				
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	2,991	3,161	170	5.7% F
Cash Flows from Investing Activities	(2,747)	(2,720)	27	(1.0%) F
Cash Flows from Financing Activities	(162)	(163)	(1)	0.6% U

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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	
Nil											
S94 Contributions - under a Plan	-	-	-	-	-	-	-	-	-	-	-
S94A Levies - under a Plan	-	43	-	-	(43)	-	-	167	(167)	-	-
Total S94 Revenue Under Plans	-	43	-	-	(43)	-	-	167	(167)	-	-
Total Contributions	-	43	-	-	(43)	-	-	167	(167)	-	-

S94A LEVIES - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	6	-	-	(6)	-	-	14	(14)	-	-
Roads	-	27	-	-	(27)	-	-	101	(101)	-	-
Community Facilities	-	-	-	-	-	-	-	8	(8)	-	-
Recreational Facilities	-	10	-	-	(10)	-	-	44	(44)	-	-
Total	-	43	-	-	(43)	-	-	167	(167)	-	-

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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 2013

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 2013 Council's ownership interest in the Riverina Regional Library was 5.6%.

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

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		76,747	75,403
a. Correction of Prior Period Errors	20 (c)	-	-
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		610	1,344
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
Balance at End of the Reporting Period		77,357	76,747
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		53,470	49,536
Total		53,470	49,536
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		49,536	41,124
- Revaluations for the year	9(a)	3,934	10,661
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	-	(2,249)
- Balance at End of Year		53,470	49,536
TOTAL VALUE OF RESERVES		53,470	49,536

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	-	577	3,333
User Charges & Fees	-	83	2,575
Interest & Investment Revenue	-	65	86
Other Revenues	-	-	476
Grants & Contributions provided for Operating Purposes	-	20	4,578
Grants & Contributions provided for Capital Purposes	-	-	1,214
Other Income			
Net Gains from Disposal of Assets	-	-	-
Total Income from Continuing Operations	-	745	12,262
Expenses from Continuing Operations			
Employee Benefits & on-costs	-	166	3,983
Borrowing Costs	-	-	430
Materials & Contracts	-	255	4,075
Depreciation & Amortisation	-	219	1,726
Impairment	-	-	-
Other Expenses	-	58	1,333
Net Losses from the Disposal of Assets	-	-	152
Total Expenses from Continuing Operations	-	698	11,699
Operating Result from Continuing Operations	-	47	563
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	-	47	563
Net Operating Result attributable to each Council Fund	-	47	563
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	47	(651)

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

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

Junee Shire Council

Notes to the Financial Statements as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
	Water	Sewer	General ¹
ASSETS			
Current Assets			
Cash & Cash Equivalents	-	1,559	1,584
Investments	-	-	-
Receivables	-	100	1,528
Inventories	-	-	608
Other	-	-	88
Total Current Assets	-	1,659	3,808
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	1,762
Infrastructure, Property, Plant & Equipment	-	10,484	122,724
Total Non-Current Assets	-	10,484	124,486
TOTAL ASSETS	-	12,143	128,294
LIABILITIES			
Current Liabilities			
Payables	-	-	786
Borrowings	-	-	162
Provisions	-	-	1,593
Total Current Liabilities	-	-	2,541
Non-Current Liabilities			
Payables	-	-	37
Borrowings	-	-	7,025
Provisions	-	-	7
Total Non-Current Liabilities	-	-	7,069
TOTAL LIABILITIES	-	-	9,610
Net Assets	-	12,143	118,684
EQUITY			
Retained Earnings	-	4,985	72,372
Revaluation Reserves	-	7,158	46,312
Council Equity Interest	-	12,143	118,684
Non-controlling Interests	-	-	-
Total Equity	-	12,143	118,684

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

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

Junee Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 18/10/13.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2013	2012	2011	2010	2009
Inflows:					
Rates & Annual Charges Revenue	3,910	3,754	3,629	3,502	3,084
User Charges Revenue	2,658	3,128	2,818	2,464	2,509
Interest & Investment Revenue (Losses)	151	213	187	195	188
Grants Income - Operating & Capital	5,648	5,871	4,925	4,473	4,878
Total Income from Continuing Operations	13,007	14,037	12,827	11,613	11,728
Sale Proceeds from I,PP&E	1,577	509	467	1,451	960
New Loan Borrowings & Advances	-	-	422		1,300
Outflows:					
Employee Benefits & On-cost Expenses	4,149	4,108	4,166	4,051	3,664
Borrowing Costs	430	367	344	503	385
Materials & Contracts Expenses	4,330	4,785	3,716	4,033	3,694
Total Expenses from Continuing Operations	12,397	12,693	11,547	11,688	10,417
Total Cash purchases of I,PP&E	4,239	3,314	3,323	3,093	4,007
Total Loan Repayments (incl. Finance Leases)	163	250	254	-	-
Operating Surplus/(Deficit) (excl. Capital Income)	(604)	461	380	(282)	24
Financial Position Figures	2013	2012	2011	2010	2009
Current Assets	5,467	5,757	5,437	5,724	5,876
Current Liabilities	2,541	2,480	2,436	2,441	1,665
Net Current Assets	2,926	3,277	3,001	3,283	4,211
Available Working Capital (Unrestricted Net Current Assets)	761	1,281	918	648	1,856
Cash & Investments - Unrestricted	40	309	13	198	625
Cash & Investments - Internal Restrictions	1,342	1,019	2,312	2,336	1,010
Cash & Investments - Total	3,143	2,865	3,709	4,133	4,048
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	7,187	7,350	7,600	7,432	7,432
Total Value of I,PP&E (excl. Land & Earthworks)	124,287	119,142	116,862	114,504	111,219
Total Accumulated Depreciation	39,492	38,377	40,905	39,225	37,297
Indicative Remaining Useful Life (as a % of GBV)	68%	68%	65%	66%	66%

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

Junee Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

J C Davis

RESPONSIBLE ACCOUNTING OFFICER

J W Whitfield

PUBLIC OFFICER

J W Whitfield

AUDITORS

Auswild & 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, Statement of Financial Position as at 30th June, 2013, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

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, Statement of Cash Flows, Note 2(a) and 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 Statement of TCorp performance measures disclosed in Note 13. 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) is 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
18th October, 2013



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

Date Received	25 OCT 2013
GDA 10	12.2.2
Disposal Date	2020
Document ID	
Old File No	
Officer	DCCS

18th October, 2013

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 30 June 2013 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

Council is required to prepare two sets of financial statements for audit each year, these being:

General Purpose Financial Statements

These financial statements present the actual financial position and performance of the Council. Council has prepared the general purpose financial statements in accordance with:

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

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

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

Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2013 financial year were:

- Sewer Fund Operations

The principle differences between the general purpose financial statements and the special purpose financial statements are that:

- certain taxes and other costs that would apply if these business activities were operating in the commercial sector have been imputed in the special purpose financial statements (eg income tax and land tax),
- the special purpose financial statements contain additional disclosures such as council subsidies, return on investments and dividends paid.

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

Auditor's Responsibility

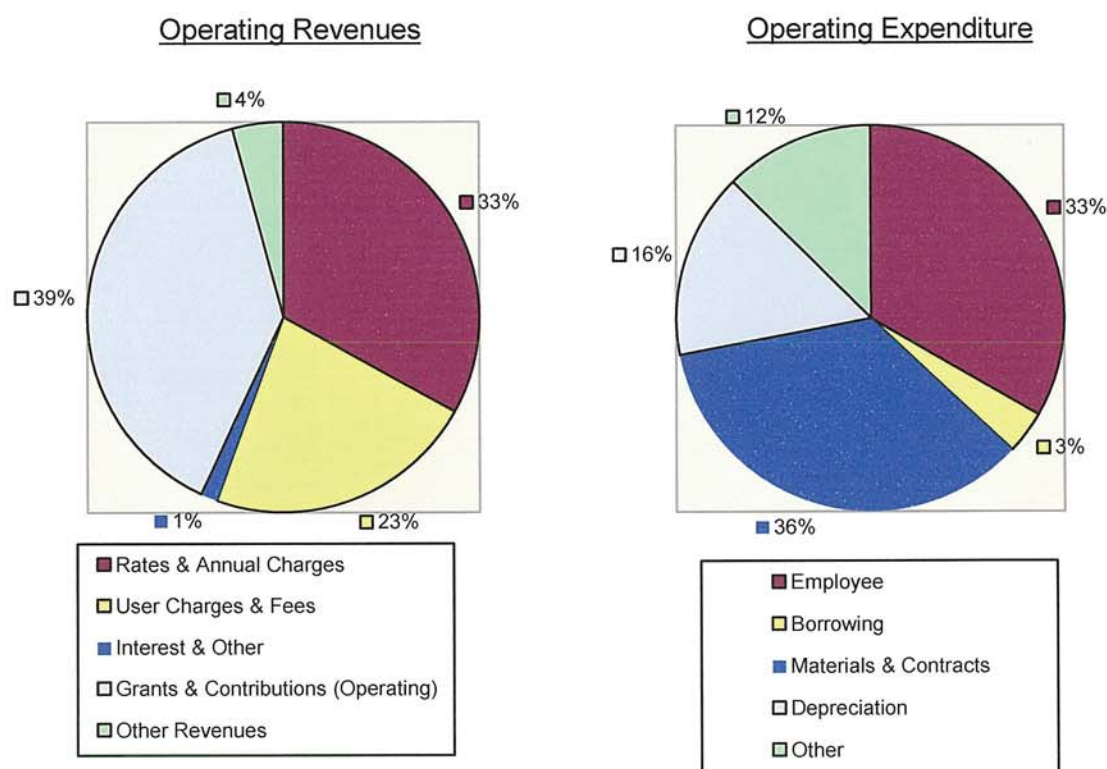
As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2013, its performance for the year then ended its cash flows and other material financial matters.

FINANCIAL RESULTS

Council reported a deficit operating result before capital grants and contributions of \$604,000 for the year ended 30 June 2013 (2012 – surplus of \$461,000).

Excluding capital grants and contributions, operating revenues (\$11.79 million) decreased approximately 10.35% on those of the previous year (\$13.15 million), whilst during the same period operating expenses (including depreciation expenses of \$1.95 million) decreased approximately 2.33% to \$12.40 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 \$1.21 million (2012 - \$883,000).

In the twelve months period to 30 June 2013 Council's operating result from continuing operations (including capital grants and contributions) was a surplus of \$610,000 compared with a surplus of \$1.34 million in the previous year.

BUDGET COMPARISON

The net operating surplus for the year of \$610,000 was slightly below the original budget expectations which anticipated a surplus of \$759,000.

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 operating grants and contributions due to a reallocation of the roads to recovery grant which was originally recorded as a capital grant.
- Reduced depreciation expenses following the revaluation and reassessment of useful lives of sewer assets in 2011/2012.
- Increased other revenue due to unbudgeted diesel rebates and insurance claim recoveries.

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.
- Interest rates and available funds were lower than allowed for in the original budget.
- A reduction in private works undertaken for Roads and Maritime Services.
- Increased borrowing costs as the original budget allowed for the capitalisation of interest on the Kaiser Street development for which work was completed in the previous financial year.



DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenue from rates and annual charges (including Council owned properties) amounted to \$3.91 million (2012 - \$3.75 million).

In setting the ordinary rates for the year Council resolved to adopt the maximum increase available of 3.60%. This action has resulted in revenues from ordinary rates increasing from \$2.61 million in 2011/2012 to \$2.72 million in the current year.

Council's **ordinary rating base** remained fairly static during the twelve month period and at year end 2905 assessments were subject to **ordinary rates** (2012 - 2,910).

Council further resolved that other charges be increased as follows:

- Sewerage annual charge (residential) increased 3.00% to \$365.40
- Domestic waste management charge increased 3.00% to \$269.20

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	2012	2013
	\$	\$
Sewerage	551,000	577,000
Domestic Waste	422,000	441,000
Non Domestic Waste	126,000	125,000

Rebates of \$156,000 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 (2012 - \$41,000) and outstanding rates were subject to interest at the rate of 10.00% (2012 – 11.00%).

User Charges and Fees

Council derived \$84,000 from **specific user charges** (2012 - \$80,000) and a further \$2.57 million from **fees** (2012 - \$3.05 million) imposed during the twelve months period ended 30 June 2013.

Contributing significantly to user charges and fees revenues for the year were:

RMS Charges

Council continues to be a major contractor for the RMS with works amounting to \$1.58 million (2012 - \$2.03 million) being undertaken on the state roads located within the Council area. Such revenues have been an integral and important component of Council's operations for many years.

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

	2012	2013
	\$	\$
Planning & Building Fees	60,000	68,000
Sewerage Services	78,000	82,000
Cemeteries	99,000	90,000
Recreation Centre	197,000	229,000
Family Day Care	112,000	116,000
Private Works	405,000	341,000

Interest

Interest and investment revenues decreased significantly in the twelve months period, principally in response to lower than anticipated interest rates and reduced funds being available for investment.

Interest income was earned as follows:

	2012	2013
	\$	\$
Overdue Rates & Annual Charges	41,000	41,000
Sewerage Investments	74,000	65,000
Externally Restricted Investments	8,000	NIL
General Investments	90,000	45,000
	<u>\$213,000</u>	<u>\$151,000</u>

Interest on investments for the year represented approximately 5.50% (2012 – 8.16%) of Council's ordinary rating income and remains low by industry standards.



Other Operating Income

Junee Shire Council has again received important income from a number of non-core activities. Predominantly, such income has been earned from rental income (\$136,000) and agency commission & fees (\$102,000).

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$4.60 million were received in 2012/2013 compared with \$5.53 million received in the previous year.

Council's untied Financial Assistance Grant decreased 20.13% from \$3.16 million in 2011/2012 to \$2.52 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance payment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Junee Shire Council has now received two instalments of the financial assistance grants in advance. These advance payments to Junee Shire amount to \$1.32 million which have been internally restricted by Council (refer Financial Statements Notes 6 & 7).

Other major specific purpose grants and contributions were received for family day care operations (\$637,000), community transport (\$120,000), bushfire and emergency services (\$83,000), transport (\$209,000) and roads to recovery (\$691,000).

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted \$1.21 million (2012 - \$883,000) and principally related to roads and bridges funding (\$351,000) and flood restoration works (\$841,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in 2012/2013 (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 \$19,000. At year end Council held unexpended grants and contributions amounting to \$109,000 (2012 - \$150,000) and such funds have been identified as an externally restricted asset.

OPERATING EXPENDITURE

Expenses from continuing operations (\$12.40 million), although greater than budget expectations (\$11.82 million), were however lower than those of the previous year (\$12.69 million).

Impacting significantly on operating expenses for the year were:

Employee Costs

Employee costs (\$4.15 million) remained much in line with those of the previous year (\$4.11 million).

Increases in salaries and wages of approximately \$127,000 (3.86%) were largely offset by increased capitalisation costs whilst most other employee expenses were consistent with the previous year.

At year end Council's full time equivalent employees numbered 75 (2012 – 75).

Materials and Contracts

Material and contracts expenditure (\$4.33 million) decreased approximately 9.51% during the twelve months period, primarily in response to Council's focus on capital works in lieu of maintenance works.

Depreciation Expenses

Depreciation expenses (\$1.95 million) were marginally lower than those of the previous year (\$2.12 million) and accounted for approximately 15.69% 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.

Gains/Losses from the Disposal of Assets

Proceeds from the disposal of assets were below expectations and sales have resulted in a loss of \$152,000 being brought to account in the current year (2012 – profit \$102,000).

ASSETS

Cash & Investments

At balance date Council controlled cash and investments totalling \$3.14 million (2012 - \$2.87 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises specific purpose unexpended grants (\$109,000), sewerage investments (\$1.56 million), employee entitlements (\$280,000), advance instalments of the financial assistance grant (\$779,000) and monies for future works.

Note: The balance of the financial assistance grant received in advance (\$538,000) has been internally restricted against government receivables on Note 7.

Externally restricted investments amounted to \$1.76 million whilst Council has "earmarked" a further \$1.34 million towards the funding of its long term objectives.

Council's cash and investments were held as follows:

	2012	2013
	\$	\$
General Fund	1,328,000	1,382,000
Sewerage Fund	1,316,000	1,559,000
Externally Restricted Funds	221,000	202,000
	<u>2,865,000</u>	<u>3,143,000</u>

and comprised:

Cash on Hand and at Bank	396,000	671,000
Short Term Deposits	2,469,000	2,472,000
	<u>2,865,000</u>	<u>3,143,000</u>

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$460,000 (2012 - \$379,000) which represented 10.61% of total receivable (2012 – 9.03%). Over the past three years the rates outstanding percentage has remained relatively high and has now reached what we consider to be an unacceptable level. Unfortunately, Council is experiencing collection difficulties with a number of major arrears and 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 below 5.00%.

Outstanding rates and annual charges have been subject to interest at the rate of 10.00% (2012 – 11.00%) and Council has maintained a provision for doubtful debts of \$26,000.

Land Stock on Hand

During the current reporting period Council expended \$62,000 on the acquisition and continuing development of its residential and industrial lots of land whilst sales of four lots were recorded. Council has reported a profit of \$2,000 from the sale of its real estate holdings in the twelve months period to 30 June 2013.

At year end Council held residential and industrial land with a book value of \$1.89 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 2013 Council expended approximately \$16,000 on further development of this residential estate and sold three lots in Stage 5 and one lot in Stage 4. At year end no further lots were available in Stage 4 whilst Stages 5 & 6 had three lots unsold with a book value of \$163,000.

Additionally, this estate had undeveloped land valued at \$163,000 which will be developed and released as appropriate.

Kaiser Subdivision

During the year Council expended approximately \$30,000 on this rural residential subdivision and no sales were achieved. At year end this land had a book value of \$1.52 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.

Property, Plant & Equipment (excluding real estate)

During the reporting period Council expended \$4.33 million (2012 - \$3.39 million) on the acquisition and reinstatement of assets.

Expenditure on capital items included:

	2012 \$ '000's	2013 \$ '000's
Plant & Equipment	377	287
Buildings	197	559
Roads, Bridges & Footpaths	2,505	3,137
Other Structures	51	194

The expenditure associated with buildings and infrastructure has given Council an assets renewal ratio of 76.32%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. In our opinion Council has maintained a very satisfactory assets renewal ratio with the last three years average being 107%.

Additionally, we report that Council sold assets with a book value of \$1.50 million. The sale of these assets has resulted in a loss of \$154,000 being brought to account (2012 – profit of \$41,000).

Further we report that in accordance with the requirements of the Code of Accounting Practice, Council's buildings and land assets were subject to a full revaluation which is required to be conducted every five years. Additionally, Council's sewerage assets were indexed upwards in accordance with the latest indices provided in the NSW Office of Water. We report that the building and land assets were subject to external valuations.

These revaluations have resulted in Council's assets being adjusted as follows:

Operational Land	increased \$58,000 to \$2.56 million
Buildings – Non-Specialised	increased \$411,000 to \$1.80 million
Buildings – Specialised	increased \$2.59 million to \$12.01 million
Other Structures	increased \$390,000 to \$2.94 million
Sewerage Network	increased \$490,000 to \$10.48 million

The combined action of asset movements, reinstatement and revaluations has resulted in the written down value of property, plant and equipment increasing from \$128.48 million in 2011/2012 to \$133.21 million as at 30 June 2013.

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

Provisions

At 30 June 2013 the Provision for Employee Accrued Entitlements totalled \$1.60 million. The components of the liability are:-

	2012	2013
	\$	\$
Annual Leave	425,000	435,000
Long Service Leave	1,078,000	1,146,000
Other	15,000	19,000

The average leave entitlement per employee as at 30 June 2013 was \$21,333 (2012 - \$20,240).

At year end Council had set aside funds amounting to \$280,000 or 17.50% 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 2012/2013.

During the year Council has repaid loan principal of \$163,000 and at year's end loan borrowings had been reduced to \$7.19 million (2012 - \$7.35 million).

All borrowings relate to the General Fund and Council required \$593,000 or 6.08% of its income received from operating revenues (excluding specific purpose grants and contributions) to service this loan commitment in 2012/2013.

SUMMARY

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

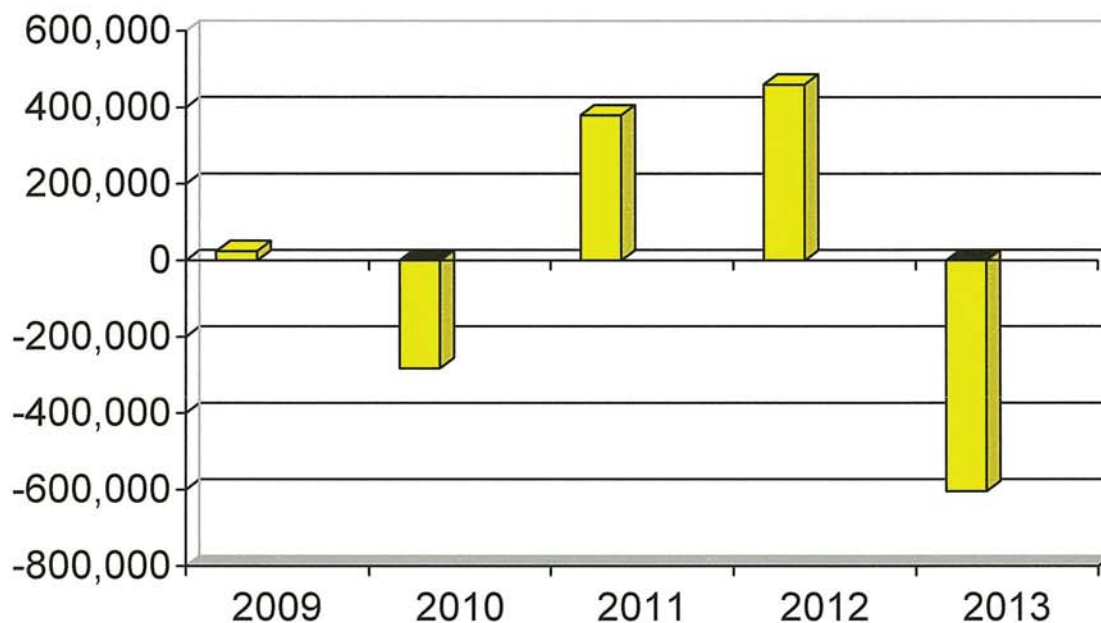
- Operating result before capital amounts (deficit of \$604,000)
- Net increase in cash held – \$278,000
- Internal and unrestricted investments of \$1.38 million together with sewerage fund investments of \$1.56 million
- Performance ratios



Operating Result

Council has reported an operating deficit before capital amounts of \$604,000 for the twelve months period to 30 June 2013. This deficit has been reported after allowing for depreciation expenses of \$1.95 million and although better than budget expectations (deficit - \$730,000) it was below the result of the previous year (surplus - \$461,000).

Operating Surplus/Deficit before Capital Amounts



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

	Surplus/(Deficit)	
	2012	2013
	\$	\$
General Fund	481,000	(651,000)
Sewerage Fund	(20,000)	47,000
	<u>\$461,000</u>	<u>(\$604,000)</u>

We note the following items that impacted significantly on the operating result this year:

Financial Assistance Grants (decreased \$635,000)

Council's untied Financial Assistance Grant decreased 20.13% from \$3.16 million in 2011/2012 to \$2.52 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance instalment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Junee Shire Council has now received two instalments of the financial assistance grants in advance. These advance payments to Junee Shire amount to \$1.32 million which has been internally restricted by Council.

Materials and Contracts (decreased \$455,000)

Material and contracts expenditure (\$4.33 million) decreased approximately 9.51% during the twelve months period primarily in response to Council's focus on capital rather than maintenance works.

We also note the following items that have had a material impact on Council's operating result for the year.

<u>Income</u>	2012	2013	Variance
	\$	\$	\$
Private Works	405,000	341,000	(64,000)
RMS Fees	2,025,000	1,580,000	(445,000)
Operating Contributions	484,000	160,000	(324,000)
Profit (Loss) on Sale of Assets	102,000	(152,000)	(254,000)
<u>Expenses</u>			
Borrowing Costs	367,000	430,000	63,000

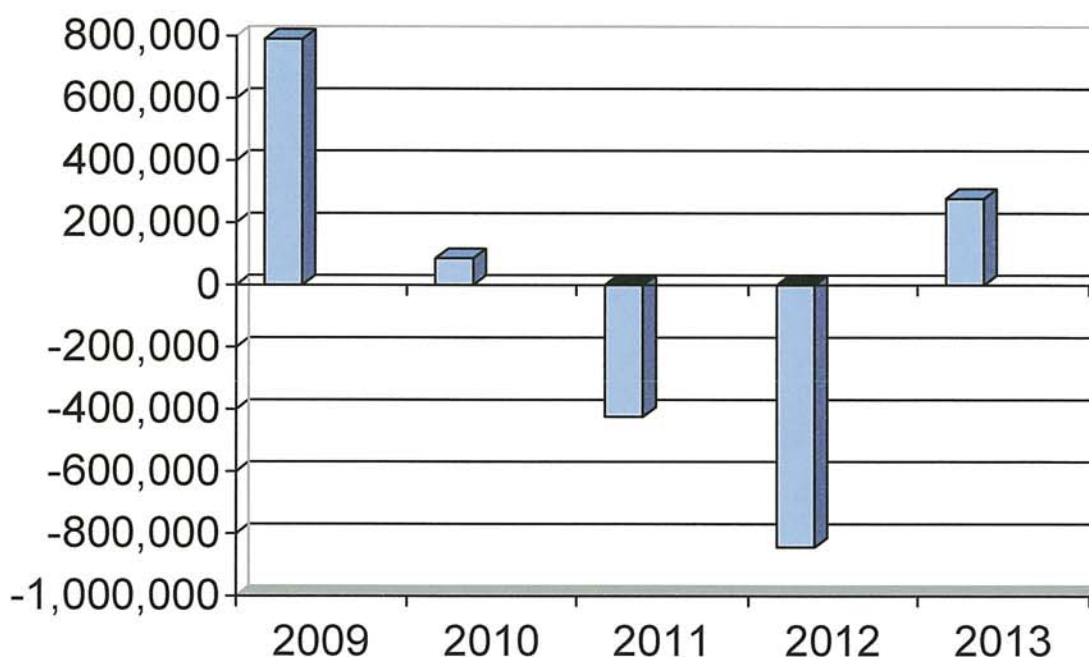


Cash Flow

Council achieved a cash surplus of \$3.16 million (2012 – \$2.41 million) from its general operating activities which was principally utilised to purchase/construct assets and repay loans.

These actions together with the proceeds from the sale of property, plant and equipment have resulted in council recording a cash flow surplus of \$278,000 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>	
	2012 \$	2013 \$
<u>Externally Restricted</u>		
Sewerage Fund	144,000	243,000
Other External Restrictions	9,000	(19,000)
<u>Internally Restricted & Unrestricted</u>		
General Fund	(997,000)	54,000

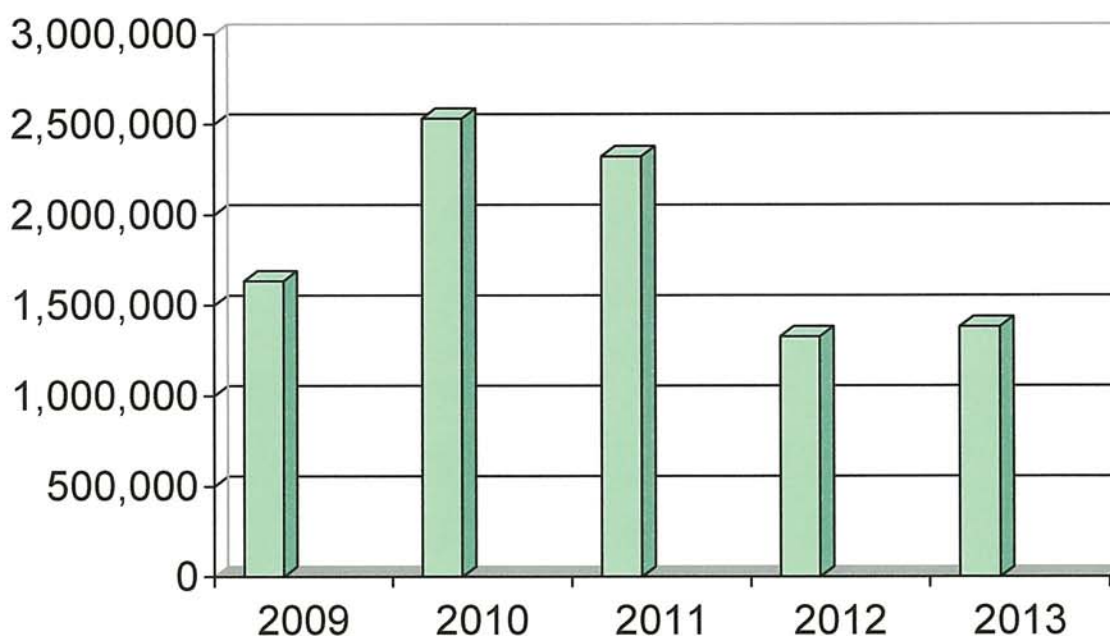
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2012/2013.

- An advance instalment of the financial assistance grant was received in 2011/2012.
- Capital expenditure amounted to \$4.30 million in the current year (2012 - \$3.57 million).
- Receivables decreased \$500,000 in the twelve months period.

Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds increased by \$54,000 during the twelve months period and at year end Council held internally restricted investments amounting to \$1.34 million whilst a further \$40,000 was maintained as unrestricted investments. Additionally, we report that the sewerage fund held cash and investments amounting to \$1.56 million.

Internal and Unrestricted Reserve Funds



In our opinion, Council's reserve funds remain well below desired levels, and consequently, we again encourage Council to continue to address this situation and adopt strategies to significantly improve internally restricted reserves in order that adequate funds are available to maintain and improve infrastructure and services. As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally.

Importantly, we note that in addition to these cash funds Council held land holdings (both residential and industrial) valued at approximately \$1.89 million and future sales (if so earmarked) will also add much needed strength to Council's reserve funding.

Performance Ratios

Council's performance ratios appear generally 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 2.60 and the satisfactory debt service commitment (6.08%). As earlier reported the rates outstanding percentage (10.61%) however remains relatively high and Council should focus on reducing this outstanding percentage to less than 5.00%.

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 2013



Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	4
Statement of Financial Position - Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	5
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 2013

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 15 October 2013.



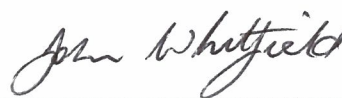

Cr L M Cummins
MAYOR



Cr A Clinton
COUNCILLOR



J O Davis
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 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	577	551
User charges	83	78
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	65	74
Grants and contributions provided for non capital purposes	20	20
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	745	723
Expenses from continuing operations		
Employee benefits and on-costs	166	167
Borrowing costs	-	-
Materials and contracts	255	215
Depreciation and impairment	219	313
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	58	48
Total expenses from continuing operations	698	743
Surplus (deficit) from Continuing Operations before capital amounts	47	(20)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	47	(20)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	47	(20)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(14)	-
SURPLUS (DEFICIT) AFTER TAX	33	(20)
plus Opening Retained Profits	4,938	4,958
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	14	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,985	4,938
Return on Capital %	0.4%	-0.2%
Subsidy from Council	348	329
Calculation of dividend payable:		
Surplus (deficit) after tax	33	(20)
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	33	-
Potential Dividend calculated from surplus	16	-

Junee Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	1,559	1,316
Investments	-	-
Receivables	100	83
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,659	1,399
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,484	10,208
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,484	10,208
TOTAL ASSETS	12,143	11,607
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	12,143	11,607
EQUITY		
Retained earnings	4,985	4,938
Revaluation reserves	7,158	6,669
Council equity interest	12,143	11,607
Non-controlling equity interest	-	-
TOTAL EQUITY	12,143	11,607

Junee Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

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 2013

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 is not a reporting not-for-profit entity.

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

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

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

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

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

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

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 Primary Industries) the amounts shown in Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

Income Tax

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

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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

(iv) Dividends

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

Local Government Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Junee Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

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	5,085
(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]	16,450
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	50,850
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(27,100)

2013 Surplus	32,900	2012 Surplus	(20,000)	2011 Surplus	(40,000)
		2012 Dividend	-	2011 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 2013

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

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

2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	680
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,484
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	479
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	5
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)]	%	-0.17%
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	680
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.94%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	5
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)]	%	-0.17%
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 2013

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

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

2013

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-12.84%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	18
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)		
	Net Interest:	-	65
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	47
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	20
	Grants for Pensioner Rebates (w11b + s12b)		

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



Independent 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, statement of financial position as at 30th June, 2013, 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, 2013 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
18th October, 2013

Junee Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2013



Junee Shire Council

Special Schedules

for the financial year ended 30 June 2013

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 - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	5
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	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 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	556	-	-	(556)
Administration	1,888	326	-	(1,562)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	186	91	-	(95)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	6	-	6
Animal Control	28	11	-	(17)
Other	-	-	-	-
Total Public Order & Safety	214	108	-	(106)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	130	43	-	(87)
Other Environmental Protection	49	1	-	(48)
Solid Waste Management	615	639	-	24
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	135	46	-	(89)
Total Environment	929	729	-	(200)
Community Services and Education				
Administration & Education	83	-	-	(83)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	124	168	-	44
Children's Services	768	807	-	39
Total Community Services & Education	975	975	-	-
Housing and Community Amenities				
Public Cemeteries	107	90	-	(17)
Public Conveniences	64	-	-	(64)
Street Lighting	77	-	-	(77)
Town Planning	204	130	-	(74)
Other Community Amenities	153	41	-	(112)
Total Housing and Community Amenities	605	261	-	(344)
Water Supplies	-	-	-	-
Sewerage Services	698	744	-	46

Junee Shire Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	377	28	8	(341)
Museums	5	-	-	(5)
Art Galleries	-	-	-	-
Community Centres and Halls	64	1	-	(63)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	271	2	-	(269)
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	310	29	10	(271)
Other Sport and Recreation	1,164	319	-	(845)
Total Recreation and Culture	2,191	379	18	(1,794)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	90	-	-	(90)
Other Mining, Manufacturing & Construction	7	-	-	(7)
Total Mining, Manufacturing and Const.	97	-	-	(97)
Transport and Communication				
Urban Roads (UR) - Local	644	224	40	(380)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	929	470	1,156	697
Sealed Rural Roads (SRR) - Regional	133	209	-	76
Unsealed Rural Roads (URR) - Local	559	-	-	(559)
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	1,449	1,582	-	133
Total Transport and Communication	3,714	2,485	1,196	(33)
Economic Affairs				
Camping Areas & Caravan Parks	14	9	-	(5)
Other Economic Affairs	516	404	-	(112)
Total Economic Affairs	530	413	-	(117)
Totals – Functions	12,397	6,420	1,214	(4,763)
General Purpose Revenues⁽²⁾		5,373		5,373
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	12,397	11,793	1,214	610

(1) As reported in the Income Statement

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

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	162	7,188	7,350	-	163	-	-	430	162	7,025	7,187
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	162	7,188	7,350	-	163	-	-	430	162	7,025	7,187
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	162	7,188	7,350	-	163	-	-	430	162	7,025	7,187

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

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

Junee Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	79	77
b. Engineering and Supervision	27	28
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	133	79
- 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	54	43
i. Effluent Management	23	19
j. Biosolids Management	-	-
k. Maintenance expenses	163	184
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	219	313
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	698	743

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	577	551
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	83	78
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	65	74
11. Other income	-	-
11a. Aboriginal Communities Water & Sewerage Program	-	-
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	745	723
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	47	(20)
16a. Operating Result (less grants for acquisition of assets)	47	(20)

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	111
b. New Assets for Growth	-	-
c. Renewals	5	41
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	5	152
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)	1,440	1,436
b. Residential (unoccupied, ie. vacant lot)	108	111
c. Non-residential (occupied)	126	126
d. Non-residential (unoccupied, ie. vacant lot)	21	21
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 35,197	\$ 35,227

Junee Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

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

Junee Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'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	1,559	-	1,559
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	100	-	100
c. User Charges	-	-	-
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	10,484	10,484
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	1,659	10,484	12,143
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	-	-	-
42. NET ASSETS COMMITTED	1,659	10,484	12,143
EQUITY			
42. Accumulated surplus			4,985
44. Asset revaluation reserve			7,158
45. TOTAL EQUITY			12,143
Note to system assets:			
46. Current replacement cost of system assets			20,060
47. Accumulated current cost depreciation of system assets			(9,576)
48. Written down current cost of system assets			10,484

Junee Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2013

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	-	2,353	1,546	807	3	50	6	7
	Council Works Depot	1 - 2%	7	-	1,201	769	432	4	90	16	17
	Council Halls	1.00%	22	-	3,209	1,881	1,328	1	-	3	3
	Council Houses	1 - 5%	15	-	707	89	618	1	-	10	4
	Medical Centre	1 - 4%	14	-	1,152	200	952	1	-	8	13
	Museum	1.67%	14	-	2,857	1,882	975	4	70	3	2
	Library	1 - 5%	27	-	2,585	250	2,335	1	-	5	5
	Amenities/Toilets	2.00%	2	-	201	48	153	3	50	18	20
	Swimming Pool	2 - 2.5%	1	-	1,301	303	998	3	30	8	15
	Other Public Buildings	2 - 10%	6	-	695	324	371	3	-	1	1
	Other Sportsgrounds	1 - 5%	111	-	6,914	2,076	4,838	3	500	12	25
	sub total		234	-	23,175	9,368	13,807		790	90	112
Other Structures											
	Assets not included in Buildings		80	-	4,255	1,317	2,938	3	-	-	-
	sub total		80	-	4,255	1,317	2,938		-	-	-
Public Roads											
	Sealed Roads	5.00%	431	-	8,009	2,621	5,388	3	306	266	283
	Unsealed Roads	5.00%	400	-	8,027	3,279	4,748	3	612	161	165
	Sealed Roads Structure	1.00%	157	-	38,170	5,703	32,467	3	1,120	393	406
	Bridges	1.00%	84	-	8,448	2,330	6,118	2	-	-	-
	Footpaths	2.00%	35	-	1,859	152	1,707	2	-	20	19
	Kerb and Gutter	1 - 2%	39	-	2,859	596	2,263	3	-	3	3
	sub total		1,146	-	67,372	14,681	52,691		2,038	843	876

		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%	83	-	11,844	4,430	7,414	3	2,272	65	66
	Treatment Works	1 - 20%	124	-	6,514	4,975	1,539	3	278	160	126
	Effluent Reuse	1 - 5%	12	-	1,701	170	1,531	2	50	19	22
	sub total		219	-	20,059	9,575	10,484		2,600	244	214
Drainage Works											
	Pipes / Culverts	1 - 1.7%	22	-	2,128	935	1,193	3	125	46	46
	Urban Drainage Infrastructure	1.00%	26	-	2,617	801	1,816	2	11	11	16
	sub total		48	-	4,745	1,736	3,009		136	57	62
	TOTAL - ALL ASSETS		1,727	-	119,606	36,677	82,929		5,564	1,234	1,264

- (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 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	13,007	10,695	12,276	12,764	13,182	13,513	13,798	14,135	14,412	14,805	15,107
Expenses from continuing operations	12,397	12,048	12,242	12,305	12,576	12,737	12,952	13,185	13,691	13,885	14,142
Operating Result from Continuing Operations	610	(1,353)	34	459	606	776	846	950	721	920	965
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	677	108	89	109	89	125	98	93	94	117	97
Replacement/Refurbishment of Existing Assets	2,496	2,761	2,592	2,780	2,971	3,223	2,958	6,848	3,056	3,446	3,193
Total Capital Budget	3,173	2,869	2,681	2,889	3,060	3,348	3,056	6,941	3,150	3,563	3,290
Funded by:											
– Loans	-	-	-	-	-	-	-	2,700	-	-	-
– Asset sales	1,342	384	284	387	515	370	334	370	334	370	334
– Reserves	37	82	-	-	-	38	-	839	-	-	-
– Grants/Contributions	1,029	761	805	879	824	899	845	920	807	818	830
– Recurrent revenue	765	1,642	1,592	1,623	1,721	2,041	1,877	2,112	2,009	2,375	2,126
– Other	-	-	-	-	-	-	-	-	-	-	-
	3,173	2,869	2,681	2,889	3,060	3,348	3,056	6,941	3,150	3,563	3,290

Notes:

(1) From 12/13 Income Statement.

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

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