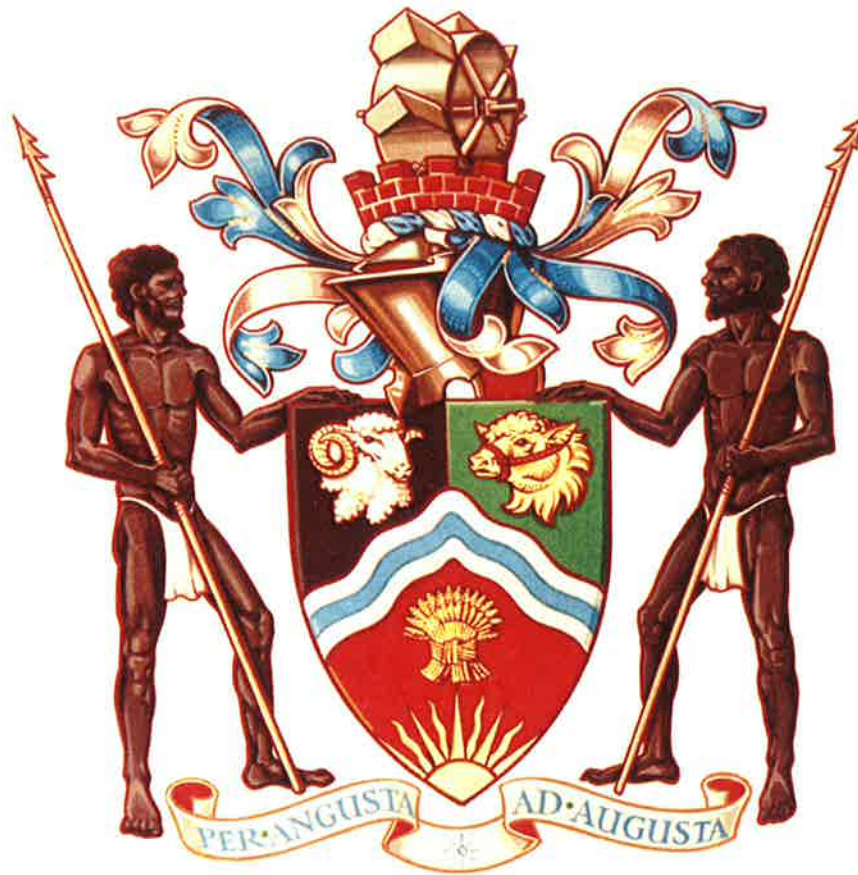


# *Jerilderie Shire Council*



## **FINANCIAL REPORTS**

For the year ended  
30 June 2014

# JERILDERIE SHIRE COUNCIL

## General Purpose Financial Reports for the year ended 30th June 2014

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# JERILDERIE SHIRE COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

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

To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year, and
- Accord 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 28th October 2014



.....  
R E McRae  
**MAYOR**



.....  
L J Henery  
**COUNCILLOR**



.....  
C C Moffitt  
**GENERAL MANAGER**



.....  
V H Sutton  
**RESPONSIBLE ACCOUNTING OFFICER**

# JERILDERIE SHIRE COUNCIL

## INCOME STATEMENT for the year ended 30th June 2014

| Budget<br>2014<br>\$'000 |   | Notes | Actual<br>2014<br>\$'000 | Actual<br>2013<br>\$'000 |
|--------------------------|---|-------|--------------------------|--------------------------|
|                          | <b>INCOME</b>   |       |                          |                          |
|                          | <b>Revenue:</b>   |       |                          |                          |
| 2,234                    | Rates & Annual Charges  | 3     | 2,169                    | 2,090                    |
| 1,943                    | User Charges & Fees   | 3     | 1,690                    | 2,032                    |
| 243                      | Investment Revenues   | 3     | 248                      | 280                      |
| 110                      | Other Revenues  | 3     | 348                      | 183                      |
| 2,978                    | Grants & Contributions - Operating                                  | 3     | 2,807                    | 3,623                    |
| 1,714                    | Grants & Contributions - Capital                                    | 3     | 1,171                    | 876                      |
|                          | <b>Other Income:</b>  |       |                          |                          |
|                          | Gain from Disposal of Assets  | 5     | -                        | -                        |
|                          | Gain from interests in Joint Ventures & Associates                  | 19    | -                        | -                        |
| 9,222                    | <b>Total Income from Continuing Operations</b>                      |       | <b>8,433</b>             | 9,084                    |
|                          | <b>EXPENSES</b>   |       |                          |                          |
| 3,283                    | Employee Benefits and oncosts                                       | 4     | 2,924                    | 2,989                    |
| 1,908                    | Materials & Contracts   | 4     | 2,617                    | 2,621                    |
| 73                       | Borrowing Costs   | 4     | 97                       | 114                      |
| 3,181                    | Depreciation & Amortisation   | 4     | 2,632                    | 2,829                    |
|                          | Impairment  | 4     | -                        | -                        |
| 740                      | Other Expenses  | 4     | 783                      | 810                      |
|                          | Interest and investment losses                                      | 3     | -                        | -                        |
|                          | Loss from Disposal of Assets  | 5     | 75                       | 280                      |
|                          | Loss from interests in Joint Ventures & Associates                  | 19    | -                        | -                        |
| 9,185                    | <b>Total expenses from continuing operations</b>                    |       | <b>9,128</b>             | 9,643                    |
| 37                       | <b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>                  |       | <b>(695)</b>             | (559)                    |
|                          | Operating result from discontinued operations                       | 24    | -                        | -                        |
| 37                       | <b>NET OPERATING RESULT FOR YEAR</b>                                |       | <b>(695)</b>             | (559)                    |
|                          | Attributable to:  |       |                          |                          |
| 37                       | JERILDERIE SHIRE COUNCIL  |       | (695)                    | (559)                    |
| 37                       | Non-controlling Interests   | 19    | <b>(695)</b>             | (559)                    |
| (1,677)                  | <b>Net operating result before capital grants and contributions</b> |       | <b>(1,866)</b>           | (1,435)                  |

This Statement is to be read in conjunction with the attached Notes.

**JERILDERIE SHIRE COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30th June 2014

|   | Notes | 2014<br>\$'000      | 2013<br>\$'000   |
|---|-------|---------------------|------------------|
| <b>Net operating result for year</b>  |       | <b>(695)</b>        | <b>(559)</b>     |
| from Income Statement   |       |                     |                  |
| <b>Other comprehensive income</b>   |       |                     |                  |
| <i>Amounts which will not be reclassified subsequently to operating result</i>  |       |                     |                  |
| Revaluation of infrastructure, property, plant & equipment  |       | <b>194</b>          | 11,911           |
| Impairment (expense) / recouplements offset to asset revaluation reserve  |       | <b>67</b>           | 101              |
| Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & Land under roads recognised (de-recognised) |       | -                   | -                |
| Adjustment to correct prior period errors   |       | -                   | -                |
| Share of other comprehensive income - joint ventures & associates   |       | -                   | -                |
| <i>Amounts which will be reclassified subsequently to operating result</i>  |       |                     |                  |
| Revaluation of available-for-sale investments   |       | <b>(4)</b>          | 14               |
| Realised available-for-sale investments gains recognised in revenue   |       | -                   | -                |
| <b>Total other comprehensive income</b>   |       | <u><b>257</b></u>   | <u>12,026</u>    |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |       | <u><b>(438)</b></u> | <u>11,467</u>    |
| Attributable to:  |       |                     |                  |
| JERILDERIE SHIRE COUNCIL  |       | <b>(438)</b>        | 11,467           |
| Non-controlling Interests   | 19    | <u><b>(438)</b></u> | <u>11,467</u>    |
|   |       | <b>\$ (438)</b>     | <b>\$ 11,467</b> |

This Statement is to be read in conjunction with the attached Notes.

**JERILDERIE SHIRE COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30th June 2014

|   | Notes | 2014<br>\$'000    | 2013<br>\$'000 |
|---|-------|-------------------|----------------|
| <b>CURRENT ASSETS</b>                       |       |                   |                |
| Cash & cash equivalents                     | 6     | 5,033             | 4,154          |
| Investments                                 | 6     | 943               | 2,880          |
| Receivables                                 | 7     | 1,468             | 950            |
| Inventories                                 | 8     | 316               | 231            |
| Other                                       | 8     | 27                | 158            |
| Non-current assets held for sale            | 22    |                   |                |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <u>7,787</u>      | <u>8,373</u>   |
| <b>NON-CURRENT ASSETS</b>                   |       |                   |                |
| Investments                                 | 6     | -                 | -              |
| Receivables                                 | 7     | -                 | -              |
| Inventories                                 | 8     | -                 | -              |
| Infrastructure, Property, Plant & Equipment | 9     | 100,160           | 99,951         |
| Equity accounted investments                | 19    | -                 | -              |
| Investment Property                         | 14    | -                 | -              |
| Intangible Assets                           | 25    | 313               | 4              |
| Other                                       | 8     | -                 | -              |
| <b>TOTAL NON-CURRENT ASSETS</b>             |       | <u>100,473</u>    | <u>99,955</u>  |
| <b>TOTAL ASSETS</b>                         |       | <u>108,260</u>    | <u>108,328</u> |
| <b>CURRENT LIABILITIES</b>                  |       |                   |                |
| Payables                                    | 10    | 979               | 499            |
| Borrowings                                  | 10    | 106               | 129            |
| Provisions                                  | 10    | 1,941             | 1,895          |
| <b>TOTAL CURRENT LIABILITIES</b>            |       | <u>3,026</u>      | <u>2,523</u>   |
| <b>NON-CURRENT LIABILITIES</b>              |       |                   |                |
| Payables                                    | 10    | -                 | -              |
| Borrowings                                  | 10    | 508               | 614            |
| Provisions                                  | 10    | 59                | 86             |
| <b>TOTAL NON CURRENT LIABILITIES</b>        |       | <u>567</u>        | <u>700</u>     |
| <b>TOTAL LIABILITIES</b>                    |       | <u>3,593</u>      | <u>3,223</u>   |
| <b>NET ASSETS</b>                           |       | <u>\$ 104,667</u> | <u>105,105</u> |
| <b>EQUITY</b>                               |       |                   |                |
| Accumulated Surplus                         | 20    | 41,233            | 41,928         |
| Revaluation Reserves                        | 20    | 63,434            | 63,177         |
| <b>Council Equity Interest</b>              |       | <u>104,667</u>    | <u>105,105</u> |
| Non-controlling Interest                    | 19    | -                 | -              |
| <b>TOTAL EQUITY</b>                         |       | <u>\$ 104,667</u> | <u>105,105</u> |

This Statement is to be read in conjunction with the attached Notes

**JERILDERIE SHIRE COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30th June 2014

| 2014  |    | Retained Earnings | Asset Reval. Reserve | Other Reserves | Council Equity Interest | Minority Interest | Total          |
|---|----|-------------------|----------------------|----------------|-------------------------|-------------------|----------------|
|   |    | Note \$'000       |                      |                |                         |                   |                |
| Balance at end of previous reporting period   |    | 41,928            | 63,137               | 40             | 105,105                 | -                 | 105,105        |
| Effect of correction of errors in previous years on retained earnings   |    | -                 |                      |                | -                       |                   | -              |
| Effect of accounting policy changes on retained   |    | -                 |                      |                | -                       |                   | -              |
| Change in associated entities recognised  | 19 | -                 |                      |                | -                       | -                 | -              |
| Restated opening balance  |    | 41,928            | 63,137               | 40             | 105,105                 | -                 | 105,105        |
| <b>Net Operating Result for the year</b>  |    | <b>(695)</b>      |                      |                | <b>(695)</b>            | -                 | <b>(695)</b>   |
| <b>Other comprehensive income</b>   |    |                   |                      |                |                         |                   |                |
| <i>Amounts which will not be reclassified subsequently to operating result</i>  |    |                   |                      |                |                         |                   |                |
| Revaluation of infrastructure, property, plant & Impairment (expense) / recoupments offset to asset revaluation reserve | 20 |                   | 194                  |                | 194                     | -                 | 194            |
| Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment                           |    | -                 | 67                   |                | 67                      |                   | 67             |
| Land under roads recognised (de-recognised)   | 20 | -                 |                      |                | -                       | -                 | -              |
| Adjustment to correct prior period depreciation errors  |    | -                 |                      |                | -                       | -                 | -              |
| <i>Amounts which will be reclassified subsequently to operating result</i>  |    |                   |                      |                |                         |                   |                |
| Revaluation of available-for-sale investments   | 20 |                   |                      | (4)            | (4)                     |                   | (4)            |
| Realised available-for-sale investments gains recognised in revenue   | 20 |                   |                      | -              | -                       |                   | -              |
| <b>Total other comprehensive income</b>   |    | -                 | 261                  | (4)            | 257                     | -                 | 257            |
| Transactions with owners as owners  |    |                   |                      |                |                         |                   |                |
| Cash Contributions by Outside Equity Interests  | 19 |                   |                      |                |                         | -                 | -              |
| Cash Distributions to Outside Equity Interests  | 19 |                   |                      |                |                         | -                 | -              |
| Other Adjustments to Outside Equity Interest  | 19 |                   |                      |                |                         | -                 | -              |
| <b>Total transactions with owners as owners</b>   |    | -                 | -                    | -              | -                       | -                 | -              |
| <b>Balance at end of the reporting period</b>   |    | <b>41,233</b>     | <b>63,398</b>        | <b>36</b>      | <b>104,667</b>          | <b>-</b>          | <b>104,667</b> |

| 2013  |    | Retained Earnings | Asset Reval. Reserve | Other Reserves | Council Equity Interest | Minority Interest | Total          |
|---|----|-------------------|----------------------|----------------|-------------------------|-------------------|----------------|
|   |    | Note \$'000       |                      |                |                         |                   |                |
| Balance at end of previous reporting period   |    | 42,450            | 51,125               | 26             | 93,601                  |                   | 93,601         |
| Effect of correction of errors in previous years on retained earnings   |    | 37                |                      |                | 37                      |                   | 37             |
| Effect of accounting policy changes on retained   |    | -                 |                      |                | -                       |                   | -              |
| Change in associated entities recognised  | 19 | -                 |                      |                | -                       |                   | -              |
| Restated opening balance  |    | 42,487            | 51,125               | 26             | 93,638                  | -                 | 93,638         |
| <b>Net Operating Result for the year</b>  |    | <b>(559)</b>      |                      |                | <b>(559)</b>            | -                 | <b>(559)</b>   |
| <b>Other comprehensive income</b>   |    |                   |                      |                |                         |                   |                |
| <i>Amounts which will not be reclassified subsequently to operating result</i>  |    |                   |                      |                |                         |                   |                |
| Revaluation of infrastructure, property, plant & Impairment (expense) / recoupments offset to asset revaluation reserve | 20 |                   | 11,911               |                | 11,911                  | -                 | 11,911         |
| Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment                           |    | -                 | 101                  |                | 101                     |                   | 101            |
| Land under roads recognised (de-recognised)   | 20 | -                 |                      |                | -                       | -                 | -              |
| Adjustment to correct prior period depreciation errors  |    | -                 |                      |                | -                       | -                 | -              |
| <i>Amounts which will be reclassified subsequently to operating result</i>  |    |                   |                      |                |                         |                   |                |
| Revaluation of available-for-sale investments   | 20 |                   |                      | 14             | 14                      |                   | 14             |
| Realised available-for-sale investments gains recognised in revenue   | 20 |                   |                      | -              | -                       |                   | -              |
| <b>Total other comprehensive income</b>   |    | -                 | 12,012               | 14             | 12,026                  | -                 | 12,026         |
| Transactions with owners as owners  |    |                   |                      |                |                         |                   |                |
| Cash Contributions by Outside Equity Interests  | 19 |                   |                      |                | -                       | -                 | -              |
| Cash Distributions to Outside Equity Interests  | 19 |                   |                      |                | -                       | -                 | -              |
| Other Adjustments to Outside Equity Interest  | 19 |                   |                      |                | -                       | -                 | -              |
| <b>Total transactions with owners as owners</b>   |    | -                 | -                    | -              | -                       | -                 | -              |
| <b>Balance at end of the reporting period</b>   |    | <b>41,928</b>     | <b>63,137</b>        | <b>40</b>      | <b>105,105</b>          | <b>-</b>          | <b>105,105</b> |

This Statement is to be read in conjunction with the attached Notes



# JERILDERIE SHIRE COUNCIL

## STATEMENT OF CASH FLOWS for the year ended 30th June 2014

| Budget<br>2014<br>\$'000 |   | Notes | Actual<br>2014<br>\$'000 | Actual<br>2013<br>\$'000 |
|--------------------------|---|-------|--------------------------|--------------------------|
|                          | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |       |                          |                          |
|                          | <u>Receipts</u>   |       |                          |                          |
| 2,234                    | Rates & Annual Charges  |       | 2,145                    | 2,086                    |
| 1,943                    | User Charges & Fees   |       | 1,803                    | 2,183                    |
| 243                      | Investment Income   |       | 262                      | 256                      |
| 4,693                    | Grants & Contributions  |       | 3,746                    | 4,752                    |
|                          | Deposits and retentions received                                  |       | 7                        | 2                        |
| 110                      | Other operating receipts  |       | 473                      | 1,293                    |
|                          | <u>Payments</u>   |       |                          |                          |
| (3,283)                  | Employee Benefits and oncosts                                     |       | (2,921)                  | (2,988)                  |
| (1,908)                  | Materials & Contracts   |       | (2,487)                  | (2,833)                  |
| (73)                     | Borrowing Costs   |       | (57)                     | (63)                     |
|                          | Deposits and retentions refunded                                  |       | -                        | -                        |
| (740)                    | Other operating payments  |       | (1,027)                  | (1,888)                  |
| 3,219                    | <b>Net Cash provided by (or used in) Operating Activities</b>     | 11    | <b>1,944</b>             | <b>2,800</b>             |
|                          | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |       |                          |                          |
|                          | <u>Receipts</u>   |       |                          |                          |
| 451                      | Proceeds from sale of Infrastructure, Property, Plant & Equipment |       | 176                      | 372                      |
|                          | Proceeds from sale of Investment Property                         |       | -                        | 93                       |
|                          | Proceeds from sale of Real Estate                                 |       | -                        | -                        |
|                          | Proceeds from sale of Investment Securities                       |       | 4,260                    | 3,173                    |
|                          | Repayments from Deferred Debtors                                  |       | -                        | -                        |
|                          | Contributions to joint ventures by minority interests             | 19    | -                        | -                        |
|                          | Distribution received from associated entities                    | 19    | -                        | -                        |
|                          | <u>Payments</u>   |       |                          |                          |
| (3,548)                  | Purchase of Infrastructure, Property, Plant & Equipment           |       | (2,992)                  | (2,676)                  |
|                          | Purchase of Investment Property                                   |       | -                        | -                        |
|                          | Purchase of Real Estate   |       | (53)                     | -                        |
|                          | Purchase of Investment Securities                                 |       | (2,327)                  | (1,984)                  |
|                          | Loans to Deferred Debtors   |       | -                        | -                        |
|                          | Distributions from joint ventures to minority interests           | 19    | -                        | -                        |
|                          | Capital contributed to associated entities                        | 19    | -                        | -                        |
| (3,097)                  | <b>Net Cash provided by (or used in) Investing Activities</b>     |       | <b>(936)</b>             | <b>(1,022)</b>           |
|                          | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |       |                          |                          |
|                          | <u>Receipts</u>   |       |                          |                          |
| 54                       | Proceeds from Borrowings & Advances                               |       | -                        | -                        |
|                          | Proceeds from Retirement Home Contributions                       |       | -                        | -                        |
|                          | <u>Payments</u>   |       |                          |                          |
| (182)                    | Repayments of Borrowings & Advances                               |       | (129)                    | (122)                    |
|                          | Repayment of Finance Lease Liabilities                            |       | -                        | -                        |
|                          | Repayment of Retirement Home Contributions                        |       | -                        | -                        |
| (128)                    | <b>Net Cash provided by (or used in) Financing Activities</b>     |       | <b>(129)</b>             | <b>(122)</b>             |
| (6)                      | <b>Net Increase (Decrease) in cash held</b>                       |       | <b>879</b>               | <b>1,656</b>             |
| 4,154                    | Cash Assets at beginning of reporting period                      | 11    | 4,154                    | 2,498                    |
|                          | Change in associated entities recognised                          | 1     | -                        | -                        |
| 4,148                    | <b>Cash Assets at end of reporting period</b>                     | 11    | <b>5,033</b>             | <b>4,154</b>             |

This Statement is to be read in conjunction with the attached Notes



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Introduction

Jerilderie Shire Council is incorporated under the Local Government Act 1993 with perpetual succession and a common seal, and has its principal place of business at 35 Jerilderie Street, Jerilderie.

Council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership
- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism
- to promote and to provide and plan for the needs of children
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible
- to engage in long-term strategic planning on behalf of the local community
- to exercise its functions in a manner that is consistent with and promotes social justice principles of equity, access, participation and rights
- to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
- to keep the local community and the State government (and through it, the wider community) informed about its activities
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected
- to be a responsible employer.

This financial report is a general purpose financial report that consists of an Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, the NSW Local Government Act 1993 (as amended) and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation

##### 1.1 Historical Cost Convention

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

##### 1.2 Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

In particular, significant accounting estimates and assumptions that are at risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

- impairment of receivables.
- the fair values of infrastructure, property, plant and equipment, and investment property.
- the estimation of future payments and timing in relation to tip restoration and carbon tax liability.

**2. The Local Government Reporting Entity**

These financial statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The following Special Rate funds and Committees established pursuant to the Act are included:

- Jerilderie Shire Council Water Supply Fund
- Jerilderie Shire Council Sewerage Fund

The following Committees, the transactions of which are not material either by amount or nature, have been excluded:

- Alf Hanna Legacy Units Committee
- Balmeringa Management Committee
- Central Coree Sports Complex Management Committee
- Yamma Recreation Reserve Management Committee
- Jerilderie Shire Toy Library Committee
- Jerilderie Tidy Towns Committee

Other joint ventures and associated entities in which Council is involved are included to the extent set out in paragraph 11 below and in Note 19.

**2.1 The Trust Fund**

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all monies 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 these monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

Council does not hold any funds in trust at this time.

**3. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$489k was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$1,020m; and in June 2013, again two quarters of the 2013/14 allocation: \$1,039m. Accordingly, in the reporting period ended 30 June 2012, Council's operating deficit was effectively understated by \$531k. (or Council's operating surplus overstated)

These amounts in advance were adjusted in June 2014. The total amount adjusted in 30 June 2014 was \$1,039m (\$2012, \$531k), reducing the operating result from that which would have been recorded had the advance amounts not been paid by this amount.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 3."

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

**4. Cash Assets, other Financial Instruments and Receivables**

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made thereunder. Other receivables are generally unsecured and do not bear interest. Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by the Council effectively being a reduction of interest revenue in the period to which it relates.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. Financial instruments classified as *loans and receivables* and *held-to-maturity* are subsequently measured at amortised cost using the effective interest method. Other financial instruments classified as *fair value through profit and loss* and *available-for-sale*, are subsequently measured at fair value where an active market exists, or at cost. Where an active market formerly, but no longer, existed, fair value is estimated using a range of techniques, including dealer quotes for similar instruments or estimated discounted cash flows. Details of classifications of financial instruments are given in Note 15.

**5. Inventories**

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

**5.1 Real Estate Developments**

Real Estate developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

**5.2 Other Real Estate held for resale**

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are carried at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with Chapter 17 of the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

**6. Infrastructure, Property, Plant & Equipment**

**6.1 Transitional Provisions**

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads. Details of the effects of this election are given in Notes 9 & 20.

**6.2 Recognition**

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

Crown reserves, and improvements thereon, 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

Council has title to, and is the registered owner of, 18 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports. In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

**6.3 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year under review are provided in Note 9 to these accounts.

**6.4 Valuation**

Detail of valuations, methods and valuers are provided at Note 9. Council is adopting fair value for all asset classes on a staged basis in accordance with the requirements of the *Code of Accounting Practice*.

Asset acquisitions subsequent to the most recent revaluation date are recognised at cost.

**6.5 Depreciation of Non-Current Assets**

Other than land, all assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are provided in Note 9 to these accounts. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

**6.6 Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation 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 (which is the higher of the *present value of future cash inflows* or *value in use*). Impairment losses for revalued assets are offset in the first instance against the amount standing to the credit of that class of assets in asset revaluation reserve.

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the original cost of acquisition.

**6.7 Borrowing Costs**

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 1023 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 4, and the amount (if any) of interest revenue offset against borrowing costs in Note 3.

**7. Payables**

**7.1 Goods & Services**

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

**7.2 Payments Received in Advance & Deposits**

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

**8 Borrowings**

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

**9. Employee Benefits**

**9.1 Salaries, Wages & Compensated Absences**

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 *Employee Benefits*.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

**9.2 Superannuation**

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

**Accumulation Fund Members**

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.25% in 2013/14; 9% in 2012/13). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Defined Benefit Members**

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate during the reporting period was 1.9 times members' contributions (1.9 times members' contributions in 2012/13). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The Trustees have advised that, as a result of the global financial crisis, an unrealised deficiency of assets over liabilities exists at 30 June 2014 in relation to all Councils involved in the Fund. The Trustees have significantly increased contributions rates from 1 July 2009, and a contingent liability has been reported in Note 18 to reflect a possible requirement for immediate payment to the scheme to correct the deficiency.

**10. Construction Contracts**

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

**11. Joint Ventures and Associated Entities**

Council participates in cooperative arrangements with other Councils for the provision of services and facilities, details of which are provided in Note 19. Council also participates in various local government organisations and County Councils the activities of which it neither controls nor significantly influences. Accordingly, Council's interest in these organisations has not been recognised in these financial statements.

**12. Leases**

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

**13. GST Implications**

In accordance with UIG Interpretation 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**14. Budget Information**

The Statement of Financial Performance, Statement of Cash Flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

**15. Rounding**

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements are in Australian currency and have been rounded to the nearest thousand dollars.

**16. Pending Accounting Standards & Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period.

- AASB 7 Financial Instruments: Disclosures
- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 132 Financial Instruments: Presentation
- Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

(Standards not affecting local government have been excluded from the above list.)

*Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.*

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 2 - FUNCTIONS

DE

|                                      | REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES |              |              |              |                                     |              |              |                |   |                |                |              |                           |                |   |             |
|--------------------------------------|---|--------------|--------------|--------------|-------------------------------------|--------------|--------------|----------------|---|----------------|----------------|--------------|---------------------------|----------------|---|-------------|
|                                      | Income from continuing operations   |              |              |              | Expenses from continuing operations |              |              |                | Operating result from continuing operations |                |                |              | GRANTS INCLUDED IN INCOME |                | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) |             |
|                                      | ORIGINAL BUDGET   | ACTUAL       | ACTUAL       | ACTUAL       | ORIGINAL BUDGET                     | ACTUAL       | ACTUAL       | ACTUAL         | ORIGINAL BUDGET                             | ACTUAL         | ACTUAL         | ACTUAL       | 2014 \$'000               | 2013 \$'000    | 2014 \$'000                               | 2013 \$'000 |
| GOVERNANCE                           |   |              |              |              |                                     |              |              |                |   |                |                |              |                           |                |   |             |
| ADMINISTRATION                       | 35  | 139          | 277          | 168          | 1,446                               | 2,236        | 171          | (168)          | (1,722)                                     | (171)          | (1,959)        | 5            | 299                       | 6,325          | 6,815                                     |             |
| PUBLIC ORDER & SAFETY                | 147   | 507          | 300          | 1,446        | 351                                 | 233          | 233          | (1,411)        | 240   | 67             | (1,959)        | 505          | 299                       | 1,322          | 879                                       |             |
| HEALTH                               | 11  | 11           | 9            | 26           | 26                                  | 20           | 20           | (15)           | (10)  | (11)           | (11)           | 121          | 26                        | 314            | 320                                       |             |
| ENVIRONMENT                          | 268   | 210          | 114          | 301          | 301                                 | 177          | 177          | (33)           | (68)  | (63)           | (63)           | 1            | 43                        | 126            | 102                                       |             |
| COMMUNITY SERVICES & EDUCATION       | 4   | 29           | 46           | 47           | 47                                  | 41           | 41           | (43)           | (35)  | 5              | 5              | 1            | 43                        | 1,044          | 1,058                                     |             |
| HOUSING & COMMUNITY AMENITIES        | 49  | 60           | 61           | 131          | 131                                 | 163          | 163          | (82)           | (99)  | (102)          | (102)          | 21           | 21                        | 2,544          | 2,203                                     |             |
| WATER SUPPLIES                       | 459   | 408          | 376          | 587          | 587                                 | 430          | 430          | (128)          | (27)  | (54)           | (54)           | 5            | 5                         | 4,847          | 4,791                                     |             |
| SEWERAGE SERVICES                    | 325   | 229          | 227          | 300          | 300                                 | 221          | 221          | 25             | (17)  | 6              | 6              | 5            | 5                         | 5,498          | 5,598                                     |             |
| RECREATION & CULTURE                 | 947   | 127          | 50           | 818          | 818                                 | 759          | 759          | 129            | (528)                                       | (709)          | (709)          | 35           | (4)                       | 10,020         | 10,178                                    |             |
| FUEL & ENERGY                        |   |              |              |              |                                     |              |              |                |   |                |                |              |                           |                |   |             |
| MINING, MANUFACTURING & CONSTRUCTION | 38  | 74           | 67           | 30           | 30                                  | 22           | 22           | 8              | 40  | 45             | 45             | 196          | 200                       | 196            | 200                                       |             |
| TRANSPORT & COMMUNICATION            | 2,349   | 2,792        | 2,999        | 4,330        | 4,330                               | 4,519        | 4,519        | (1,981)        | (1,558)                                     | (1,520)        | (1,520)        | 804          | 691                       | 75,396         | 75,618                                    |             |
| ECONOMIC AFFAIRS                     | 730   | 900          | 769          | 651          | 651                                 | 651          | 651          | 79             | 287   | 118            | 118            | 628          | 566                       | 628            | 566                                       |             |
| <b>TOTALS - FUNCTIONS</b>            | <b>5,362</b>  | <b>5,486</b> | <b>5,295</b> | <b>9,186</b> | <b>9,186</b>                        | <b>9,643</b> | <b>9,643</b> | <b>(3,824)</b> | <b>(3,642)</b>                              | <b>(4,348)</b> | <b>(4,348)</b> | <b>1,497</b> | <b>1,091</b>              | <b>108,260</b> | <b>108,328</b>                            |             |
| JOINT VENTURES & ASSOCIATES          |   |              |              |              |                                     |              |              |                |   |                |                |              |                           |                |   |             |
| GENERAL PURPOSE REVENUES             | 3,861   | 2,947        | 3,789        |              |                                     |              |              | 3,861          | 2,947                                       | 3,789          | 3,789          | 1,118        | 1,989                     | 1,118          | 1,989                                     |             |
| <b>TOTALS</b>                        | <b>9,223</b>  | <b>8,433</b> | <b>9,084</b> | <b>9,186</b> | <b>9,186</b>                        | <b>9,643</b> | <b>9,643</b> | <b>37</b>      | <b>(695)</b>                                | <b>(559)</b>   | <b>(559)</b>   | <b>2,615</b> | <b>3,080</b>              | <b>108,260</b> | <b>108,328</b>                            |             |

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Governance**

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

#### **Administration**

Corporate support and other support services, costs not otherwise attributed to functions.

#### **Public Order & Safety**

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

#### **Health**

Administration and inspection, food control, medical centres, other.

#### **Environment**

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

#### **Community Services & Education**

Administration, education, migrant services, Aboriginal services, aged and disabled, youth services, other services to families and children, other community services.

#### **Housing & Community Amenities**

Public cemeteries, public conveniences, street lighting, town planning, housing, other community amenities.

#### **Water Supplies**

#### **Sewerage Services**

#### **Recreation & Culture**

Public libraries, museums, community centres, public halls, other performing arts, sporting grounds and venues, swimming pools, parks and gardens, lakes, other sport and recreation.

#### **Fuel & Energy**

#### **Agriculture**

#### **Mining, Manufacturing & Construction**

Building control, quarries & pits and other.

#### **Transport & Communication**

Roads and streets, bridges, footpaths, aerodromes, bus shelters and services, water transport, works undertaken for Roads & Transport Authority, other.

#### **Economic Affairs**

Tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, private works, other business undertakings.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 3 - INCOME

| <b>RATES &amp; ANNUAL CHARGES</b>   | <b>2014<br/>\$'000</b> | <b>2013<br/>\$'000</b> |
|---|------------------------|------------------------|
| <u>Ordinary Rates</u>   |                        |                        |
| Residential   | 92                     | 83                     |
| Farmland  | 1,462                  | 1,413                  |
| Business  | 49                     | 45                     |
|   | <b>1,603</b>           | <b>1,541</b>           |
| <u>Special Rates</u>  |                        |                        |
| Water Supplies  | 268                    | 253                    |
| Sewerage Services   | 206                    | 207                    |
|   | <b>474</b>             | <b>460</b>             |
| <u>Annual Charges</u>   |                        |                        |
| Domestic Waste Management   | 55                     | 52                     |
| Stormwater Management   | 10                     | 10                     |
| Other Waste Management  | 27                     | 27                     |
|   | <b>92</b>              | <b>89</b>              |
| <b>Total Rates &amp; Annual Charges</b>   | <b>2,169</b>           | <b>2,090</b>           |
| <i>Rates have been made and levied on the basis of valuations as at 1 July 2013 supplied by the Valuer-General (2013: 1 July 2010).</i> |                        |                        |
| <b>USER CHARGES &amp; FEES</b>  |                        |                        |
| <u>User Charges</u>   |                        |                        |
| Domestic Waste Management   |                        |                        |
| Water Supply  | 127                    | 113                    |
| Sewerage Services   | 14                     | 12                     |
| Other Waste Management  | 6                      | 8                      |
|   | <b>147</b>             | <b>133</b>             |
| <u>Fees</u>   |                        |                        |
| Private Works   | 746                    | 789                    |
| RMS works - State Roads   | 715                    | 1,025                  |
| Building services - other   | 6                      | 10                     |
| Planning & Building - regulatory  | 11                     | 16                     |
| Saleyard Fees   | 13                     | 14                     |
| Swimming Pool   | 9                      | 7                      |
| Cemeteries  | 11                     | 11                     |
| Other   | 32                     | 27                     |
|   | <b>1,543</b>           | <b>1,899</b>           |
| <b>Total User Charges &amp; Fees</b>  | <b>1,690</b>           | <b>2,032</b>           |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 3 - REVENUES (cont)

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>INVESTMENT REVENUES</b>                                  |                |                |
| Interest receivable   |                |                |
| - overdue rates & charges                                   | 25             | 26             |
| - cash & investments  | 216            | 249            |
| Dividends received  | 7              | 5              |
| <b>Gross Investment Revenues</b>                            | <b>248</b>     | <b>280</b>     |
| Less: Interest deducted from<br>capitalised borrowing costs |                |                |
| <b>Total Investment Revenues</b>                            | <b>248</b>     | <b>280</b>     |

Council's net return on investments during both reporting periods has been materially affected by the potential loss in value of certain financial instruments, full details of which have been provided in Note 15.

### OTHER REVENUES

|                                     |            |            |
|-------------------------------------|------------|------------|
| Rental income - Investment Property |            |            |
| - Other property                    | 55         | 46         |
| Insurance Rebates                   | 22         | 27         |
| Diesel Fuel Rebate                  | 59         | 61         |
| Miscellaneous sales                 | 1          | 1          |
| Other                               | 211        | 48         |
| <b>Total Other Revenues</b>         | <b>348</b> | <b>183</b> |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 3 - INCOME (cont)

|  | Notes | OPERATING      |                | CAPITAL        |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>GRANTS</b>                              |       |                |                |                |                |
| General Purpose (Untied)                   |       |                |                |                |                |
| Financial Assistance                       |       | 1,110          | 1,982          |                |                |
| Pensioner Rates Subsidies (General)        |       | 8              | 7              |                |                |
| Specific Purpose                           |       |                |                |                |                |
| Pensioner Rates Subsidies                  |       |                |                |                |                |
| Water Supplies                             |       | 5              | 5              |                |                |
| Sewerage Services                          |       | 5              | 5              |                |                |
| Domestic Waste Management                  |       | 5              | 5              |                |                |
| Street Lighting                            |       | 21             | 21             |                |                |
| Roads & Bridges                            |       | 232            | 197            | 572            | 494            |
| Employment & Training Programs             |       |                | 8              |                |                |
| Heritage & Cultural Services               |       | 3              | 5              | 27             | (12)           |
| Noxious Weeds                              |       | 21             | 21             |                |                |
| NSW Rural Fire Services                    |       | 150            | 140            |                |                |
| Other                                      |       | 96             | 1              | 360            | 201            |
| <b>Total Grants &amp; Subsidies</b>        |       | <b>1,656</b>   | <b>2,397</b>   | <b>959</b>     | <b>683</b>     |
| <b>Comprising:</b>                         |       |                |                |                |                |
| - Commonwealth funding                     |       | 1,131          | 2,010          | 457            | 452            |
| - State funding                            |       | 525            | 387            | 502            | 231            |
| - Other funding                            |       |                |                |                |                |
|  |       | <b>1,656</b>   | <b>2,397</b>   | <b>959</b>     | <b>683</b>     |
| <br>                                       |       |                |                |                |                |
| <b>CONTRIBUTIONS &amp; DONATIONS</b>       |       |                |                |                |                |
| RMS Contributions                          |       | 1,126          | 1,119          | 121            | 113            |
| Kerb & Gutter                              |       |                |                | 26             |                |
| Other                                      |       | 25             | 107            | 65             | 80             |
| <b>Total Contributions &amp; Donations</b> |       | <b>1,151</b>   | <b>1,226</b>   | <b>212</b>     | <b>193</b>     |
| <br>                                       |       |                |                |                |                |
| <b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>    |       | <b>2,807</b>   | <b>3,623</b>   | <b>1,171</b>   | <b>876</b>     |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 3 - INCOME (cont)

#### CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

|  | 2014<br>\$'000 |                | 2013<br>\$'000 |                |
|--|----------------|----------------|----------------|----------------|
|  | <u>Grants</u>  | <u>Contrib</u> | <u>Grants</u>  | <u>Contrib</u> |
| Unexpended at the close of the previous reporting period   | 69             | 15             | 88             | 10             |
| Less: expended during the current period from revenues recognised in previous reporting periods                      |                |                |                |                |
| Section 94/64 Developer Contributions  |                |                |                |                |
| Roads Infrastructure   |                | 15             |                | 10             |
| Heritage & Cultural Services   | 42             |                | 15             |                |
| Community Care Services  |                |                |                |                |
| Other  | 25             |                | 17             |                |
| Subtotal   | <u>67</u>      | <u>15</u>      | <u>32</u>      | <u>10</u>      |
| Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions |                |                |                |                |
| Section 94/64 Developer Contributions  |                |                |                |                |
| Roads Infrastructure   | 34             |                |                | 15             |
| Heritage & Cultural Services   | 16             |                | -29            |                |
| Community Care Services  |                |                |                |                |
| Other  | 18             |                | 42             |                |
| Subtotal   | <u>68</u>      | <u>0</u>       | <u>13</u>      | <u>15</u>      |
| Unexpended at the close of this reporting period and held as restricted assets                                       | <u>70</u>      | <u>0</u>       | <u>69</u>      | <u>15</u>      |
| Net increase (decrease) in restricted assets in the current  | <u>1</u>       | <u>-15</u>     | <u>-19</u>     | <u>5</u>       |

#### OPERATING LEASES providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property above.

#### Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also included above. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment property, are as follows:

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Not later than one year                        | -              | -              |
| Later than one year and not later than 5 years | -              | -              |
| Later than 5 years                             | -              | -              |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 4 - EXPENSES

|  | 2014<br>\$'000      | 2013<br>\$'000      |
|--|---------------------|---------------------|
| <b>EMPLOYEE BENEFITS AND ONCOSTS</b>   |                     |                     |
| Salaries and Wages   | 2,202               | 2,263               |
| Travelling   | 68                  | 72                  |
| Employee Leave Entitlements  | 517                 | 539                 |
| Superannuation - defined contribution plan contributions                                   | 157                 | 156                 |
| Superannuation - defined benefit plan contributions  | 212                 | 208                 |
| Workers' Compensation Insurance  | 56                  | 46                  |
| Fringe Benefits Tax  | 31                  | 26                  |
| Training Costs (excluding Salaries)  | 25                  | 15                  |
| Other  | 4                   | 3                   |
| Less: Capitalised and distributed costs  | <u>(348)</u>        | <u>(339)</u>        |
| <b>Total Operating Employee Costs</b>  | <b><u>2,924</u></b> | <b><u>2,989</u></b> |
| <br><b>Total Number of Employees</b>   | <br><b>42</b>       | <br><b>45</b>       |
| <i>(Full time equivalent at end of reporting period)</i>                                   |                     |                     |
| <br><b>BORROWING COSTS</b>   |                     |                     |
| Interest on Loans  | 56                  | 63                  |
| Unwinding of present value discounts & premiums  | 41                  | 51                  |
| <b>Gross Interest Charges</b>  | <u>97</u>           | <u>114</u>          |
| Less: Borrowing Costs capitalised  |                     |                     |
| <b>Total Interest Charges</b>  | <u>97</u>           | <u>114</u>          |
| <br><b>MATERIALS &amp; CONTRACTS</b>   |                     |                     |
| Raw materials & consumables  | 2,468               | 2,481               |
| Contractor and consultancy costs   | 110                 | 93                  |
| Auditor's Remuneration (see following page)  | 16                  | 16                  |
| Legal Expenses   |                     |                     |
| - Planning & Development   | 6                   | 11                  |
| - Other Legal Expenses   | 5                   | 8                   |
| Operating Leases   |                     |                     |
| - Other  | 12                  | 12                  |
| <b>Total Materials &amp; Contracts</b>   | <u>2,617</u>        | <u>2,621</u>        |
| <br><u>Auditors Remuneration</u>   |                     |                     |
| During the year the following fees were paid or payable for services by Council's auditor: |                     |                     |
| <i>Audit and other assurance services</i>  |                     |                     |
| Audit and review of financial statements   | 16                  | 16                  |
| Other assurance services:  |                     |                     |
| - audit of regulatory returns  |                     |                     |
| - due diligence services   |                     |                     |
|  | <u>16</u>           | <u>16</u>           |
| <br><i>Taxation services</i>   |                     |                     |
| Tax compliance services  |                     |                     |
|  |                     |                     |
| <br><i>Other services</i>  |                     |                     |
| Remuneration services  |                     |                     |
| Benchmarking services  |                     |                     |
|  | <u>0</u>            | <u>0</u>            |
| Total remuneration   | <u>16</u>           | <u>16</u>           |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

| Note 4 - EXPENSES (cont)                      | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>DEPRECIATION &amp; AMORTISATION</b>        |                |                |
| Plant and Equipment                           | 513            | 470            |
| Office Equipment                              | 23             | 31             |
| Furniture & Fittings                          | 23             | 14             |
| Leased Property, Plant & Equipment            | -              |                |
| Land  | -              |                |
| Land Improvements                             | 44             | 79             |
| Buildings - non-specialised                   | 15             | 28             |
| Buildings - specialised                       | 148            | 353            |
| Other Structures                              | 1              | 2              |
| Infrastructure                                |                |                |
| - roads                                       | 1,592          | 1,700          |
| - bridges                                     | 52             |                |
| - footpaths                                   | 21             |                |
| - bulk earthworks                             | -              |                |
| - stormwater drainage                         | 39             | 39             |
| - water supply network not elsewhere included | 122            | 120            |
| - sewerage network not elsewhere included     | 96             | 93             |
| - swimming pools                              | 23             |                |
| - other open space / recreational             | 26             |                |
| Other assets                                  |                |                |
| - library books                               | 10             | 9              |
| Future Reinstatement Costs                    |                |                |
| - Quarries                                    | 2              | 2              |
| Less: Capitalised and distributed costs       | (118)          | (111)          |
| <b>Total Depreciation &amp; Amortisation</b>  | <u>2,632</u>   | <u>2,829</u>   |

| Note 4 - EXPENSES (cont)                      | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>IMPAIRMENT</b>                             |                |                |
| Infrastructure                                |                |                |
| - roads, bridges & footpaths                  | (67)           | (101)          |
| - bridges                                     | -              |                |
| - footpaths                                   | -              |                |
| - bulk earthworks                             | -              |                |
| - stormwater drainage                         | -              |                |
| - water supply network not elsewhere included | -              |                |
| - sewerage network not elsewhere included     | -              |                |
| - swimming pools                              | -              |                |
| - other open space / recreational             | -              |                |
| - other infrastructure                        | -              |                |
| Other assets                                  |                |                |
| - heritage collections                        | -              |                |
| - library books                               | -              |                |
| - other                                       | -              |                |
| Future Reinstatement Costs                    |                |                |
| - Tips  | -              |                |
| - Quarries                                    | -              |                |
| - Other remediation assets                    | -              |                |
| Less: Offset to Asset Revaluation Reserve     | 67             | 101            |
| <b>Total Impairment</b>                       | <u>-</u>       | <u>-</u>       |



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

| <b>Note 4 - EXPENSES (cont)</b>                      | <b>2014<br/>\$'000</b> | <b>2013<br/>\$'000</b> |
|--|------------------------|------------------------|
| <b>OTHER EXPENSES</b>                                |                        |                        |
| Mayoral fee  | 23                     | 22                     |
| Councillors' Fees & Allowances                       | 73                     | 70                     |
| Councillors' (incl. Mayor) Expenses                  | 13                     | 14                     |
| Insurances   | 211                    | 203                    |
| Street Lighting                                      | 42                     | 43                     |
| Light, Power & Heating                               | 135                    | 130                    |
| Telephone & Communications                           | 33                     | 32                     |
| Donations & Contributions to Local & Regional Bodies | 50                     | 106                    |
| Planning levy  |                        | 1                      |
| Emergency services levy                              | 6                      | 9                      |
| Other levies   | 162                    | 131                    |
| Advertising  | 16                     | 15                     |
| Election Expenses                                    |                        | 14                     |
| Subscriptions & Publications                         | 19                     | 20                     |
| <b>Total Other Expenses</b>                          | <b>783</b>             | <b>810</b>             |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>DISPOSAL OF INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b> |                |                |
| Proceeds from disposal   | 176            | 365            |
| Less: Carrying amount of assets sold                               | 251            | 669            |
| <b>Gain (Loss) on disposal</b>                                     | <u>(75)</u>    | <u>(304)</u>   |
| <b>DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS</b>                  |                |                |
| Proceeds from disposal   |                | 93             |
| Less: Carrying amount of assets sold                               |                | 69             |
| <b>Gain (Loss) on disposal</b>                                     | <u>-</u>       | <u>24</u>      |
| <b>DISPOSAL OF INVESTMENT PROPERTY</b>                             |                |                |
| Proceeds from disposal   |                |                |
| Less: Carrying amount of assets sold                               |                |                |
| <b>Gain (Loss) on disposal</b>                                     | <u>-</u>       | <u>-</u>       |
| <b>DISPOSAL OF FINANCIAL ASSETS</b>                                |                |                |
| Proceeds from disposal   | 4,260          |                |
| Less: Carrying amount of assets sold                               | 4,260          |                |
| <b>Gain (Loss) on disposal</b>                                     | <u>-</u>       | <u>-</u>       |
| <b>NET GAIN (LOSS) ON DISPOSAL<br/>OF ASSETS</b>                   | <u>(75)</u>    | <u>(280)</u>   |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES

|  | 2014           |                    | 2013           |                    |
|--|----------------|--------------------|----------------|--------------------|
|  | \$'000         |                    | \$'000         |                    |
|  | <u>Current</u> | <u>Non-Current</u> | <u>Current</u> | <u>Non-Current</u> |
| <b>CASH ASSETS</b>   |                |                    |                |                    |
| Cash on Hand and at Bank   | 895            |                    | 711            |                    |
| Short Term Deposits & Bills, etc   | 4,138          |                    | 3,443          |                    |
| <b>Total Cash Assets</b>   | <u>5,033</u>   |                    | <u>4,154</u>   |                    |
| <i>Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.</i> |                |                    |                |                    |
| <b>INVESTMENT SECURITIES</b>   |                |                    |                |                    |
| <b>Summary</b>   |                |                    |                |                    |
| Financial assets at fair value through profit and loss - held for trading  | -              | -                  | -              | -                  |
| Held to maturity investments   | 846            | -                  | 2,779          | -                  |
| Available for sale financial assets  | 97             | -                  | 101            | -                  |
| <b>Total</b>   | <u>943</u>     | <u>-</u>           | <u>2,880</u>   | <u>-</u>           |
| <b>Held to Maturity Investments</b>  |                |                    |                |                    |
| At beginning of year   | 2,779          | -                  | 3,968          | -                  |
| Additions  | 2,327          | -                  | 1,984          | -                  |
| Disposals  | (4,260)        | -                  | (3,173)        | -                  |
| At end of year   | <u>846</u>     | <u>-</u>           | <u>2,779</u>   | <u>-</u>           |
| Comprising:  |                |                    |                |                    |
| - Term Deposits  | 846            | -                  | 2,779          | -                  |
|  | <u>846</u>     | <u>-</u>           | <u>2,779</u>   | <u>-</u>           |
| <b>Available-for-sale Financial Assets</b>   |                |                    |                |                    |
| At beginning of year   | 101            | -                  | 87             | -                  |
| Revaluation surplus transferred to equity  | (4)            | -                  | 14             | -                  |
| At end of year   | <u>97</u>      | <u>-</u>           | <u>101</u>     | <u>-</u>           |
| Comprising:  |                |                    |                |                    |
| - Other  | 97             | -                  | 101            | -                  |
|  | <u>97</u>      | <u>-</u>           | <u>101</u>     | <u>-</u>           |
| <i>Fair values for available-for-sale financial instruments are determined by quoted prices in active markets for identical investments.</i>                               |                |                    |                |                    |
|  | <u>-</u>       | <u>-</u>           | <u>-</u>       | <u>-</u>           |

*The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister for Local Government on 12 January 2011, and may broadly be described as "Trustee Securities". Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 3.25% and 4.40% (2013- 3.7% and 5.75%).*

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

#### RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

|   | 2014         |             | 2013         |             |
|---|--------------|-------------|--------------|-------------|
|   | \$'000       |             | \$'000       |             |
|   | Current      | Non-Current | Current      | Non-Current |
| Cash & Cash Equivalent Assets                 | 5,033        |             | 4,154        |             |
| Investment Securities                         | 943          | -           | 2,880        | -           |
| <b>TOTAL CASH &amp; INVESTMENT SECURITIES</b> | <b>5,976</b> | <b>-</b>    | <b>7,034</b> | <b>-</b>    |
| <b>External Restrictions</b>                  | <b>2,871</b> |             | <b>3,156</b> |             |
| <b>Internal Restrictions</b>                  | <b>2,428</b> |             | <b>3,587</b> |             |
| <b>Unrestricted</b>                           | <b>677</b>   | <b>-</b>    | <b>291</b>   | <b>-</b>    |
|   | <b>5,976</b> | <b>-</b>    | <b>7,034</b> | <b>-</b>    |

#### DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

|                                    | Notes | Opening<br>Balance 30<br>June 2013 | Movements                   |                               | Closing<br>Balance 30<br>June 2014 |
|------------------------------------|-------|------------------------------------|-----------------------------|-------------------------------|------------------------------------|
|                                    |       |                                    | Transfers To<br>Restriction | Transfers From<br>Restriction |                                    |
|                                    |       | \$'000                             | \$'000                      | \$'000                        | \$'000                             |
| <b>External Restrictions</b>       |       |                                    |                             |                               |                                    |
| <b>Included in liabilities</b>     |       |                                    |                             |                               |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       | -                                  | -                           | -                             | -                                  |
| <b>Other</b>                       |       |                                    |                             |                               |                                    |
|                                    | 17    |                                    |                             | -                             |                                    |
|                                    |       | 15                                 |                             | 15                            | -                                  |
|                                    |       | 69                                 | 1                           | -                             | 70                                 |
|                                    |       | 1,081                              |                             | 171                           | 910                                |
|                                    |       | 1,911                              |                             | 125                           | 1,786                              |
|                                    |       | 80                                 | 25                          | -                             | 105                                |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       |                                    |                             | -                             |                                    |
|                                    |       | <b>3,156</b>                       | <b>26</b>                   | <b>311</b>                    | <b>2,871</b>                       |
| <b>Total External Restrictions</b> |       | <b>3,156</b>                       | <b>26</b>                   | <b>311</b>                    | <b>2,871</b>                       |

*External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) and certain annual charges may only be used for those purposes.*

#### Internal Restrictions

|                                    |              |            |              |              |
|------------------------------------|--------------|------------|--------------|--------------|
| Employee Leave Entitlements        | 660          | 40         | -            | 700          |
| Infrastructure Replacement         | 422          |            | 4            | 418          |
| Plant replacement                  | 909          | 91         | -            | 1,000        |
| Carry-over works                   | 447          |            | 137          | 310          |
| Sinking Funds                      |              |            | -            |              |
| FA Grant Advance Payment           | 1,039        |            | 1,039        | -            |
| Residential Housing                | 110          |            | 110          | -            |
| <b>Total Internal Restrictions</b> | <b>3,587</b> | <b>131</b> | <b>1,290</b> | <b>2,428</b> |

*Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise*

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 7 - RECEIVABLES

|                                    | 2014<br>\$'000 |                    | 2013<br>\$'000 |                    |
|------------------------------------|----------------|--------------------|----------------|--------------------|
|                                    | <u>Current</u> | <u>Non-Current</u> | <u>Current</u> | <u>Non-Current</u> |
| Rates & Annual Charges             | 260            |                    | 236            |                    |
| Interest & Extra Charges           | 45             |                    | 48             |                    |
| User Charges & Fees                |                |                    |                |                    |
| Accrued Revenues                   | 28             |                    | 39             |                    |
| Deferred Debtors                   |                |                    |                |                    |
| Other levels of Government         | 422            |                    | 383            |                    |
| Other                              | 725            |                    | 256            |                    |
| Total                              | 1,480          | -                  | 962            | -                  |
| Less: Allowance for Doubtful Debts |                |                    |                |                    |
| Rates & Annual Charges             |                |                    |                |                    |
| Interest & Extra Charges           |                |                    |                |                    |
| User Charges & Fees                |                |                    |                |                    |
| Other                              | 12             |                    | 12             |                    |
|                                    | 1,468          | -                  | 950            | -                  |

**Rates, Annual Charges, Interest & Extra Charges**

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2013: 10.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

**Other levels of Government**

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

**Other Receivables**

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

**AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS**

|                               | 1     |   | 3   |   |
|-------------------------------|-------|---|-----|---|
| <b>RESTRICTED RECEIVABLES</b> |       |   |     |   |
| Domestic Waste Management     | 9     |   |     |   |
| Water Supply                  | 142   | - | 110 |   |
| Sewerage Services             | 58    | - | 51  |   |
| Total Restrictions            | 209   | - | 161 | - |
| Unrestricted Receivables      | 1,259 | - | 789 | - |
| <b>Total Receivables</b>      | 1,468 | - | 950 | - |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 8 - INVENTORIES & OTHER ASSETS

|   | 2014<br>\$'000 |                    | 2013<br>\$'000 |                    |
|---|----------------|--------------------|----------------|--------------------|
|   | <u>Current</u> | <u>Non-Current</u> | <u>Current</u> | <u>Non-Current</u> |
| <b>INVENTORIES</b>  |                |                    |                |                    |
| Stores & Materials  | 200            |                    | 168            |                    |
| Real Estate Developments  | 116            | -                  | 63             |                    |
| <b>Total Inventories</b>  | <u>316</u>     | <u>-</u>           | <u>231</u>     | <u>-</u>           |
| <i>Inventories not expected to be realised within the next 12 months.</i>   | 110            | -                  | 60             | -                  |
| <i>Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical</i> |                |                    |                |                    |
| <b>OTHER ASSETS</b>   |                |                    |                |                    |
| Prepayments   | 27             |                    | 141            |                    |
| Other   |                |                    | 17             |                    |
| <b>Total Other Assets</b>   | <u>27</u>      | <u>-</u>           | <u>158</u>     | <u>-</u>           |
| <b>Real Estate Developments</b><br><i>(Valued at the lower of cost and net realisable value)</i>  |                |                    |                |                    |
| Residential   | 116            |                    | 63             |                    |
| Industrial & Commercial   |                |                    |                |                    |
| Other Properties surplus to requirements  |                |                    |                |                    |
| <b>Total Real Estate for Resale</b>   | <u>116</u>     | <u>-</u>           | <u>63</u>      | <u>-</u>           |
| <i>Represented by:</i>  |                |                    |                |                    |
| Acquisition Costs   |                |                    |                |                    |
| Development Costs   | 116            |                    | 63             |                    |
| Borrowing Costs   |                |                    |                |                    |
| Other Holding Costs   |                |                    |                |                    |
| Other Properties - Book Value   |                |                    |                |                    |
|   | <u>116</u>     | <u>-</u>           | <u>63</u>      | <u>-</u>           |
| <i>Less: Allowance for Under-Recovery</i>   |                |                    |                |                    |
| <b>Total Real Estate for Resale</b>   | <u>116</u>     | <u>-</u>           | <u>63</u>      | <u>-</u>           |
| <b>RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:</b>  |                |                    |                |                    |
| <b>Inventories</b>  |                |                    |                |                    |
| Water Supplies  | 20             | -                  | 18             |                    |
| Sewerage Services   | -              | -                  |                |                    |
| <b>Other Assets</b>   |                |                    |                |                    |
| Water Supplies  |                |                    |                |                    |
| Sewerage Services   |                |                    |                |                    |
|   | <u>20</u>      | <u>-</u>           | <u>18</u>      | <u>-</u>           |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

|                                     | 2013<br>\$'000 |                  |               |                    | CARRYING AMOUNT MOVEMENTS DURING YEAR<br>\$'000 |                    |              |            |                    |                    | 2014<br>\$'000 |                  |               |                    |
|-------------------------------------|----------------|------------------|---------------|--------------------|---|--------------------|--------------|------------|--------------------|--------------------|----------------|------------------|---------------|--------------------|
|                                     | AT<br>COST     | AT<br>FAIR VALUE | ACCUM<br>DEPN | CARRYING<br>AMOUNT | Asset<br>Purchases                              | Asset<br>Disposals | Depreciation | Impairment | Transfers,<br>etc. | Net<br>Revaluation | AT<br>COST     | AT<br>FAIR VALUE | ACCUM<br>DEPN | CARRYING<br>AMOUNT |
| Capital Work-in-progress            | 160            |                  |               | 160                | 366   |                    |              |            | (159)              |                    | 367            |                  |               | 367                |
| Plant & Equipment                   |                | 6,266            | (3,177)       | 3,089              | 469   | (179)              | (513)        |            |                    |                    | 6,452          | (3,586)          | 2,866         |                    |
| Office Equipment                    |                | 160              | (74)          | 86                 | 3   |                    | (23)         |            |                    |                    | 163            | (97)             | 66            |                    |
| Furniture & Fittings                |                | 287              | (165)         | 122                | 3   |                    | (23)         |            |                    |                    | 290            | (188)            | 102           |                    |
| Leased Plant & Equipment            |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| Land                                |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Operational Land                  |                | 1,150            |               | 1,150              | 18  |                    |              |            |                    |                    | 1,168          |                  | 1,168         |                    |
| - Community Land                    |                | 768              |               | 768                |   |                    |              |            |                    |                    | 768            |                  | 768           |                    |
| Land under roads                    |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - pre 1 July 2008                   |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - post 1 July 2008                  |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| Land Improvements - non-depreciable |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| Land Improvements - depreciable     |                | 1,799            | (781)         | 1,018              |   |                    | (44)         |            |                    |                    | 1,798          | (824)            | 974           |                    |
| Buildings - non-specialised         |                | 2,087            | (349)         | 1,738              | 340   |                    | (15)         |            |                    |                    | 2,427          | (364)            | 2,063         |                    |
| Buildings - specialised             |                | 19,762           | (4,138)       | 15,624             | 67  |                    | (148)        |            | 159                |                    | 19,988         | (4,286)          | 15,702        |                    |
| Other Structures                    |                | 55               | (7)           | 48                 |   |                    | (1)          |            |                    |                    | 55             | (8)              | 47            |                    |
| Infrastructure                      |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Roads                             |                | 57,812           | (21,780)      | 36,032             | 1,459   | (62)               | (1,592)      |            |                    |                    | 58,602         | (22,698)         | 35,904        |                    |
| - Bridges                           |                | 4,165            | (2,311)       | 1,854              |   |                    | (52)         |            |                    |                    | 4,165          | (2,363)          | 1,802         |                    |
| - Footpaths                         |                | 1,310            | (222)         | 1,088              | 219   | (10)               | (21)         |            |                    |                    | 1,450          | (174)            | 1,276         |                    |
| - Bulk earthworks (non-deprec.)     |                | 28,254           |               | 28,254             |   |                    |              |            |                    |                    | 28,254         |                  | 28,254        |                    |
| - Stormwater drainage               |                | 3,159            | (2,057)       | 1,102              |   |                    | (39)         |            |                    |                    | 3,159          | (2,096)          | 1,063         |                    |
| - Water Supply Network              |                | 8,215            | (4,659)       | 3,556              |   |                    | (122)        |            |                    | 97                 | 8,447          | (4,916)          | 3,531         |                    |
| - Sewerage Network                  |                | 7,254            | (3,733)       | 3,521              |   |                    | (96)         |            |                    | 97                 | 7,460          | (3,938)          | 3,522         |                    |
| - Swimming Pools                    |                | 1,128            | (902)         | 226                |   |                    | (23)         |            |                    |                    | 1,128          | (925)            | 203           |                    |
| - Other open space / recreational   |                | 1,034            | (546)         | 488                |   |                    | (26)         |            |                    |                    | 1,034          | (572)            | 462           |                    |
| - Other Infrastructure              |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| Other Assets                        |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Heritage Collections              |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Library Books                     |                | 40               | (19)          | 21                 | 7   |                    | (10)         |            |                    |                    | 45             | (27)             | 18            |                    |
| - Other                             |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| Future Reinstatement Costs          |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Tips                              |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| - Quarries                          |                | 51               | (45)          | 6                  |   |                    |              |            |                    |                    | 49             | (47)             | 2             |                    |
| - Other remediation assets          |                |                  |               |                    |   |                    |              |            |                    |                    |                |                  |               |                    |
| <b>Totals</b>                       | 211            | 144,705          | (44,965)      | 99,951             | 2,951   | (251)              | (2,750)      | 67         |                    | 192                | 416            | (47,109)         | 100,160       |                    |

Asset acquisitions were apportioned between:  
 Building & Infrastructure Renewals 1,512  
 Building & Infrastructure New Assets 573  
 Other Assets 866



## JERILDERIE SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

#### Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

|                                  | 2014<br>\$'000 |                 |               |                    | 2013<br>\$'000 |                 |               |                    |
|----------------------------------|----------------|-----------------|---------------|--------------------|----------------|-----------------|---------------|--------------------|
|                                  | AT<br>COST     | AT<br>VALUATION | ACCUM<br>DEPN | CARRYING<br>AMOUNT | AT<br>COST     | AT<br>VALUATION | ACCUM<br>DEPN | CARRYING<br>AMOUNT |
| <b>Water Supply</b>              |                |                 |               |                    |                |                 |               |                    |
| Plant & Equipment                |                | 30              | 28            | 2                  |                | 30              | 28            | 2                  |
| Office Equipment                 |                |                 |               |                    |                |                 |               |                    |
| Furniture & Fittings             |                |                 |               |                    |                |                 |               |                    |
| Leased Plant & Equipment         |                |                 |               |                    |                |                 |               |                    |
| Land                             |                |                 |               |                    |                |                 |               |                    |
| - Operational                    |                | 21              |               | 21                 |                | 20              |               | 20                 |
| - non depreciable land improv'ts |                |                 |               |                    |                |                 |               |                    |
| Land Improvements - depreciable  |                | 32              | 28            | 4                  |                | 32              | 27            | 5                  |
| Buildings                        |                |                 |               |                    |                |                 |               |                    |
| Other Structures                 |                |                 |               |                    |                |                 |               |                    |
| Water Supply Infrastructure      |                | 8,455           | 4,917         | 3,538              |                | 8,215           | 4,659         | 3,556              |
| - Other                          |                |                 |               |                    |                |                 |               |                    |
| <b>Total Water Supply</b>        | -              | 8,538           | 4,973         | 3,565              | -              | 8,297           | 4,714         | 3,583              |
| <b>Sewerage Services</b>         |                |                 |               |                    |                |                 |               |                    |
| Plant & Equipment                |                | 39              | 17            | 22                 |                | 23              | 15            | 8                  |
| Office Equipment                 |                |                 |               |                    |                |                 |               |                    |
| Furniture & Fittings             |                |                 |               |                    |                |                 |               |                    |
| Leased Plant & Equipment         |                |                 |               |                    |                |                 |               |                    |
| Land                             |                |                 |               |                    |                |                 |               |                    |
| - Operational                    |                | 105             |               | 105                |                | 105             |               | 105                |
| - non depreciable land improv'ts |                |                 |               |                    |                |                 |               |                    |
| Land Improvements - depreciable  |                | 34              | 32            | 2                  |                | 34              | 31            | 3                  |
| Buildings                        |                |                 |               |                    |                |                 |               |                    |
| Other Structures                 |                |                 |               |                    |                |                 |               |                    |
| Sewerage Infrastructure          |                | 7,462           | 3,938         | 3,524              |                | 7,254           | 3,734         | 3,520              |
| - Roads, bridges, footpaths      |                |                 |               |                    |                |                 |               |                    |
| - Other                          |                |                 |               |                    |                |                 |               |                    |
| <b>Total Sewerage Services</b>   | -              | 7,640           | 3,987         | 3,653              | -              | 7,416           | 3,780         | 3,636              |
| <b>Domestic Waste Management</b> |                |                 |               |                    |                |                 |               |                    |
| Plant & Equipment                |                | 6               | 2             | 4                  |                | 5               | 1             | 4                  |
| Office Equipment                 |                |                 |               |                    |                |                 |               |                    |
| Furniture & Fittings             |                |                 |               |                    |                |                 |               |                    |
| Leased Plant & Equipment         |                |                 |               |                    |                |                 |               |                    |
| Land                             |                |                 |               |                    |                |                 |               |                    |
| - Operational                    |                | 25              |               | 25                 |                | 25              |               | 25                 |
| - non depreciable land improv'ts |                |                 |               |                    |                |                 |               |                    |
| Land Improvements - depreciable  |                | 57              | 50            | 7                  |                | 57              | 48            | 9                  |
| Buildings                        |                | 49              | 2             | 47                 |                | 49              | 2             | 47                 |
| Other Structures                 |                |                 |               |                    |                |                 |               |                    |
| - Other                          |                |                 |               |                    |                |                 |               |                    |
| <b>Total Domestic Waste</b>      | -              | 137             | 54            | 83                 | -              | 136             | 51            | 85                 |
| <b>TOTAL RESTRICTIONS</b>        | -              | 16,315          | 9,014         | 7,301              | -              | 15,849          | 8,545         | 7,304              |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 9 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

See Note 27 for further information concerning the measurement of fair values.

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

Plant & equipment, office equipment, furniture and fittings and similar items are recognised at fair value calculated in accordance with the *Code of Accounting Practice* as being equivalent to depreciated historical cost.

Major depreciation periods are:

|                              |               |
|------------------------------|---------------|
| Office Equipment             | 3 to 10 years |
| Office Furniture             | 5 to 20 years |
| Vehicles & Road-making Equip | 5 to 20 years |
| Other Plant & Equipment      | 5 to 20 years |

Asset capitalisation thresholds include:

|                              |       |
|------------------------------|-------|
| Office Furniture & Equipment | \$500 |
| Other Plant & Equipment      | \$500 |

#### **Leased Plant & Equipment**

In accordance with AASB 117, leased plant and equipment is initially recognised at the lower of the fair value of the leased item or the present value of the minimum lease payments, and is subsequently amortised over the term of the lease.

#### **Land – Operational Land**

Land classified in accordance with Division 1, Part 2, Chapter 6 of the *Local Government Act* was revalued as at 30<sup>th</sup> June 2013 by Council officers using Valuer General site values. All land subsequently acquired is recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

#### **Land – Community Land**

Land classified as community land was valued by Council officers using Valuer General site values during the reporting period ended 30<sup>th</sup> June 2013. All land subsequently acquired is recognised at cost.

#### **Land under roads**

Council, being of the opinion that it is not possible to reliably determine fair value for land under roads, and it being impracticable to determine actual cost of acquisition, has elected not to recognise land under roads, whether acquired before or after the commencement of AASB 1051 *Land under roads*.

#### **Buildings – non-specialised**

Buildings were valued by Council officers using Rawlinsons Australian Construction Handbook Guide as at 30 June 2013. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

|                                |           |
|--------------------------------|-----------|
| Buildings - masonry            | 100 years |
| Buildings – other construction | 100 years |

Asset capitalisation thresholds include:

|                             |          |
|-----------------------------|----------|
| New construction/extensions | \$10,000 |
|-----------------------------|----------|

#### **Buildings – specialised**

Specialised buildings – designed for a specific limited public purpose – have been revalued in accordance with the guidelines contained in the *Code of Accounting Practice* and *NSW Treasury Accounting Policy TPP07-1*. The valuations were provided by Council officers as at 30 June 2013 using Rawlinsons Australian Construction Handbook guides. All subsequent additions are recognised at cost.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 9 – Infrastructure, Property, Plant & Equipment (cont)**

**Land Improvements and Other Structures**

Land improvements and other structures were valued by Council officers at 30<sup>th</sup> June 2013 using Rawlinsons Australian Construction Handbook guides. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

|  |                |
|--|----------------|
| Park Structures - masonry                | 40 to 50 years |
| Park Structures – other construction     | 40 to 50 years |
| Playground equipment                     | 20 to 50 years |
| Benches, seats, etc                      | 40 to 50 years |
| Asset capitalisation thresholds include: |                |
| Park Furniture & Equipment               | \$1,000        |

**Water and Sewer Infrastructure**

Water and sewer infrastructure was valued by Council officers in accordance with the *Reference Rates Manual for the Valuation of Water Supply, Sewerage and Stormwater Assets* issued by NSW Office of Water at 30 June 2012. These valuations have been subsequently indexed in accordance with the *Code of Accounting Practice* at the rate prescribed in the advices sent to Council. All acquisitions made after 30 June 2012 are recorded at cost indexed at the prescribed rate for all completed years since acquisition. Major depreciation periods are:

|                            |                |
|----------------------------|----------------|
| Dams and Reservoirs        | 100 years      |
| Bores                      | 5 to 40 years  |
| Reticulation Pipes – PVC   | 50 to 80 years |
| Reticulation Pipes – other | 50 to 75 years |

Augmentation works constructed subject to PWD schemes are recorded as follows:

- Where the scheme has not been commissioned, works are recorded at cost (including borrowing costs).
- Where the scheme has been commissioned but the final cost to Council has not been determined, the scheme has been recorded as a single asset and depreciated from the date of commissioning. The depreciation period has been selected, depending on the nature of the scheme, having regard to the depreciation period applicable to its major components as shown above.
- Where the final cost to Council has been determined, carrying value of the scheme has been apportioned between the individual components and depreciation periods adopted as shown above.

Asset capitalisation thresholds include:

|                                   |         |
|-----------------------------------|---------|
| Reticulation extensions           | \$5,000 |
| Sidelines & household connections | \$5,000 |

**Transportation and other Infrastructure**

Transportation assets were valued by Council officers at written down current replacement cost as at 30 June 2010 using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

|  |                 |
|--|-----------------|
| Sealed Roads - Surface                   | 15 years        |
| Sealed Roads – Structure                 | 100 years       |
| Unsealed Roads                           | 10 to 75 years  |
| Bridges – Concrete                       | 80 to 100 years |
| Bulk Earthworks                          | indefinite      |
| Asset capitalisation thresholds include: |                 |
| Road construction & reconstruction       | \$1,000         |

Stormwater drainage infrastructure was valued by Council officers at written down current replacement cost as at 30 June 2010 using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

|  |          |
|--|----------|
| Drains                                   | 80 years |
| Culverts                                 | 80 years |
| Asset capitalisation thresholds include: |          |
| Drains & Culverts                        | \$5,000  |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 9 – Infrastructure, Property, Plant & Equipment (cont)**

**All other assets**

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Library Books  
Artworks

4 to 15 years  
indefinite

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 10 - LIABILITIES

|                              | 2014<br>\$'000 |             | 2013<br>\$'000 |             |
|------------------------------|----------------|-------------|----------------|-------------|
|                              | Current        | Non-Current | Current        | Non-Current |
| <b>PAYABLES</b>              |                |             |                |             |
| Goods & Services             | 818            |             | 388            |             |
| Payments received in advance | 37             |             | 25             |             |
| Accrued salaries & wages     | 64             |             | 51             |             |
| Accrued interest payable     | 3              |             | 4              |             |
| Deposits, Retentions & Bonds | 12             |             | 5              |             |
| Other                        | 45             |             | 26             |             |
| <b>Total Payables</b>        | <b>979</b>     | -           | <b>499</b>     | -           |

*Current payables not expected to be settled within the next 12 months.*

#### **BORROWINGS**

|                         |            |            |            |            |
|-------------------------|------------|------------|------------|------------|
| Loans                   |            |            |            |            |
| - Secured               | 106        | 508        | 129        | 614        |
| <b>Total Borrowings</b> | <b>106</b> | <b>508</b> | <b>129</b> | <b>614</b> |

*All interest bearing liabilities are secured over the future revenues of the Council.*

#### **PROVISIONS**

|   |              |           |              |           |
|---|--------------|-----------|--------------|-----------|
| Employee benefits - annual leave                    | 486          |           | 480          |           |
| - long service leave                                | 1,455        | 39        | 1,415        | 56        |
| Reinstatement, Remediation, etc. (see also Note 21) |              | 20        |              | 30        |
| <b>Total Provisions</b>                             | <b>1,941</b> | <b>59</b> | <b>1,895</b> | <b>86</b> |

*Current payables not expected to be settled within the next 12 months.*

**1,443**

**1,467**

| Movements in Provisions | Opening<br>balance<br>\$'000 | Increases in<br>provision<br>\$'000 | Payments<br>\$'000 | Remeasure-<br>ment<br>\$'000 | Closing<br>balance<br>\$'000 |
|-------------------------|------------------------------|-------------------------------------|--------------------|------------------------------|------------------------------|
| Annual leave            | 480                          | 6                                   |                    |                              | 486                          |
| Sick leave              | -                            |                                     |                    |                              | -                            |
| Long service leave      | 1,471                        | 23                                  |                    |                              | 1,494                        |
| Other employee benefits | -                            |                                     |                    |                              | -                            |
| Self insurance          | -                            |                                     |                    |                              | -                            |
| Reinstatement, etc.     | 30                           |                                     | (8)                | (2)                          | 20                           |
| Carbon tax              | -                            |                                     |                    |                              | -                            |
| Other                   | -                            |                                     |                    |                              | -                            |
| <b>Closing Balance</b>  | <b>1,981</b>                 | <b>29</b>                           | <b>(8)</b>         | <b>(2)</b>                   | <b>2,000</b>                 |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### NOTE 10 - LIABILITIES (cont)

#### Provision for Self Insurance

In accordance with the relevant licences, Council makes provision for the actuarial estimate of the probable costs it will incur relating to unpaid reported claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and direct and indirect claims settlement costs.

#### Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

#### Provision for Carbon tax

Calculated emissions from its landfill facility being in excess of 25,000 tonnes of CO2 equivalent per annum, Council is required to purchase emissions permits throughout the future periods when these emissions will occur. The provision is the result of estimating the quantum and timing of future emissions and the future purchase costs, discounted to present values using government bond interest rates.

|   | 2014<br>\$'000 |             | 2013<br>\$'000 |             |
|---|----------------|-------------|----------------|-------------|
|   | Current        | Non-Current | Current        | Non-Current |
| <b>AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS</b> | <b>2,005</b>   | <b>39</b>   | <b>1,946</b>   | <b>56</b>   |
| <b>LIABILITIES relating to RESTRICTED ASSETS</b>          |                |             |                |             |
| <u>Domestic Waste Management</u>                          |                |             |                |             |
| Payables  |                |             |                |             |
| Interest Bearing Liabilities                              |                |             |                |             |
| Provisions  |                |             |                |             |
| Subtotal  | -              | -           | -              | -           |
| <u>Water Supplies</u>                                     |                |             |                |             |
| Payables  | -              | -           |                |             |
| Interest Bearing Liabilities                              | -              | -           |                |             |
| Provisions  | -              | -           |                |             |
| Subtotal  | -              | -           | -              | -           |
| <u>Sewerage Services</u>                                  |                |             |                |             |
| Payables  | -              | -           |                |             |
| Interest Bearing Liabilities                              | -              | -           |                |             |
| Provisions  | -              | -           |                |             |
| Subtotal  | -              | -           | -              | -           |
| <u>Stormwater Drainage Services</u>                       |                |             |                |             |
| Payables  |                |             |                |             |
| Interest Bearing Liabilities                              |                |             |                |             |
| Provisions  |                |             |                |             |
| Subtotal  | -              | -           | -              | -           |
| <u>Other</u>  |                |             |                |             |
| Payables  |                |             |                |             |
| Interest Bearing Liabilities                              |                |             |                |             |
| Provisions  |                |             |                |             |
| Subtotal  | -              | -           | -              | -           |
| <b>TOTAL</b>  | <b>-</b>       | <b>-</b>    | <b>-</b>       | <b>-</b>    |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

**(a) Reconciliation of Cash**

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

|                                      | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Total Cash Assets (Note 6)           | 5,033          | 4,154          |
| Less: Bank Overdraft (Note 10)       | -              | -              |
| Balances per Statement of Cash Flows | 5,033          | 4,154          |

**(b) Reconciliation of Change in Net Assets to Cash  
from Operating Activities**

|   |              |              |
|---|--------------|--------------|
| Net Operating Result from Income Statement          | (695)        | (559)        |
| Add: Depreciation, Amortisation & Impairment        | 2,632        | 2,829        |
| Unwinding of present value discounts & premiums     | 41           | 139          |
| Investments - impairment & fair value adjustments   | -            | -            |
| Increase in provision for doubtful debts            | -            | -            |
| Increase in employee benefits provisions            | -            | 3            |
| Increase in other provisions                        | -            | -            |
| Decrease in receivables                             | -            | 77           |
| Decrease in inventories                             | -            | 1            |
| Decrease in other assets                            | 131          | 12           |
| Increase in trade creditors & other accruals        | 312          | 25           |
| Increase in accrued interest payable                | -            | -            |
| Increase in other payables                          | 19           | 2            |
| Loss on Sale of Assets                              | 75           | 280          |
| Equity share of loss in Associates                  | -            | -            |
| Equity adjustment in Associates (decrease)          | -            | -            |
| Decrements from Revaluations                        | -            | -            |
| Loss on Council restructure                         | -            | -            |
|   | 2,515        | 2,809        |
| Less: Decrease in provision for doubtful debts      | -            | -            |
| Present value discounts & premiums recognised       | -            | -            |
| Decrease in employee benefits provisions            | 12           | -            |
| Decrease in other provisions                        | 10           | 11           |
| Increase in receivables                             | 518          | -            |
| Increase in inventories                             | 32           | -            |
| Increase in other assets                            | -            | -            |
| Decrease in trade creditors & other accruals        | -            | -            |
| Decrease in accrued interest payable                | 1            | -            |
| Decrease in other payables                          | -            | -            |
| Gain on Sale of Assets                              | -            | -            |
| Equity share of profit in Associates                | -            | -            |
| Equity adjustment in Associates (increase)          | -            | -            |
| Fair value adjustments as revenue items             | -            | -            |
| Investment Revaluation Reserve realised             | -            | -            |
| Reversal of previous Revaluation Decrements         | -            | -            |
| Non-cash acquisition of assets                      | (2)          | (2)          |
| Gain on Council restructure                         | -            | -            |
| <b>Net Cash provided by (or used in) operations</b> | <b>1,944</b> | <b>2,800</b> |



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>(c) Non-Cash Financing and Investing Activities</b> |                |                |
| Acquisition of assets by means of:                     |                |                |
| - PWD Construction                                     | -              |                |
| - Bushfire Grants                                      | -              |                |
| - Developer Contributions received in kind             | -              |                |
| - Non-cash issues of Shares in Other Companies         | -              |                |
| - Estimated future reinstatement, etc costs            | (2)            | (2)            |
| - Other  | -              |                |
|  | <u>(2)</u>     | <u>(2)</u>     |
| - Finance Leases                                       | -              |                |
| - Land taken over for non-payment of Rates             | -              |                |
|  | <u>(2)</u>     | <u>(2)</u>     |

### (d) Financing Arrangements

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

|                        |    |    |
|------------------------|----|----|
| Bank Overdrafts        |    |    |
| Total Facilities       |    |    |
| Corporate Credit Cards | 16 | 16 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 12 - COMMITMENTS FOR EXPENDITURE

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>(a) Capital Commitments</b>   |                |                |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |                |                |
| Buildings  | 26             |                |
| Plant & Equipment  | 457            | 57             |
|  | 483            | 57             |

*Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.*

#### **(b) Finance Lease Commitments**

Commitments under finance leases at the reporting date are as follows:

|  |   |   |
|--|---|---|
| Not later than one year                        |   |   |
| Later than one year and not later than 5 years |   |   |
| Later than 5 years                             |   |   |
| Minimum lease payments                         | - | - |
| Less: future finance charges                   | - | - |
| Net Lease Liability                            | - | - |
| Representing lease liabilities:                |   |   |
| Current  | - | - |
| Non-Current                                    | - | - |
|  | - | - |

Insert similar information to that given in relation to operating leases below, for finance leases.

*No Joint Ventures or Partnerships have any finance lease arrangements.*

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

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

|  |    |    |
|--|----|----|
| <u>Total Future Minimum Lease Payments</u>     |    |    |
| Not later than one year                        | 13 | 13 |
| Later than one year and not later than 5 years | 5  | 18 |
| Later than 5 years                             | 18 | 31 |

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

*Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.*

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

| INDICATORS - CONSOLIDATED   |                |                            |         |         |
|---|----------------|----------------------------|---------|---------|
|   | <u>Amounts</u> | <u>2014<br/>Indicators</u> | 2013    | 2012    |
| <b>Operating Performance</b>  |                |                            |         |         |
| Total continuing operating revenue (less fair value adjustments) less capital grants & <u>contributions less operating expenses</u> | -\$1,791       | -24.66%                    | -14.07% | -7.05%  |
| Total continuing operating revenue (less fair value adjustments) less capital grants & contributions                                | \$7,262        |                            |         |         |
| <b>Own Source Operating Revenue</b>   |                |                            |         |         |
| Total continuing operating revenue (less fair value adjustments) less all grants & <u>contributions</u>                             | \$4,455        | 52.83%                     | 50.47%  | 47.85%  |
| Total continuing operating revenue (less fair value adjustments) including grants & contributions                                   | \$8,433        |                            |         |         |
| <b>Unrestricted Current Ratio</b>   |                |                            |         |         |
| <u>Unrestricted Current Assets*</u>   | \$4,577        | 2.89:1                     | 4.71:1  | 5.09:1  |
| Current Liabilities not relating to Restricted Assets   | \$1,583        |                            |         |         |
| <b>Debt Service Cover Ratio</b>   |                |                            |         |         |
| Operating results (excluding fair value adjustments) before capital, excluding interest, <u>depreciation &amp; amortisation</u>     | \$938          | 4.15:1                     | 7.58:1  | 10.09:1 |
| Principal repayments + borrowing interest costs   | \$226          |                            |         |         |
| <b>Rates &amp; Annual Charges</b>   |                |                            |         |         |
| <b>Outstanding Percentage</b>   |                |                            |         |         |
| <u>Rates &amp; Annual Charges Outstanding</u>   | \$305          | 12.31%                     | 11.91%  | 11.82%  |
| Rates & Annual Charges Collectible  | \$2,478        |                            |         |         |
| <b>Cash Expense Cover Ratio</b>   |                |                            |         |         |
| <u>Cash &amp; equivalents including term deposits</u>   | \$5,033        | 9.12                       | 6.31    | 5.11    |
| Cash payments of operating and financing activities   | \$6,621        |                            |         |         |

\* Detailed methods of calculation of these indicators are defined in the Code.

### INDICATORS - BY FUND

|  | Current Year Indicators |        |        |
|--|-------------------------|--------|--------|
|  | General                 | Water  | Sewer  |
| * Calculated as for the consolidated indicators shown above. |                         |        |        |
| <b>Operating Performance</b>                                 | -27.37%                 | -8.73% | 5.54%  |
| <b>Own Source Operating Revenue</b>                          | 47.97%                  | 98.96% | 98.46% |
| <b>Unrestricted Current Ratio</b>                            | 2.89:1                  | N/A    | N/A    |
| <b>Debt Service Ratio</b>                                    | 3.27 :1                 | N/A    | N/A    |
| <b>Rates &amp; Annual Charges</b>                            |                         |        |        |
| <b>Outstanding Percentage</b>                                | 11.46%                  | 12.18% | 18.11% |
| <b>Cash Expense Cover Ratio</b>                              | 10.04                   | 27.30  | 103.04 |

# **JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2014**

## **Note 14 - INVESTMENT PROPERTY**

Council does not hold any investment properties at this time

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at balance date:

|  | Carrying Value |                | Fair Value     |                |
|--|----------------|----------------|----------------|----------------|
|  | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Financial Assets</b>                              |                |                |                |                |
| Cash and Cash Equivalents                            | 5,033          | 4,154          | 5,033          | 4,154          |
| Receivables  | 1,468          | 950            | 1,468          | 950            |
| Financial assets at fair value through profit & loss | -              | -              | -              | -              |
| Available-for-sale financial assets                  | 846            | 2,779          | 846            | 2,779          |
| Held-to-maturity investments                         | 97             | 101            | 97             | 101            |
| Investments categorised as loans and receivables     | -              | -              | -              | -              |
|  | <b>7,444</b>   | <b>7,984</b>   | <b>7,444</b>   | <b>7,984</b>   |
| <b>Financial Liabilities</b>                         |                |                |                |                |
| Payables   | 979            | 499            | 979            | 499            |
| Borrowings   | 614            | 743            | 614            | 743            |
|  | <b>1,593</b>   | <b>1,242</b>   | <b>1,593</b>   | <b>1,242</b>   |

#### Cash and cash equivalents

#### Financial assets at fair value through profit & loss

#### Available-for-sale financial assets

#### Held-to-maturity investments

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

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*), and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act provided to Council monthly.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

Less than 5% of Council's portfolio is invested in products that are subject to price risk, principally CDOs. Council views the loss in market value - which has been recognised in these reports - as deriving principally from a lack of liquidity in the market. Council has now determined to retain these financial instruments on a long term basis, and has reviewed its liquidity projections to confirm that it will be able to do so. Council expects to recoup the full amounts of principal and interest over the life of the investment, and has not received any information that would indicate to the contrary.

The remainder of Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

#### Interest Sensitivity Analysis

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Impact of a 10% movement in price of investments<br>(for assets subject to price risk only) |                |                |
| - Equity  | 9              | 9              |
| - Income Statement  | 9              | 9              |
| Impact of a 1% change in interest rates on cash & investments                               |                |                |
| - Equity  | 60             | 70             |
| - Income Statement  | 60             | 70             |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 15 - FINANCIAL RISK MANAGEMENT (cont)

#### Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

|                                      | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Percentage of Rates & Annual Charges |                |                |
| - Current                            |                |                |
| - Overdue                            | 100%           | 100%           |
| Analysis of overdue debts            |                |                |
| up to 30 days overdue                | 74%            |                |
| up to 60 days overdue                | 1%             |                |
| up to 90 days overdue                | 1%             |                |
| over 90 days overdue                 | 24%            | 100%           |
| Percentage of Other Receivables      |                |                |
| - Current                            | 100%           | 100%           |
| - Overdue                            | 0%             | 0%             |
| Analysis of overdue debts            |                |                |
| up to 30 days overdue                |                |                |
| up to 60 days overdue                |                |                |
| up to 90 days overdue                |                |                |
| over 90 days overdue                 | 0%             | 0%             |

#### Payables

#### Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 15 - FINANCIAL RISK MANAGEMENT (cont)

#### Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

|            | 2014<br>'000 | Due          |             |            | Total<br>Contractual<br> <br>Cash Flows | Carrying<br>Value |
|------------|--------------|--------------|-------------|------------|---|-------------------|
|            |              | ≤ 1 year     | 2 - 5 years | > 5 years  |   |                   |
| Payables   |              | 979          | -           |            | 979                                     | 979               |
| Borrowings |              | 150          | 502         | 107        | 759                                     | 614               |
|            |              | <u>1,129</u> | <u>502</u>  | <u>107</u> | <u>1,738</u>                            | <u>1,593</u>      |
|            | 2013<br>'000 | Due          |             |            | Total<br>Contractual<br>Cash Flows      | Carrying<br>Value |
|            |              | ≤ 1 year     | 2 - 5 years | > 5 years  |   |                   |
| Payables   |              | 499          | -           |            | 499                                     | 499               |
| Borrowings |              | 129          | 425         | 189        | 743                                     | 743               |
|            |              | <u>628</u>   | <u>425</u>  | <u>189</u> | <u>1,242</u>                            | <u>1,242</u>      |

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. Bank overdraft and less than 10% of borrowings are at variable rates; the associated interest rate risk is not considered material.

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

|                                | 2014                        |            | 2013                        |            |
|--------------------------------|-----------------------------|------------|-----------------------------|------------|
|                                | Wtd ave<br>interest<br>rate | Balance    | Wtd ave<br>interest<br>rate | Balance    |
| Overdraft                      |                             | -          |                             | -          |
| Loans - fixed interest rate    | 7.77%                       | 614        | 7.69%                       | 743        |
| Loans - variable interest rate |                             |            |                             |            |
|                                |                             | <u>614</u> |                             | <u>743</u> |



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 16 – MATERIAL BUDGET VARIATIONS

Council's original budget comprised part of the Operational Plan adopted by Council on 25 June 2013. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Statement of Financial Performance.

Further information of the nature and amount of all variations is available from the Council office upon request.

#### 1 STATEMENT OF FINANCIAL PERFORMANCE

##### 1.1 User Charges & Fees

An unfavourable variance of \$253k (13%) primarily attributed to a variation in the amount of works undertaken for Roads & Maritime Services in relation to State and National Highways.

##### 1.2 Other Revenues

A favourable result of \$238k (216.3%) attributable in the main to sales of permanent water allocations from agricultural property.

##### 1.3 Grants & Contributions – Operating and Capital

An unfavourable result of \$714k (15.2%) as in many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted. In particular, major variations occurred due to the previous pre payment of the Financial Assistance Grant, deferral of funding for proposed capital works for recreational and cultural purposes and additional funds for flood restoration works and bushfire services

##### 1.4 Employee Costs

A favourable variation of \$359k (10.9%). During the year Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Costs in relation to the capital works are excluded from the Operating Statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Accordingly, significant variations will often arise in this area.

##### 1.5 Materials & Contracts

An unfavourable variation of \$709k (37.2%). Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in this mix, resulting in significant budget variations in this item.

##### 1.6 Borrowing Costs

An unfavourable result of \$24k (32.8%) due to unwinding of discounts included in the measurement of provisions being excluded from the budgetary process.

##### 1.7 Depreciation

A favourable result of \$549k (17.3%) resulting from variations as a result of revaluations at previous year end.

##### 1.8 Other Operating Expenses

An unfavourable result of \$43k (5.8%) due to significant increase in contributions to NSW Rural Fire Services.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 – Material Budget Variations (cont)**

**2 STATEMENT OF CASH FLOWS**

Council's budget calculations for the statement of cash flows is based purely upon the estimates of income and expenditure as presented in the operational plan, due to the difficulty in estimating the fluctuating amount of payables and receivable. GST is also excluded from the budgetary figures.

**3 NOTE 2**

Council's operating results by functional activities varied due to the previous prepayment of Financial Assistance Grant funds, deferral of capital funding for proposed works for recreational and cultural purposes and additional works for flood restoration and bushfire services and the subsequent funding of such

**JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2014**

**Note 17 - STATEMENT OF CONTRIBUTION PLANS**

**Council has no developer contributions at this time**

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### 1. DEFINED BENEFIT SUPERANNUATION PLAN

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment.

The Scheme has a deficit of assets over liabilities and its administrators have advised all Councils that they will need to make significantly higher contributions to help reverse this deficit. However, the Trustees may also call upon Councils to make an immediate payment sufficient to offset all or part of this deficit at any time. There is no current indication that such action will be necessary.

As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified.

#### 2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

#### 3. STATECOVER MUTUAL Ltd

Council has been a member of Statecover Mutual Ltd, a corporation formed for the purchase and management of workers compensation insurances on behalf of its members, since 1 July 2001.

Statecover has issued shares with no par value and may make calls on its members to meet trading losses and to comply with prudential requirements. There is no recognised market for the sale of Statecover shares.

#### 4. WESTERN RIVERINA LIBRARIES

Council is a member of the Western Riverina Libraries and has a one-sixth proportion of voting power of the organisation. Council's share in the assets, liabilities and outputs of the organisation is based on the proportional population share and is considered immaterial in amount

#### 5. RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of 18 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

#### 6. "CARBON" TAX

From 1 July 2012 a tax on emissions of certain "greenhouse" gases commenced operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 18 – Contingencies & Assets & Liabilities not Recognised in the Balance Sheet (cont)**

Using current calculation methods, emissions from Council's landfill facilities are substantially below current taxable thresholds. This situation is expected to continue while thresholds remain at current levels.

The "carbon tax" legislation has now been repealed with effect from 1 July 2014. Council does not expect to incur any liability in relation to landfill deposits made during the period 1 July 2012 to 30 June 2014.

**JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2014**

**Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES**

**Council has no joint ventures at this time**

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

| <b>RETAINED EARNINGS</b>   | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
|  | <b>\$'000</b>        | <b>\$'000</b>        |
| Balance at end of previous reporting period  | 41,928               | 42,450               |
| Effect of correction of errors in previous years (see below)   |                      | 37                   |
| Effect of accounting policy changes  |                      |                      |
| Change in associated entities recognised   | -                    | -                    |
| Restated opening balance   | <u>41,928</u>        | <u>42,487</u>        |
| <b>Net operating result for the year</b>   | <b>(695)</b>         | <b>(559)</b>         |
| Other comprehensive income   |                      |                      |
| Share of other comprehensive income - joint ventures & associates  |                      |                      |
| Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment              |                      |                      |
| Land under roads recognised (de-recognised)  |                      |                      |
| Adjustment to correct prior period depreciation errors   |                      |                      |
| <b>Balance at end of the reporting period</b>  | <b><u>41,233</u></b> | <b><u>41,928</u></b> |
| <br>   |                      |                      |
| <b>REVALUATION RESERVES</b>  |                      |                      |
| <i>Infrastructure, Property, Plant &amp; Equipment</i>   |                      |                      |
| Balance at end of previous reporting period  | 63,137               | 51,125               |
| Revaluation of infrastructure, property, plant & equipment   | 194                  | 11,911               |
| Share of other comprehensive income (revaluations) - joint ventures & associates                           |                      |                      |
| Impairment (expense) / recoupments offset to asset revaluation reserve                                     | 67                   | 101                  |
| Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment              |                      |                      |
| <b>Balance at end of reporting period</b>  | <b><u>63,398</u></b> | <b><u>63,137</u></b> |
| <br>   |                      |                      |
| At the end of the reporting period, the amount held in the reserve related to the following asset classes: |                      |                      |
| Plant & Equipment  | 580                  | 580                  |
| Office Equipment   | 5                    | 5                    |
| Furniture & Fittings   | 38                   | 38                   |
| Leased Plant & Equipment   |                      |                      |
| Land   |                      |                      |
| - Operational Land   | 571                  | 571                  |
| - Community Land   | 351                  | 351                  |
| Land under roads   |                      |                      |
| - pre 1 July 2008  |                      |                      |
| - post 1 July 2008   |                      |                      |
| Land Improvements - non-depreciable  |                      |                      |
| Land Improvements - depreciable  | 1,589                | 1,589                |
| Buildings - non-specialised  |                      |                      |
| Buildings - specialised  | 15,917               | 15,917               |
| Other Structures   |                      |                      |
| Infrastructure   |                      |                      |
| - Roads, bridges, footpaths  | 9,818                | 9,751                |
| - Bulk earthworks (non-deprec.)  | 27,557               | 27,557               |
| - Stormwater drainage  | 1,211                | 1,211                |
| - Water Supply Network   | 2,901                | 2,804                |
| - Sewerage Network   | 2,860                | 2,763                |
| Other Assets   |                      |                      |
| - Heritage Collections   |                      |                      |
| - Library Books  |                      |                      |
| - Other  |                      |                      |
| Future Reinstatement Costs   |                      |                      |
| - Tips   |                      |                      |
| - Quarries   |                      |                      |
| - Other remediation assets   |                      |                      |
| <b>Balance at end of reporting period</b>  | <b><u>63,398</u></b> | <b><u>63,137</u></b> |



## JERILDERIE SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

#### Note 20 - REVALUATION RESERVES & RETAINED EARNINGS (CONT)

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Available-for Sale Financial Assets</b>                             |                |                |
| Balance at end of previous reporting period                            | 40             | 26             |
| Revaluation of available-for-sale investments                          | (4)            | 14             |
| Realised available-for-sale investments gains<br>recognised in revenue | -              | -              |
| <b>Balance at end of reporting period</b>                              | <b>36</b>      | <b>40</b>      |

#### **Nature and purpose of reserves**

##### Infrastructure, property, plant & equipment revaluation reserve

Used to record increments (net of decrements) on the revaluation of infrastructure, property, plant & equipment.

##### Available-for-sale investments revaluation reserve

Changes in fair value of investments categorised in this manner are held in this reserve pending sale. Amounts are recognised in profit and loss when the relevant investments are sold.

#### **MOVEMENTS IN RETAINED EARNINGS**

##### **Correction of errors in previous years**

- (i) Non cash contribution of Intangible assets received in June 2012 not previously recognised

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- (ii) In previous years Council had not consistently reviewed the estimates of useful lives of certain assets. In the course of the revaluations carried out in the current reporting period, it was found that the combined effect resulted in a significant reduction in the depreciation that had previously been charged. It was found to be impracticable to calculate the distortion occurring in each of the previous years, and the adjustment has been made to current year balances.

- (iii) In the course of the revaluations carried out in the current reporting period, it was found that a number of buildings had not previously been recognised. An estimate has been made of the depreciation that should have been charged in the previous year had they been correctly recognised at the appropriate time, and the comparative amounts have been adjusted accordingly.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### NOTE 21 - RESULTS BY FUND

Moneys raised pursuant to certain sections of the Local Government Act, and of certain other Acts, may not be used for the general purposes of the Council, or must be held as cash or authorised investments until expended for the purposes they were raised. This Note identifies the operating result and net assets of the general purposes operations of the Council, and of the principal special purpose operations.

Amounts are shown on a gross basis - before consolidation eliminations - and do NOT reconcile to the principal statements, and are shown for the current year only.

| <b>INCOME STATEMENT</b>   | <b>GENERAL<br/>FUND<br/>\$'000</b> | <b>WATER<br/>SUPPLY<br/>\$'000</b> | <b>SEWER<br/>\$'000</b> |
|---|------------------------------------|------------------------------------|-------------------------|
| <b>INCOME</b>   |                                    |                                    |                         |
| Rates & Annual Charges  | 1,695                              | 268                                | 206                     |
| User Charges & Fees   | 1,546                              | 130                                | 14                      |
| Investment Revenues   | 132                                | 42                                 | 74                      |
| Other Revenues  | 346                                | 1                                  | 1                       |
| Grants & Contributions - Operating                                  | 2,797                              | 5                                  | 5                       |
| Grants & Contributions - Capital                                    | 1,171                              | 0                                  | 0                       |
| Profit from Disposal of Assets                                      | 0                                  | 0                                  | 0                       |
| Profit from interests in Joint Ventures & Associates                | 0                                  |                                    |                         |
| <b>Total Income from Continuing Operations</b>                      | <b>7,687</b>                       | <b>446</b>                         | <b>300</b>              |
| <b>EXPENSES</b>   |                                    |                                    |                         |
| Employee Costs  | 2,789                              | 79                                 | 56                      |
| Materials & Contracts   | 2,446                              | 153                                | 18                      |
| Borrowing Costs   | 97                                 | 0                                  | 0                       |
| Depreciation & Amortisation   | 2,410                              | 123                                | 99                      |
| Impairment  | 0                                  |                                    |                         |
| Other Expenses  | 666                                | 82                                 | 35                      |
| Interest and investment losses                                      | 0                                  | 0                                  | 0                       |
| Loss from Disposal of Assets  | 75                                 | 0                                  | 0                       |
| Loss from interests in Joint Ventures & Associates                  | 0                                  |                                    |                         |
| <b>Total expenses from Continuing Operations</b>                    | <b>8,483</b>                       | <b>437</b>                         | <b>208</b>              |
| <b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>                  | <b>(796 )</b>                      | <b>9</b>                           | <b>92</b>               |
| Operating result from discontinued operations                       |                                    | 0                                  | 0                       |
| Gain (loss) on restructure  |                                    |                                    |                         |
| <b>NET OPERATING RESULT FOR YEAR</b>                                | <b>(796 )</b>                      | <b>9</b>                           | <b>92</b>               |
| Attributable to:  |                                    |                                    |                         |
| JERILDERIE SHIRE COUNCIL  | (796 )                             | 9                                  | 92                      |
| Minority Interests  | (796 )                             | 9                                  | 92                      |
| <i>Net operating result before capital grants and contributions</i> | <i>(1,967 )</i>                    | <i>9</i>                           | <i>92</i>               |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 21 - Results by Fund (cont)

| <b>BALANCE SHEET</b>                        | <b>GENERAL<br/>FUND<br/>\$'000</b> | <b>WATER<br/>SUPPLY<br/>\$'000</b> | <b>SEWER<br/>\$'000</b> |
|---|------------------------------------|------------------------------------|-------------------------|
| <b>CURRENT ASSETS</b>                       |                                    |                                    |                         |
| Cash & cash equivalents                     | 2,337                              | 910                                | 1,786                   |
| Investments                                 | 942                                | 0                                  | 0                       |
| Receivables                                 | 1,269                              | 142                                | 58                      |
| Inventories                                 | 296                                | 20                                 | 0                       |
| Other                                       | 27                                 |                                    | 53                      |
| Non-current assets held for sale            | 0                                  | 0                                  | 0                       |
| <b>TOTAL CURRENT ASSETS</b>                 | <u>4,871</u>                       | <u>1,072</u>                       | <u>1,897</u>            |
| <b>NON-CURRENT ASSETS</b>                   |                                    |                                    |                         |
| Investments                                 | 0                                  | 0                                  | 0                       |
| Receivables                                 | 0                                  | 0                                  | 0                       |
| Inventories                                 | 0                                  | 0                                  | 0                       |
| Infrastructure, Property, Plant & Equipment | 92,942                             | 3,564                              | 3,655                   |
| Equity accounted investments                | 0                                  |                                    |                         |
| Investment Property                         | 0                                  | 0                                  | 0                       |
| Intangible Assets                           | 102                                | 210                                |                         |
| Other                                       |                                    | 0                                  | 326                     |
| <b>TOTAL NON-CURRENT ASSETS</b>             | <u>93,044</u>                      | <u>3,774</u>                       | <u>3,981</u>            |
| <b>TOTAL ASSETS</b>                         | <u>97,915</u>                      | <u>4,846</u>                       | <u>5,878</u>            |
| <b>CURRENT LIABILITIES</b>                  |                                    |                                    |                         |
| Payables                                    | 979                                | 0                                  | 0                       |
| Borrowings                                  | 159                                | 0                                  | 0                       |
| Provisions                                  | 1,941                              | 0                                  | 0                       |
| <b>TOTAL CURRENT LIABILITIES</b>            | <u>3,079</u>                       | <u>0</u>                           | <u>0</u>                |
| <b>NON-CURRENT LIABILITIES</b>              |                                    |                                    |                         |
| Payables                                    | 0                                  | 0                                  | 0                       |
| Borrowings                                  | 834                                | 0                                  | 0                       |
| Provisions                                  | 59                                 | 0                                  | 0                       |
| <b>TOTAL NON CURRENT LIABILITIES</b>        | <u>893</u>                         | <u>0</u>                           | <u>0</u>                |
| <b>TOTAL LIABILITIES</b>                    | <u>3,972</u>                       | <u>0</u>                           | <u>0</u>                |
| <b>NET ASSETS</b>                           | <u>93,943</u>                      | <u>4,846</u>                       | <u>5,878</u>            |
| <b>EQUITY</b>                               |                                    |                                    |                         |
| Accumulated Surplus                         | 36,271                             | 1,945                              | 3,018                   |
| Revaluation Reserves                        | 57,672                             | 2,901                              | 2,860                   |
| Council Equity Interest                     | 93,943                             | 4,846                              | 5,878                   |
| Minority Equity Interest                    | 0                                  |                                    |                         |
| <b>TOTAL EQUITY</b>                         | <u>93,943</u>                      | <u>4,846</u>                       | <u>5,878</u>            |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 25 - INTANGIBLE ASSETS

|                     | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------|----------------|----------------|
| Water Right at Cost | 312            | 4              |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 27 - FAIR VALUE MEASUREMENT

Council measures the following assets at fair value on a recurring basis:  
 Infrastructure, Property, Plant & Equipment - *see also Note 9.*  
 Financial assets - *see also Note 15.*

#### Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

#### Financial Assets

|  | Level 1<br>inputs<br>\$'000 | Level 3<br>inputs<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|-----------------------------|-----------------|
| <b>2014</b>  |                             |                             |                 |
| - available for sale financial assets                  | 97                          | -                           | 97              |
| Financial assets carried at fair value                 | 97                          | -                           | 97              |
| Financial assets carried at cost / amortised cost      |                             |                             | 7,347           |
| Total financial assets ( <i>per Note 15</i> )          |                             |                             | 7,444           |
| <b>2013</b>  |                             |                             |                 |
| - available for sale financial assets                  | 101                         | -                           | 101             |
| Financial assets carried at fair value                 | 101                         | -                           | 101             |
| Financial assets carried at cost / amortised cost      |                             |                             | 7,883           |
| Total financial assets ( <i>per Note 15</i> )          |                             |                             | 7,984           |
|  | <b>2014</b>                 |                             | <b>2013</b>     |
|  | <b>\$'000</b>               |                             | <b>\$'000</b>   |
| Reconciliation of movement in level 3 financial assets |                             |                             |                 |
| Balance at 1 July                                      |                             |                             |                 |
| Gains or losses for the period                         |                             |                             |                 |
| Recognised in profit and loss                          |                             |                             |                 |
| Recognised in other comprehensive income               |                             |                             |                 |
| Purchases  |                             |                             |                 |
| Sales  |                             |                             |                 |
| Settlements  |                             |                             |                 |
| Issues   |                             |                             |                 |
| Transfers into level 3                                 |                             |                             |                 |
| Transfers from level 3                                 |                             |                             |                 |
| Balance 30th June                                      | -                           | -                           |                 |

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 27 (cont) - Fair Value Measurement

#### Infrastructure, Property, Plant & Equipment

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes in Note 9 above.

*Highest and best use* - For *land* which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as *community land* under the provisions of the *Local Government Act 1993*. Other types of restrictions also exist.

For *land* subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For *buildings* and *other* structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <u>Level 2 inputs</u>                      |                |                |
| Plant & Equipment                          |                |                |
| Office Equipment                           |                |                |
| Furniture & Fittings                       |                |                |
| Leased Plant & Equipment                   |                |                |
| Land - Operational land                    |                |                |
| Buildings - non-specialised                |                |                |
| Other assets - Library Books               |                |                |
| Total level 2 inputs                       | -              | -              |
| Total level 3 inputs ( <i>from below</i> ) | 99,791         | 99,785         |
|  | 99,791         | 99,785         |

*Fair value hierarchy level 2 valuations* - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Other asset classes shown as hierarchy level 2 inputs on the basis prescribed by the Code that "depreciated cost approximates fair value".

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2014

### Note 27 (cont) - Fair Value Measurement - Infrastructure, Property, Plant & Equipment

|                                   | Opening<br>Balance | Purch-<br>ases | Sales<br>Proceeds | Gain/Loss<br>on Sale | Dep'n,<br>Impairt | Transfers<br>to (from) | Net<br>Reval'ns | Closing<br>Balance |
|-----------------------------------|--------------------|----------------|-------------------|----------------------|-------------------|------------------------|-----------------|--------------------|
|                                   | \$'000             | \$'000         | \$'000            | \$'000               | \$'000            | \$'000                 | \$'000          | \$'000             |
| <b>Level 3 inputs</b>             |                    |                |                   |                      |                   |                        |                 |                    |
| Plant & Equipment                 | 3,089              | 469            | (176)             | (3)                  | (513)             |                        |                 | 2,866              |
| Office Equipment                  | 86                 | 3              |                   |                      | (23)              |                        |                 | 66                 |
| Furniture & Fittings              | 122                | 3              |                   |                      | (23)              |                        |                 | 102                |
| <b>Land</b>                       |                    |                |                   |                      |                   |                        |                 |                    |
| - Operational land                | 1,150              | 18             | -                 | -                    | -                 | -                      | -               | 1,168              |
| - Community land                  | 768                | -              | -                 | -                    | -                 | -                      | -               | 768                |
| Land Imp's - non-deprec           | -                  | -              | -                 | -                    | -                 | -                      | -               | -                  |
| Land Imp's - deprec               | 1,018              | -              | -                 | -                    | (44)              | -                      | -               | 974                |
| Buildings - non-specialised       | 1,738              | 340            | -                 | -                    | (15)              | -                      | -               | 2,063              |
| - specialised                     | 15,624             | 67             | -                 | -                    | (148)             | 159                    | -               | 15,702             |
| Other Structures                  | 48                 | -              | -                 | -                    | (1)               | -                      | -               | 47                 |
| <b>Infrastructure</b>             |                    |                |                   |                      |                   |                        |                 |                    |
| - Roads                           | 36,032             | 1,459          | -                 | (62)                 | (1,525)           | -                      | -               | 35,904             |
| - Bridges                         | 1,854              | -              | -                 | -                    | (52)              | -                      | -               | 1,802              |
| - Footpaths                       | 1,088              | 219            | -                 | (10)                 | (21)              | -                      | -               | 1,276              |
| - Bulk Earthworks (non-deprec)    | 28,254             | -              | -                 | -                    | -                 | -                      | -               | 28,254             |
| - Stormwater drainage             | 1,102              | -              | -                 | -                    | (39)              | -                      | -               | 1,063              |
| - Water Supply Network            | 3,556              | -              | -                 | -                    | (122)             | -                      | 97              | 3,531              |
| - Sewerage Network                | 3,521              | -              | -                 | -                    | (96)              | -                      | 97              | 3,522              |
| - Swimming Pools                  | 226                | -              | -                 | -                    | (23)              | -                      | -               | 203                |
| - Other open space / recreational | 488                | -              | -                 | -                    | (26)              | -                      | -               | 462                |
| - Other Infrastructure            | -                  | -              | -                 | -                    | -                 | -                      | -               | -                  |
| <b>Other Assets</b>               |                    |                |                   |                      |                   |                        |                 |                    |
| Library Books                     | 21                 | 7              | -                 | -                    | (10)              | -                      | -               | 18                 |
| - Heritage Collections            | -                  | -              | -                 | -                    | -                 | -                      | -               | -                  |
| - Other                           | -                  | -              | -                 | -                    | -                 | -                      | -               | -                  |
|                                   | <b>99,785</b>      | <b>2,585</b>   | <b>(176)</b>      | <b>(75)</b>          | <b>(2,681)</b>    | <b>159</b>             | <b>194</b>      | <b>99,791</b>      |

*Fair value hierarchy level 3 valuations of land* - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

*Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets* - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

*Transfers between hierarchy levels* - Amounts shown above as "transfers" relate to the reclassification of assets between classes rather than transfers between fair value hierarchy levels.

#### Investment Property

|                       | 2014<br>\$'000 | 2013<br>\$'000 |
|-----------------------|----------------|----------------|
| <b>Level 2 inputs</b> |                |                |
| Land                  | -              | -              |
| Buildings             | -              | -              |
| <b>Total</b>          | <b>-</b>       | <b>-</b>       |

Investment property valuations are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.



## INDEPENDENT AUDIT REPORT

### JERILDERIE SHIRE COUNCIL

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#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Jerilderie Shire Council**, which comprise the statement of financial position as at 30 June 2014, 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 and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

#### *Responsibility of Council for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about whether the financial statements are free from material misstatement.

Our responsibility does not extend to the original budget information disclosed in the Income Statement, the Cash Flow Statement, Note 2(a), or the detailed variations from the adopted budget disclosed in Note 16. Accordingly we express no opinion on those disclosures. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

Adams Kenneally White & Co  
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**Chartered  
Accountants**



Liability limited by a scheme  
approved under Professional  
Standards Legislation.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 statements.

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

### **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 Council's general purpose financial statements:
  - (i) have been prepared in accordance with the requirements of Division 2 of Part 3 of Chapter 13 of the Local Government Act 1993.
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly, in all material respects, the Council's financial position, the results of its operations and its cash flows; and
  - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- c. We obtained all the information which we required, relevant to the conduct of the audit; and
- d. There were no material deficiencies in the accounting records or the financial reports which came to our attention during the course of the audit.

*Adams Kennedy White & Co*  
  
**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

Dated: 18th November 2014  
Wagga Wagga

**JERILDERIE SHIRE COUNCIL**  
**REPORT ON THE CONDUCT OF THE AUDIT**

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We have completed the audit of the Council's financial statements and accounting records for the year ended 30 June 2014, and submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with our accompanying report on the General Purpose Financial Statements, of same date.

**FINANCIAL PERFORMANCE FOR THE YEAR**

The **Operating Result for the year** was a deficit from all activities of \$695,000 (2013 \$559,000 deficit.)

Grant and contribution revenue was \$521,000 less than the previous year and total revenue of \$8,433,000 was \$651,000 less than in 2013.

Total expenses of \$9,128,000 were \$515,000 less than the previous year. Expenses include non-cash depreciation of \$2,632,000.

**Rates and Annual Charges**

Ordinary rates levied were increased by the permissible increase of 3.4%. Total rates and annual charges increased by \$79,000 (3.8%) to \$2,169,000 and represented 25.7% of Council's revenue for the year compared to 23% in 2013.

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**Chartered Accountants**



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## Grants and Contributions

Council is very reliant on grants and contributions provided by other levels of government with total grants and contributions of \$3,978,000 representing 47% of Council's total revenue (2013: \$4,499,000; 50%).

The general purpose Financial Assistance Grant (FAG) income of \$1,110,000 was \$872,000 less than the previous year due to instalments of the 2014 grant, totalling \$1,039,000, being received prior to 30<sup>th</sup> June 2013. No advance instalments of the 2015 funding were received prior to 30<sup>th</sup> June 2014.

Total RMS contributions for work on regional roads were \$1,247,000 including \$480,000 for flood damage works. The contributions for the prior year totalled \$1,232,000 including \$484,000 for flood damage repairs.

The Roads to Recovery grant was \$452,000 (2013 \$452,000) and cycleway and pedestrian access grants totalled \$120,000 (2013 \$16,000).

Flood restoration grants for work on local roads were \$232,000 compared to \$197,000 in the previous year.

Other changes in grant levels were closely matched by changed specific expenditure obligations.

## User Charges and Fees

User charges and Fees were \$1,690,000 compared to \$2,032,000 in 2013 and \$1,731,000 in 2012.

The level of user charges is dependent primarily on the level of RTA contract and other private works and in total these income items were \$353,000 less than the prior year.

## Investment Revenues

Investment revenues for 2014 were \$248,000 compared to the budgeted \$243,000 (2013 revenue was \$280,000). The budgeted investment revenue for 2014/15 is \$238,000 and this should be achievable.

## Actual Result/Budgeted Result

### Income Statement Basis

The consolidated **deficit** for the year of \$695,000 is compared to Council's originally budgeted **surplus** of \$37,000.

Notably the discontinuance of the FAG advance payments contributed to total income being \$789,000 less than budgeted. Total expenses were \$57,000 less than budget.

Details of material variations between the original budget and the actual result are provided in Note 16 to the financial statements.

## Funding Basis

While the Income Statement includes a comparison of the actual results to the original budget, its basis of preparation is such that it can only give part of the comparison with the underlying "funding" budget which includes capital transactions.

### • **General Purposes**

In its original budget for 2013/14, Council budgeted for a consumption of general purpose working capital of \$7,000 and a net increase in internal reserves of \$13,000 - a overall budgeted net increase in funds of \$6,000.

The **actual funding result** was a working capital surplus from operations of \$122,000 and a net consumption of internal reserves of \$1,159,000, that is, a net \$1,037,000 consumption of funds. The unbudgeted reduction of \$1,039,000 in the advance FAG instalments reserve is included in this consumption so for comparative purposes there was an underlying net increase in funds of \$2,000 compared to the budgeted increase of \$6,000.

A reconciliation of the movement in the General Purposes available working capital result is set out below:

|  | <u>Original<br/>Budget</u><br>\$'000 | <u>Actual</u><br>\$'000 |
|--|--------------------------------------|-------------------------|
| Operating Result before Depreciation                   | 3,089                                | 1,859                   |
| Reduction in FAG Grant received in advance             | -                                    | 1,039                   |
| Reduction in Unspent Special Purpose Grants            | -                                    | <u>14</u>               |
| <i>Funds from operations excluding expended grants</i> | <u>3,089</u>                         | <u>2,912</u>            |
| <i>Other Funding Movements</i>                         |                                      |                         |
| Net Capital Expenditure                                | (2,901)                              | (2,781)                 |
| Loan Repayments  | (182)                                | (129)                   |
| Transfer from/(to) reserves                            | <u>( 13)</u>                         | <u>120</u>              |
| <u>Available Working Capital movement for year</u>     | <u>( 7)</u>                          | <u>122</u>              |

Unplanned reserve transfers included:

- \$91,000 to the Plant Replacement Reserve.
- \$40,000 to the Employee Leave Entitlement reserve.
- \$137,000 net reduction in the carry over works reserve compared to a budgeted net reduction of \$55,000.

- **Water Fund**

The original funding budget for 2014 was for a deficit of \$127,000. The actual result was a deficit of \$137,000. Total capital expenditure, including the purchase of high security water entitlements was \$80,000 more than budget.

|   | <u>Budget</u><br>\$'000 | <u>Actual</u><br>\$'000 |
|---|-------------------------|-------------------------|
| Operating Result before Non Cash Expenses | 7                       | 77                      |
| Capital Expenditure                       | <u>(134)</u>            | <u>(214)</u>            |
| Funding Surplus (Deficit) for year        | <u>(127)</u>            | <u>(137)</u>            |

The available working capital for this fund is now \$1,072,000 (including cash of \$910,000). The budgeted funding result for 2015 is a deficit of \$30,000.

- **Sewerage Fund**

The budgeted funding result was for a surplus of \$115,000. The actual result was a surplus of \$97,000.

|   | <u>Budget</u><br>\$'000 | <u>Actual</u><br>\$'000 |
|---|-------------------------|-------------------------|
| Operating Result before Non Cash Expenses | 176                     | 118                     |
| Capital Expenditure                       | <u>(61)</u>             | <u>(21)</u>             |
| Funding Surplus (Deficit) for year        | <u>115</u>              | <u>97</u>               |

Total available Sewerage funds are now \$2,223,000 (including cash of \$1,786,000 and other net current assets of \$437,000). These funds include the outstanding internal loans to the General Fund of \$379,000 (\$135,000 for the Library Development and of \$244,000 for residential land development). The budgeted funding result for 2015 is a surplus of \$74,000.

## FINANCIAL POSITION

Council's net assets at 30<sup>th</sup> June 2014 were \$104.7m compared with \$105.1m at the beginning of the year.

### Condition of Civil Infrastructure

Special Schedule 7 to the financial statements shows that the capital cost to bring Council's Infrastructure up to a "satisfactory standard" has been estimated to be \$1,673,000 including \$800,000 for the swimming pool.

These figures are not audited but are noted as an indication of the funding issues that Council must take into account.

### Liquidity - Available Working Capital

Council's **net current assets** were \$4,761,000 at 30th June 2014, a decrease of \$1,089,000 for the year. The reduction in the advance FAG was the principal reason for this decrease.

The General Purpose unrestricted cash at 30th June 2014 was \$677,000 and the total General Purpose Available Working Capital was \$910,000. This level provides Council with sufficient short term financial flexibility to address any essential works.

Council has budgeted for an underlying general purpose funding deficit of \$237,000 for the 2014/15 year.

## CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2014 were **\$5,976,000** compared to \$7,034,000 at 30th June 2013.

**Total cash and investments held** include:-

|   | <u>2014</u><br>\$'000 | <u>2013</u><br>\$'000 |
|---|-----------------------|-----------------------|
| <b>Externally restricted cash and investments:-</b> |                       |                       |
| Unexpended Specific Purpose Grants & Contributions  | 70                    | 84                    |
| Water Fund Cash                                     | 910                   | 1,081                 |
| Sewerage Fund Cash                                  | 1,786                 | 1,911                 |
| Domestic Waste Management                           | <u>105</u>            | <u>80</u>             |
|   | 2,871                 | 3,156                 |
| <b>Internally restricted cash:-</b>                 |                       |                       |
| General Fund Reserves                               | <u>2,428</u>          | <u>3,587</u>          |
|   | 5,299                 | 6,743                 |
| <b>Unrestricted Cash – General Purposes</b>         | <u>677</u>            | <u>291</u>            |
| <b>Total Cash and Investments</b>                   | <u>5,976</u>          | <u>7,034</u>          |



### **Internally Restricted Cash (Reserves)**

Council held internally restricted cash backed reserves totalling \$2,428,000 at 30th June 2014.

These funds were set aside **at Council's discretion** for:

- Employee Leave Entitlements - \$700,000.
- Infrastructure and Plant Replacement - \$1,418,000.
- Carry over of 2014 Budgeted Work - \$310,000

### **Externally Restricted Funds**

Sewerage Fund restricted cash is now \$1,786,000 and restricted cash for Water Fund is \$910,000. Unspent Specific Purpose Grants and Contributions of \$70,000 were also held as externally restricted cash at 30th June 2014.

In accordance with Section 409 of the Local Government Act, this money must be held as cash at bank or on investment until it is spent for the purpose for which it was received. During the 2014 year, with the approval of the Minister, \$250,000 of restricted Sewerage funds were lent to the General Fund for residential land development.

## **THE CASH FLOW STATEMENT**

The statement shows a net increase in cash for the year of \$879,000 and Cash Funds held at 30 June 2014 of \$5,033,000. In addition, Council held investments of \$943,000 which do not qualify for disclosure as "cash" in the Cash Flow Statement either because they are investment securities or because they were invested for more than 3 months.

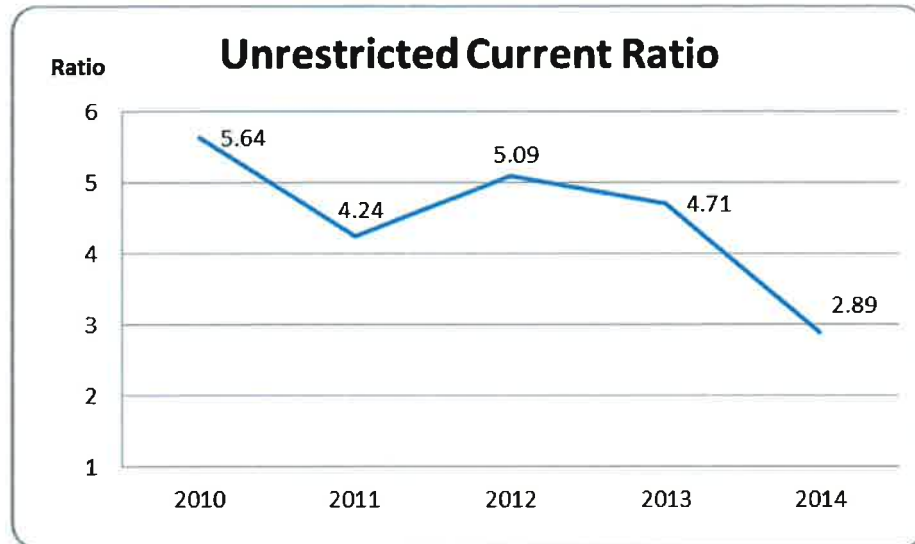
Sources of funds in 2014 included a cash surplus from operations of \$1,944,000 and net investment redemptions of \$1,933,000.

Applications of funds included the net cost of new and renewed assets of \$2,869,000 and external loan repayments of \$129,000.

## PERFORMANCE INDICATORS

The financial report shows a number of financial indicators in Note 13:-

### Liquidity



The unrestricted current ratio is an indicator of the adequacy of working capital and the ability to satisfy Council's short term financial obligations. All externally restricted current assets and current liabilities are excluded in the calculation of the ratio, as are amounts not expected to be settled in the next year.

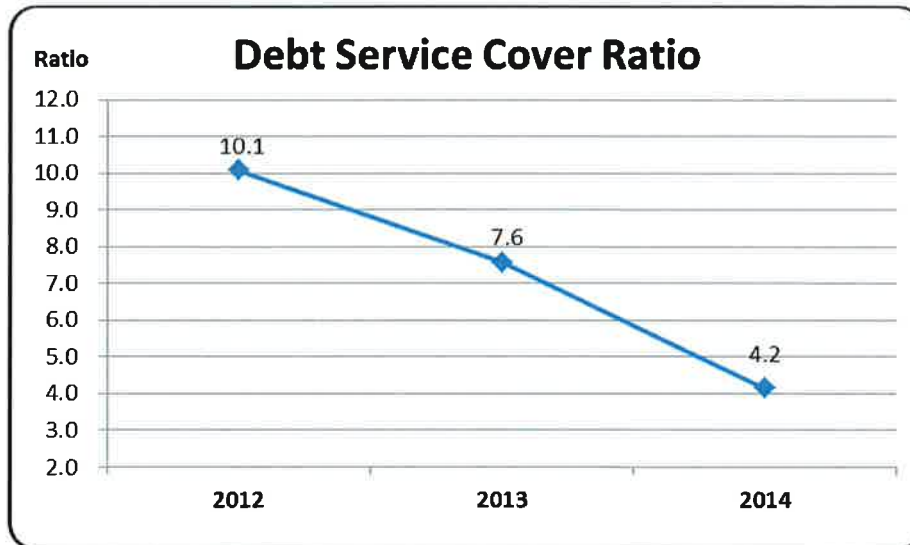
The ratio shows Unrestricted Current Assets (\$4.58M) at 2.89 times Unrestricted Current Liabilities (\$1.58M). A ratio greater than 1.5 is specified as the benchmark, in the Local Government Accounting Code.

The ratio had previously been boosted by the early receipt of the Financial Assistance Grant.

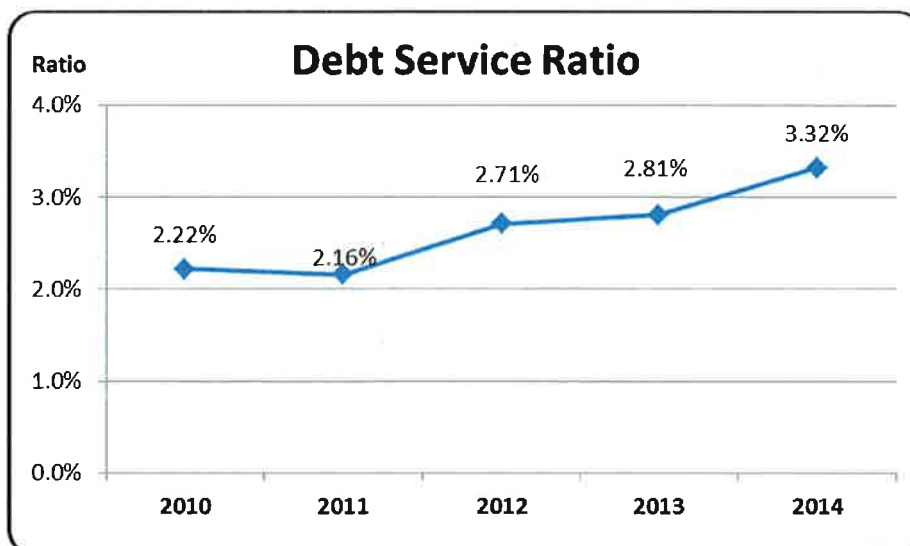
The Cash Expense Cover ratio of 9.12 months also exceeds the benchmark of 3 months or more.

## Debt Servicing Cost

The debt service ratio has been revised this year to be expressed as the number of times the cash result, excluding capital grants, covers the debt service cost. The benchmark set for the ratio is 2 or greater.



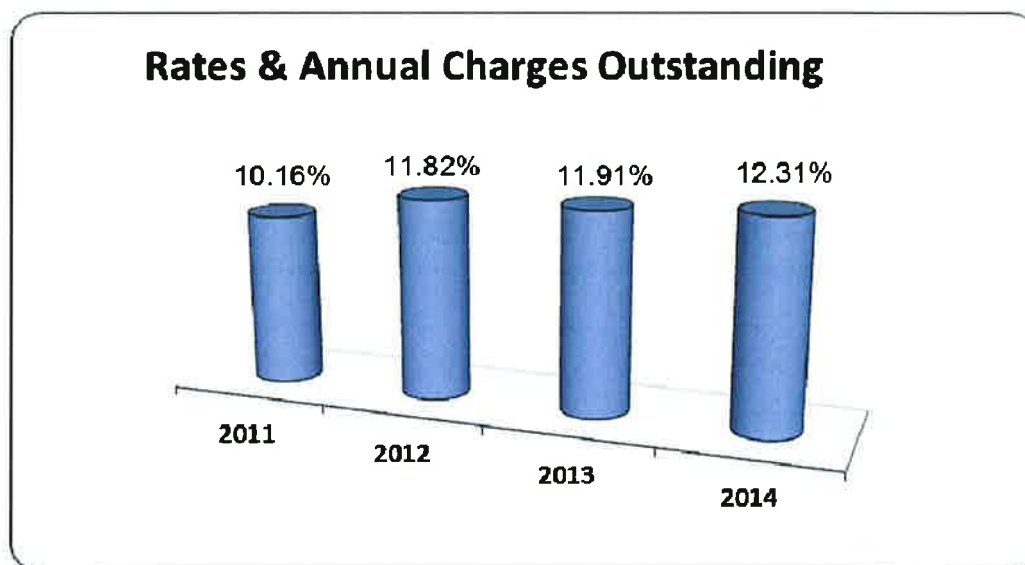
This ratio previously expressed the debt service costs as a percentage of income (other than specific purpose grants and contributions) The debt servicing cost ratio shows 3.32% of ordinary revenue is committed to the repayment of external debt.



The external loan debt servicing costs of the consolidated fund for 2013/14 were \$185,000. The lower level of FAG grant income recognised in the 2014 has contributed to the increase in the ratio (the underlying ratio for 2014 was 2.8%)

When the internal loans for the library and land development are included the underlying ratio was 3.4%.

## Rate Arrears



Arrears of rates and annual charges at 30 June 2014 totalled \$305,000. The level of outstanding rates remains relatively high at 12.31% of collectable rates and arrears. The arrears for seven ratepayers represent approximately half the total arrears.

## Other Performance Ratios

The **own source funding ratio** has an arbitrary benchmark of 60% or greater, compared to Council's level of 53%. In our view the benchmark is unjustified for a rural council, which ordinarily receives a high proportion of its funding from the revenue sharing grant (FAG) and from specific grants and contributions for the maintenance and renewal of its extensive road network.

## SPECIAL PURPOSE FINANCIAL REPORTS

The Special Purpose Financial Reports comprise operating and financial position statements of Council's declared business activities (Water & Sewerage). These reports are prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. They show the operating results for those activities after including a notional tax expense, equivalent to the corporate tax rate of 30%.

## OTHER MATTERS

During the year the Council suffered a major data loss in its computerised accounting system. As a result and in accordance with Section 416 of the Local Government Act the Council was granted an extension of time to until the 30<sup>th</sup> November 2014 to complete and submit its 2014 annual financial statements. Council reconstructed its records from source data to bring them up to date. We did not note, during the conduct of the audit, any specific

non compliance, with Division 2 of Chapter 13 of the Local Government Act or Part 9 of the Local Government (General) Regulation.

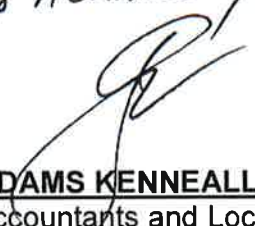
We extend our thanks to your General Manager and staff for their co-operation during the course of our audit.

## **CONCLUSION**

Council had a general purpose funding surplus of \$2,000 for the year which was substantially in line with the original budget.

Council's liquidity position remains good with \$677,000 of unrestricted cash and \$2.4m of internally restricted cash.

The 2015 budget projects a total consumption of unrestricted and internally restricted funds of \$154,000, however, an additional reserve consumption of up to \$310,000 is likely to occur in respect of works carried over from 2014. Based on these budget projections Council's financial position will continue to be satisfactory throughout 2015.

*Adams Kenneally White & Co*  


Dated: 18th November 2014

**WAGGA WAGGA**

**ADAMS KENNEALLY WHITE & CO.**

Chartered Accountants and Local Government Auditors

# **JERILDERIE SHIRE COUNCIL**

## **Special Purpose Financial Reports**

**for the year ended 30th June 2014**

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# JERILDERIE SHIRE COUNCIL

## SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached special purpose Financial Statements have been drawn up in accordance with the

- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Division of Local Government guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- Local Government Code of Accounting Practice and Financial Reporting
- The NSW Office of Water guidelines.

To the best of our knowledge and belief, these reports

- present fairly the financial position and operating result for each of Council's declared Business Units for the year, and
- accord 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 28th October 2014



R E McRae  
**MAYOR**



L J Henery  
**COUNCILLOR**



C C Moffitt  
**GENERAL MANAGER**



V H Sutton  
**RESPONSIBLE ACCOUNTING OFFICER**

## JERILDERIE SHIRE COUNCIL

**INCOME STATEMENT**  
**WATER SUPPLY BUSINESS ACTIVITY**  
for the year ended 30th June 2014

|   | Notes | 2014<br>'000 | 2013<br>'000 |
|---|-------|--------------|--------------|
| <b>INCOME FROM CONTINUING OPERATIONS</b>                          |       |              |              |
| Access Charges  | A4    | 292          | 278          |
| User Charges  | A4    | 134          | 118          |
| Fees  | A4    | 3            | 1            |
| Interest Received   | A4    | 46           | 59           |
| Grants & Contributions - Operating                                | A4    | 5            | 5            |
| Gain on Disposal of Assets  | A5    |              |              |
| Other Operating Revenues  | A4    | 1            |              |
| <b>TOTAL</b>  |       | <b>481</b>   | <b>461</b>   |
| <b>EXPENSES FROM CONTINUING OPERATIONS</b>                        |       |              |              |
| Employee Costs  | A3    | 79           | 178          |
| Materials & Contracts   | A3    | 234          | 157          |
| Borrowing Costs   | A3    |              |              |
| Depreciation & Amortisation                                       | A3    | 123          | 120          |
| Water Purchase Charges  |       | 5            | 6            |
| Loss on Disposal of Assets  | A5    |              | 14           |
| NCP Tax Equivalents   | 1     |              |              |
| Debt Guarantee Fee  |       |              |              |
| Other Operating Expenses  | A3    | 82           | 25           |
| <b>TOTAL</b>  |       | <b>523</b>   | <b>500</b>   |
| <b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>        |       | <b>(42)</b>  | <b>(39)</b>  |
| Grants & Contributions - Capital                                  | A4    | -            |              |
| <b>RESULT FROM CONTINUING OPERATIONS</b>                          |       | <b>(42)</b>  | <b>(39)</b>  |
| Discontinued Operations   |       |              |              |
| <b>SURPLUS (DEFICIT) BEFORE TAX</b>                               |       | <b>(42)</b>  | <b>(39)</b>  |
| Corporate Taxation Equivalent                                     | 1     | -            | -            |
| <b>SURPLUS (DEFICIT) FOR YEAR</b>                                 |       | <b>(42)</b>  | <b>(39)</b>  |
| Add: Accumulated Surplus brought forward                          |       | 1,987        | 2,026        |
| <i>Adjustments for amounts unpaid</i>                             |       |              |              |
| NCP Tax Equivalents retained                                      | 1     |              |              |
| Debt Guarantee Fee retained                                       | 1     |              |              |
| Corporate Tax Equivalent retained                                 | 1     |              |              |
| Less: Dividends Paid  | 1     |              |              |
| <b>ACCUMULATED SURPLUS</b>  |       | <b>1,945</b> | <b>1,987</b> |
| <br>  |       |              |              |
| <i>RATE OF RETURN ON CAPITAL</i>                                  | 1     | <i>NIL</i>   | <i>NIL</i>   |
| <i>NOTIONAL SUBSIDY FROM COUNCIL</i>                              | 1     | <i>N/A</i>   | <i>N/A</i>   |
| <br>  |       |              |              |
| <i>Calculation of Dividend Payable during next financial year</i> |       |              |              |
| Surplus after tax   |       | -42          | -39          |
| Less: Capital grants & contribs from LWUs                         |       |              |              |
| Surplus for dividend calculation purposes                         |       | <u>0</u>     | <u>0</u>     |
| <br>  |       |              |              |
| Dividend calculated from surplus                                  |       | 0            | 0            |

This Statement is to be read in conjunction with the attached Notes.



## JERILDERIE SHIRE COUNCIL

**INCOME STATEMENT**  
**SEWERAGE BUSINESS ACTIVITY**  
for the year ended 30th June 2014

|   | Notes | 2014<br>'000 | 2013<br>'000 |
|---|-------|--------------|--------------|
| <b>INCOME FROM CONTINUING OPERATIONS</b>                          |       |              |              |
| Access Charges  | A4    | 221          | 222          |
| User Charges  | A4    | 16           | 14           |
| Liquid Trade Waste Charges  | A4    |              |              |
| Fees  | A4    |              |              |
| Interest Received   | A4    | 82           | 95           |
| Grants & Contributions - Operating                                | A4    | 5            | 5            |
| Gain on Disposal of Assets  | A5    |              |              |
| Other Operating Revenues  | A4    | 1            |              |
| <b>TOTAL</b>  |       | <b>325</b>   | <b>336</b>   |
| <b>EXPENSES FROM CONTINUING OPERATIONS</b>                        |       |              |              |
| Employee Costs  | A3    | 56           | 79           |
| Materials & Contracts   | A3    | 117          | 69           |
| Borrowing Costs   | A3    |              |              |
| Depreciation & Amortisation                                       | A3    | 99           | 96           |
| Loss on Disposal of Assets  | A5    |              |              |
| NCP Tax Equivalents   | 1     |              |              |
| Debt Guarantee Fee  |       |              |              |
| Other Operating Expenses  | A3    | 35           | 16           |
| <b>TOTAL</b>  |       | <b>307</b>   | <b>260</b>   |
| <b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>        |       | <b>18</b>    | <b>76</b>    |
| Grants & Contributions - Capital                                  | A4    | -            |              |
| <b>RESULT FROM CONTINUING OPERATIONS</b>                          |       | <b>18</b>    | <b>76</b>    |
| Discontinued Operations   |       |              |              |
| <b>SURPLUS (DEFICIT) BEFORE TAX</b>                               |       | <b>18</b>    | <b>76</b>    |
| Corporate Taxation Equivalent                                     | 1     | 6            | 23           |
| <b>SURPLUS (DEFICIT) FOR YEAR</b>                                 |       | <b>12</b>    | <b>53</b>    |
| Add: Accumulated Profits brought forward                          |       | 2,999        | 2,923        |
| <i>Adjustments for amounts unpaid</i>                             |       |              |              |
| NCP Tax Equivalents retained                                      | 1     |              |              |
| Debt Guarantee Fee retained                                       |       |              |              |
| Corporate Tax Equivalent retained                                 |       | 6            | 23           |
| Less: Dividends Paid  | 1     |              |              |
| <b>ACCUMULATED SURPLUS</b>  |       | <b>3,017</b> | <b>2,999</b> |
| <i>RATE OF RETURN ON CAPITAL</i>                                  | 1     | <b>0.49%</b> | 2.09%        |
| <i>NOTIONAL SUBSIDY FROM COUNCIL</i>                              | 1     | <b>N/A</b>   | N/A          |
| <i>Calculation of Dividend Payable during next financial year</i> |       |              |              |
| Surplus after tax   |       | 12           | 53           |
| Less: Capital grants & contribs from LWUs                         |       | 5            | 5            |
| Surplus for dividend calculation purposes                         |       | <b>7</b>     | <b>48</b>    |
| Dividend calculated from surplus                                  |       | <b>4</b>     | <b>24</b>    |

This Statement is to be read in conjunction with the attached Notes.

## JERILDERIE SHIRE COUNCIL

### STATEMENT OF FINANCIAL POSITION WATER SUPPLY BUSINESS ACTIVITY

for the year ended 30th June 2014

|   | Notes | 2014<br>'000    | 2013<br>'000 |
|---|-------|-----------------|--------------|
| <b>CURRENT ASSETS</b>                       |       |                 |              |
| Cash & cash equivalents                     | A6    | 910             | 670          |
| Investments                                 | A6    |                 | 411          |
| Receivables                                 | A7    | 142             | 110          |
| Inventories                                 | A8    | 20              | 18           |
| Other                                       | A8    |                 |              |
| Non-current assets held for sale            |       |                 |              |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <b>1,072</b>    | 1,209        |
| <b>NON-CURRENT ASSETS</b>                   |       |                 |              |
| Investments                                 | A6    |                 |              |
| Receivables                                 | A7    |                 |              |
| Inventories                                 | A8    |                 |              |
| Infrastructure, Property, Plant & Equipment | A9    | 3,564           | 3,582        |
| Investment Property                         |       |                 |              |
| Other                                       | A8    | 210             |              |
| <b>TOTAL NON-CURRENT ASSETS</b>             |       | <b>3,774</b>    | 3,582        |
| <b>TOTAL ASSETS</b>                         |       | <b>4,846</b>    | 4,791        |
| <b>CURRENT LIABILITIES</b>                  |       |                 |              |
| Payables                                    | A10   |                 |              |
| Interest bearing liabilities                | A10   |                 |              |
| Provisions                                  | A10   |                 |              |
| <b>TOTAL CURRENT LIABILITIES</b>            |       |                 |              |
| <b>NON-CURRENT LIABILITIES</b>              |       |                 |              |
| Payables                                    | A10   |                 |              |
| Interest bearing liabilities                | A10   |                 |              |
| Provisions                                  | A10   |                 |              |
| <b>TOTAL NON CURRENT LIABILITIES</b>        |       |                 |              |
| <b>TOTAL LIABILITIES</b>                    |       |                 |              |
| <b>NET ASSETS</b>                           |       | <b>\$ 4,846</b> | 4,791        |
| <b>EQUITY</b>                               |       |                 |              |
| Accumulated Surplus                         |       | 1,945           | 1,987        |
| Asset Revaluation Reserve                   |       | 2,901           | 2,804        |
| <b>TOTAL EQUITY</b>                         |       | <b>\$ 4,846</b> | 4,791        |

This Statement is to be read in conjunction with the attached Notes

## JERILDERIE SHIRE COUNCIL

### STATEMENT OF FINANCIAL POSITION SEWERAGE BUSINESS ACTIVITY for the year ended 30th June 2014

|   | Notes | 2014<br>'000      | 2013<br>'000      |
|---|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                       |       |                   |                   |
| Cash & cash equivalents                     | A6    | 1,786             | 631               |
| Investments                                 | A6    |                   | 1,280             |
| Receivables                                 | A7    | 58                | 51                |
| Inventories                                 | A8    |                   |                   |
| Other                                       | A8    | 53                | 28                |
| Non-current assets held for sale            |       |                   |                   |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <u>1,897</u>      | <u>1,990</u>      |
| <b>NON-CURRENT ASSETS</b>                   |       |                   |                   |
| Investments                                 | A6    |                   |                   |
| Receivables                                 | A7    |                   |                   |
| Inventories                                 | A8    |                   |                   |
| Infrastructure, Property, Plant & Equipment | A9    | 3,654             | 3,636             |
| Investment Property                         |       |                   |                   |
| Other                                       | A8    | 326               | 136               |
| <b>TOTAL NON-CURRENT ASSETS</b>             |       | <u>3,980</u>      | <u>3,772</u>      |
| <b>TOTAL ASSETS</b>                         |       | <u>5,877</u>      | <u>5,762</u>      |
| <b>CURRENT LIABILITIES</b>                  |       |                   |                   |
| Payables                                    | A10   |                   |                   |
| Interest bearing liabilities                | A10   |                   |                   |
| Provisions                                  | A10   |                   |                   |
| <b>TOTAL CURRENT LIABILITIES</b>            |       | <u>          </u> | <u>          </u> |
| <b>NON-CURRENT LIABILITIES</b>              |       |                   |                   |
| Payables                                    | A10   |                   |                   |
| Interest bearing liabilities                | A10   |                   |                   |
| Provisions                                  | A10   |                   |                   |
| <b>TOTAL NON CURRENT LIABILITIES</b>        |       | <u>          </u> | <u>          </u> |
| <b>TOTAL LIABILITIES</b>                    |       | <u>          </u> | <u>          </u> |
| <b>NET ASSETS</b>                           |       | <u>\$ 5,877</u>   | <u>5,762</u>      |
| <b>EQUITY</b>                               |       |                   |                   |
| Accumulated Surplus                         |       | 3,018             | 2,999             |
| Asset Revaluation Reserve                   |       | 2,859             | 2,763             |
| <b>TOTAL EQUITY</b>                         |       | <u>\$ 5,877</u>   | <u>5,762</u>      |

This Statement is to be read in conjunction with the attached Notes

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - Significant Accounting Policies (cont)**

**JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE  
SPECIAL PURPOSE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES**

**1. The Special Purpose Financial Statements**

These financial statements are a Special Purpose Financial Report prepared for use by the Council and the Office of Local Government. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units. For the purposes of these statements, the Council is not a reporting not-for-profit entity.

In preparing these reports, each business unit has been viewed as a separate unit, and accordingly transactions between different business units, and between business units and other Council operations, have not been eliminated.

**2. Basis of Accounting**

**2.1 Compliance**

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting, and with the principles of the June 1996 NSW Government Policy Statement "*Application of National Competition Policy to Local Government*", the Department of Local Government's July 1997 guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*" and the NSW Office of Water, Department of Environment, Climate Change and Water 2007 guidelines "*Best-Practice Management of Water Supply and Sewerage*".

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and professional pronouncements, and is based on information consistent with that forming the basis of Council's general purpose Annual Financial Statements for the year.

**2.2 Basis**

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the general purpose Annual Financial Statements, in accordance with the historical cost convention.

**3. National Competition Policy**

In accordance with the framework set out in the June 1996 NSW Government Policy Statement "*Application of National Competition Policy to Local Government*" and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

**Jerilderie Shire Council Water Supply**

Established as a Special Rate Fund comprising the whole of the operations and assets of the dual water supply system servicing the township of Jerilderie

**Jerilderie Shire Council Sewerage Service**

Established as a Special Rate Fund comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the township of Jerilderie

As the total operating revenues are less than \$2,000,000 both business activities are defined as 'Category 2' business units.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - Significant Accounting Policies (cont)**

**3.1 Taxation Equivalent Payments**

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. The NSW Office of Water's guidelines "*Best-Practice Management of Water Supply and Sewerage*" require that imputed amounts be paid into the general funds of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

Details of the rates of each tax or duty applicable to each different business unit are set out in the table forming item 7 of this Note. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

**3.2 Council Rates, Charges & Fees**

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all business units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to business units by Council or other business units.

**3.3 Loan & Debt Guarantee Fees**

The debt guarantee fee is designed to ensure that Council's business units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each business unit.

**3.4 Corporate Taxation Equivalent**

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Statements of Financial Performance of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AASB 112 "Income Taxes" has not been applied.

**3.5 Dividends Paid**

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by water supply and sewerage operations. The maximum amount of such dividend permitted under the "*Best-Practice Management of Water Supply and Sewerage*" guidelines is set out at the foot of the relevant Statements of Financial Performance. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

**3.6 Return on Investment (Rate of Return)**

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

**3.7 Notional Subsidy from Council**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - Significant Accounting Policies (cont)**

than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

**4. Special Rate Funds**

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, except for "dividends" payable in accordance with the "*Best-Practice Management of Water Supply and Sewerage*" guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits have been retained in those funds, and added back to Accumulated Surplus.

For Business Units not involving Special Rate Funds, *imputed* amounts have been transferred to Council's General Fund and are available to Council for utilisation for other purposes.

All such amounts have been eliminated in the course of preparation of the Council's general purpose Annual Financial Statements.

**5. Other Accounting Policies and Notes**

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Statements of Financial Performance of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

**6. Rounding**

In accordance with the Code of Accounting Practice all amounts shown in these statements are in Australian currency and, other than Notes 2 & 3, have been rounded to the nearest thousand dollars; amounts in Notes 2 & 3 are shown in whole dollars to meet the requirements of the NSW Office of Water.

**7. National Competition Policy Notional Payments**

The table forming part of this Note immediately follows.

## JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS  
for the year ended 30th June 2014

|  | BUSINESS ACTIVITIES  |             |             |             |
|--|----------------------|-------------|-------------|-------------|
|  | WATER                |             | SEWER       |             |
|  | 2014                 | 2013        | 2014        | 2013        |
| <i>Category</i>                          |                      |             |             |             |
| <b>TAXATION EQUIVALENT PAYMENTS</b>      | <i>Rate</i>          | <i>Rate</i> | <i>Rate</i> | <i>Rate</i> |
| Land Tax                                 | <412000              | <406000     | <412000     | <406000     |
| Stamp Duty                               |                      |             |             |             |
| Payroll Tax                              | <750000              | <689000     | <750000     | <689000     |
| Fringe Benefits Tax                      | N/A                  | N/A         | N/A         | N/A         |
| <b>COUNCIL RATES, CHARGES &amp; FEES</b> | See Note 1, Item 3.2 |             |             |             |
| <b>LOAN &amp; DEBT GUARANTEE FEES</b>    | 3.00%                | 3.00%       | 3.00%       | 3.00%       |
| <b>CORPORATE TAXATION EQUIVALENT</b>     | 30%                  | 30%         | 30%         | 30%         |
| <b>DIVIDENDS PAID</b>                    | N/A                  | N/A         | N/A         | N/A         |
| <b>RATE OF RETURN ON CAPITAL</b>         |                      |             |             |             |
| Required Rate of Return                  |                      |             |             |             |
| Actual Rate of Return                    | NIL                  | NIL         | 0.49%       | 2.09%       |



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2014

### Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - WATER SUPPLY

|   |        | 2014   |
|---|--------|--------|
| <i>Values shown in this Note are expressed in WHOLE DOLLARS</i>   |        | \$     |
| <b>Calculation and Payment of Tax-Equivalents</b>   |        |        |
| (i) Calculated Tax Equivalents  |        | 0      |
| (ii) No of assessments multiplied by \$3/assessment   |        | 1,554  |
| (iii) Amounts payable for Tax Equivalents   |        | 0      |
| (iv) Tax Equivalents paid   |        | 0      |
| <b>Dividend from Surplus</b>  |        |        |
| (i) 50% of Surplus before Dividends<br><i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>  |        | 0      |
| (ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment  |        | 15,540 |
| (iii) Cumulative Surplus before Dividends for 3 years to 30 June 2014, less cumulative dividends paid for 2 years to 30 June 2013                 |        | 0      |
| (iv) Maximum Dividend from Surplus<br>(least of (i), (ii) and (iii) )   |        | 0      |
| (v) Dividend paid from Surplus  |        | 0      |
| <b>Required Outcomes for 6 Criteria</b>   |        |        |
| (i) Completion of Strategic Business Plan (including Financial Plan)  |        | YES    |
| (ii) Pricing with full cost-recovery, without significant cross subsidies<br><i>(Item 2(a) in Table 1 on page 22 of Best Practice guidelines)</i> |        | YES    |
| Complying charges <i>(Item 2(b) in Table 1)</i>   |        | NO     |
| DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>   |        | NO     |
| If Dual Water Supplies, Complying Charges <i>(Item 2(g) in Table 1)</i>   |        | NO     |
| (iii) Sound Water Conservation & Demand Management Implemented  |        | NO     |
| (iv) Sound Drought Management implemented   |        | NO     |
| (v) Complete Performance Reporting Form (by 15 September each year)   |        | YES    |
| (vi) Complete Integrated Water Cycle Management Evaluation  |        | NO     |
| (vii) Complete and implement Integrated Water Cycle Management Strategy   |        | NO     |
| <b>National Water Initiative (NWI) Financial Performance Indicators</b>   |        |        |
| NWI F1 Total Revenue (Water)  | \$'000 | 439    |
| NWI F4 Residential Revenue from Usage Charges (Water)   | %      | 26.41  |
| NWI F9 Written Down Replacement Cost of Fixed Assets (Water)  | \$'000 | 3,531  |
| NWI F11 Operating Cost (OMA) (Water)  | \$'000 | 346    |
| NWI F14 Capital Expenditure (Water)   | \$'000 | 7      |
| NWI F17 Economic Real Rate of Return (Water)  | %      | -0.85  |
| NWI F20 Capital Works Grants (Water)  | \$'000 |        |



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2014

### Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

|  | 2014<br>\$   |
|--|--------------|
| <i>Values shown in this Note are expressed in WHOLE DOLLARS</i>  |              |
| <b>Calculation and Payment of Tax-Equivalents</b>  |              |
| (i) Calculated Tax Equivalents   | 5            |
| (ii) No of assessments multiplied by \$3/assessment  | 1,356        |
| (iii) Amounts payable for Tax Equivalents<br>(lesser of (i) and (ii) )   | 5            |
| (iv) Tax Equivalents paid  | 0            |
| <b>Dividend from Surplus</b>   |              |
| (i) 50% of Surplus before Dividends<br><i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i> | 4,000        |
| (ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment   | 13,555       |
| (iii) Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009                | 135,000      |
| (iv) Maximum Dividend from Surplus<br>(least of (i), (ii) and (iii) )  | 4,000        |
| (v) Dividend paid from Surplus   | 0            |
| <b>Required Outcomes for 4 Criteria</b>  |              |
| (i) Complete current Strategic Business Plan (including Financial Plan)  | YES          |
| (ii) Pricing with full cost-recovery, without significant cross subsidies<br>(Item 2(a) in Table 1 on page 18 of Best practice guidelines)       | YES          |
| 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)   | YES          |
| (iii) Complete Performance Reporting Form (by 15 September each year)  | YES          |
| (iv) a. Complete Integrated Water Cycle Management Evaluation  | NO           |
| (iv) b. Complete and implement Integrated Water Cycle Management Strategy  | NO           |
| <b>National Water Initiative (NWI) Financial Performance Indicators</b>  |              |
| NWI F2 Total Revenue (Sewerage)  | \$'000 246   |
| NWI F10 Written Down Replacement Cost of Fixed Assets (Sewerage)   | \$'000 3,521 |
| NWI F12 Operating Cost (Sewerage)  | \$'000 180   |
| NWI F15 Capital Expenditure (Sewerage)   | \$'000 21    |
| NWI F18 Economic Real Rate of Return (Sewerage)  | % -1         |
| NWI F27 Capital Works Grants (Sewer)   | \$'000 0     |
| NWI F3 Total Income (Water & Sewerage)   | \$'000 685   |
| NWI F8 Revenue from Community Service Obligations (Water & Sewerage)   | % 1          |
| NWI F16 Capital Expenditure (Water & Sewerage)   | \$'000 28    |
| NWI F19 Economic Real Rate of Return (Water & Sewerage)  | % -1         |
| NWI F20 Dividend (Water & Sewerage)  | \$'000 0     |
| NWI F21 Dividend Payout Ratio (Water & Sewerage)   | % 0          |
| NWI F22 Net Debt to Equity (Water & Sewerage)  | % -25        |
| NWI F23 Interest Cover (Water & Sewerage)  | times 0      |
| NWI F24 Net Profit after Tax (Water & Sewerage)  | \$'000 -24   |
| NWI F25 Community Service Obligations (Water & Sewerage)   | \$'000 10    |

## INDEPENDENT AUDIT REPORT

### JERILDERIE SHIRE COUNCIL

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#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements** of **Jerilderie Shire Council** for the year ended 30th June 2014. The financial statements include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Statements of Financial Position of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

#### ***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier & Cabinet. This includes responsibility for such internal control as Council determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about whether the financial statements are free from material misstatement. We have not examined the best practice management disclosures in Note 2 for Water Supply and Note 3 for Sewerage Services in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and accordingly we express no opinion on them. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

Adams Kenneally White & Co  
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**Chartered  
Accountants**



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Standards Legislation.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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.

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

### ***Opinion***

In our opinion, the Special Purpose Financial Statements of **Jerilderie Shire Council** are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

### ***Basis of Accounting***

Without modifying our opinion we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result they may not be suitable for another purpose.

The special purpose financial reports have been prepared for distribution to the Council the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the report was prepared.

Dated: 18th November 2014  
Wagga Wagga

  
**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

# JERILDERIE SHIRE COUNCIL

## Special Schedules

for the year ended 30th June 2014

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**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 1  
NET COST OF SERVICES**

**for the year ended 30th June 2014**

**\$'000**

| Function or Activity                                   | Expenses from continuing operations | Income from continuing operations (non-capital) | Income from continuing operations (capital) | NET COST OF SERVICES |
|--|-------------------------------------|---|---|----------------------|
| <b>GOVERNANCE</b>                                      | 145                                 |   |   | 145                  |
| <b>ADMINISTRATION</b>                                  | 1,861                               | 139   |   | 1,722                |
| <b>PUBLIC ORDER &amp; SAFETY</b>                       |                                     |   |   |                      |
| Fire Service Levy, Fire Protection, Emergency Services | 255                                 | 150   | 355   | (250)                |
| Beach Control  |                                     |   |   | -                    |
| Enforcement of Regulations                             |                                     |   |   | -                    |
| Animal Control   | 12                                  | 2   |   | 10                   |
| Other  |                                     |   |   | -                    |
| <b>Total Public Order &amp; Safety</b>                 | 267                                 | 152   | 355   | (240)                |
| <b>HEALTH</b>  | 21                                  | 11  |   | 10                   |
| <b>ENVIRONMENT</b>                                     |                                     |   |   |                      |
| Noxious Plants and Insect / Vermin Control             | 77                                  | 21  |   | 56                   |
| Other Environmental Protection                         | 92                                  | 95  |   | (3)                  |
| Solid Waste Management                                 | 57                                  | 94  |   | (37)                 |
| Street Cleaning  | 13                                  |   |   | 13                   |
| Drainage   | 39                                  |   |   | 39                   |
| Stormwater Management                                  |                                     |   |   | -                    |
| <b>Total Environment</b>                               | 278                                 | 210   | -   | 68                   |
| <b>COMMUNITY SERVICES &amp; EDUCATION</b>              |                                     |   |   |                      |
| Administration & Education                             | 26                                  | 3   |   | 23                   |
| Social Protection (welfare)                            |                                     |   |   | -                    |
| Aged Persons & Disabled                                | 37                                  | 25  |   | 12                   |
| Childrens Services                                     | 1                                   | 1   |   | -                    |
| <b>Total Community Services &amp; Education</b>        | 64                                  | 29  | -   | 35                   |
| <b>HOUSING &amp; COMMUNITY AMENITIES</b>               |                                     |   |   |                      |
| Public Cemeteries                                      | 39                                  | 11  |   | 28                   |
| Public Conveniences                                    | 41                                  |   |   | 41                   |
| Street Lighting  | 42                                  | 21  |   | 21                   |
| Town Planning  |                                     | 11  |   | (11)                 |
| Other Community Amenities                              | 37                                  | 17  |   | 20                   |
| <b>Total Housing &amp; Community Amenities</b>         | 159                                 | 60  | -   | 99                   |
| <b>WATER SUPPLIES</b>                                  | 435                                 | 408   |   | 27                   |
| <b>SEWERAGE SERVICES</b>                               | 246                                 | 229   |   | 17                   |

# JERILDERIE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2014

**\$'000**

| Function or Activity                                 | Expenses from continuing operations | Income from continuing operations (non-capital) | Income from continuing operations (capital) | NET COST OF SERVICES |
|--|-------------------------------------|---|---|----------------------|
| <b>RECREATION &amp; CULTURE</b>                      |                                     |   |   |                      |
| Public Libraries                                     | 156                                 | 6   | 28  | 122                  |
| Museums  | 12                                  |   |   | 12                   |
| Art Galleries  |                                     |   |   | -                    |
| Community Centres and Halls                          | 78                                  | 6   | (1)   | 73                   |
| Performing Arts Venues                               |                                     |   |   | -                    |
| Other Performing Arts                                |                                     |   |   | -                    |
| Other Cultural Services                              | 14                                  |   |   | 14                   |
| Sporting Grounds                                     | 160                                 | 9   | 65  | 86                   |
| Swimming Pools                                       | 115                                 | 9   |   | 106                  |
| Parks & Gardens, Lakes                               | 120                                 |   | 5   | 115                  |
| Other Sport & Recreation                             |                                     |   |   | -                    |
| <b>Total Recreation &amp; Culture</b>                | <b>655</b>                          | <b>30</b>                                       | <b>97</b>                                   | <b>528</b>           |
| <b>FUEL &amp; ENERGY</b>                             |                                     |   |   |                      |
|  |                                     |   |   | -                    |
| <b>AGRICULTURE</b>                                   |                                     |   |   |                      |
|  | 1                                   | 7   |   | (6)                  |
| <b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>      |                                     |   |   |                      |
| Building Control                                     |                                     | 6   |   | (6)                  |
| Other Mining Manufacturing & Construction            | 34                                  | 68  |   | (34)                 |
| <b>Total Mining Manufacturing &amp; Construction</b> | <b>34</b>                           | <b>74</b>                                       | <b>-</b>                                    | <b>(40)</b>          |
| <b>TRANSPORT &amp; COMMUNICATION</b>                 |                                     |   |   |                      |
| Urban Roads: Local                                   | 359                                 |   |   | 359                  |
| Urban Roads: Regional                                |                                     |   |   | -                    |
| Sealed Rural Roads: Local                            | 600                                 |   | 452   | 148                  |
| Sealed Rural Roads: Regional                         | 1,074                               | 1,126   | 121   | (173)                |
| Unsealed Rural Roads: Local                          | 1,465                               | 232   |   | 1,233                |
| Unsealed Rural Roads: Regional                       |                                     |   |   | -                    |
| Bridges - Urban Roads: Local                         |                                     |   |   | -                    |
| Bridges - Sealed Rural Roads: Local                  | 52                                  |   |   | 52                   |
| Bridges - Unsealed Rural Roads: Local                |                                     |   |   | -                    |
| Bridges on Regional Roads                            |                                     |   |   | -                    |
| Parking Areas  |                                     |   |   | -                    |
| Footpaths  | 20                                  |   | 120   | (100)                |
| Aerodromes   | 22                                  |   |   | 22                   |
| Other Transport & Communication                      | 758                                 | 715   | 26  | 17                   |
| <b>Total Transport &amp; Communication</b>           | <b>4,350</b>                        | <b>2,073</b>                                    | <b>719</b>                                  | <b>1,558</b>         |
| <b>ECONOMIC AFFAIRS</b>                              |                                     |   |   |                      |
| Camping Areas & Caravan Parks                        |                                     |   |   | -                    |
| Other Economic Affairs                               | 612                                 | 893   |   | (281)                |
| <b>Total Economic Affairs</b>                        | <b>612</b>                          | <b>893</b>                                      | <b>-</b>                                    | <b>(281)</b>         |
| <b>TOTALS - FUNCTIONS</b>                            |                                     |   |   |                      |
|  | <b>9,128</b>                        | <b>4,315</b>                                    | <b>1,171</b>                                | <b>3,642</b>         |
| <b>General Purpose Revenues</b>                      |                                     |   |   | <b>2,947</b>         |
| <b>Equity accounted income (loss)</b>                |                                     |   |   | <b>2,947</b>         |
| <b>NET OPERATING RESULT FOR YEAR</b>                 |                                     |   |   | <b>(695)</b>         |



**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 2 (1)**  
**STATEMENT OF LONG TERM DEBT (ALL PURPOSE)**  
**for the year ended 30th June 2014**

**\$'000**

| Classification of Debt            | Principal Outstanding at beginning of year |             | New Loans Raised | Debt Redemption |               | Tfrs to Sinking Funds | Interest applicable for year | Principal outstanding at end of year |             |
|-----------------------------------|--|-------------|------------------|-----------------|---------------|-----------------------|------------------------------|--------------------------------------|-------------|
|                                   | Current                                    | Non-Current |                  | From Revenue    | Sinking Funds |                       |                              | Current                              | Non-Current |
| <b>LOANS (by source)</b>          |  |             |                  |                 |               |                       |                              |                                      |             |
| Commonwealth Government           |  | -           |                  |                 |               |                       |                              |                                      |             |
| Treasury Corporation              |  | -           |                  |                 |               |                       |                              |                                      |             |
| Other State Government            |  | -           |                  |                 |               |                       |                              |                                      |             |
| Public Subscription               |  | -           |                  |                 |               |                       |                              |                                      |             |
| Financial Institutions            | 129  | 614         |                  | 129             |               |                       | 56                           | 106                                  | 508         |
| Other                             |  | -           |                  |                 |               |                       |                              |                                      |             |
| <b>Total Loans</b>                | <b>129</b>                                 | <b>614</b>  | <b>-</b>         | <b>129</b>      | <b>-</b>      | <b>-</b>              | <b>56</b>                    | <b>106</b>                           | <b>508</b>  |
| <b>OTHER LONG TERM DEBT</b>       |  |             |                  |                 |               |                       |                              |                                      |             |
| Ratepayers' Advances              |  | -           |                  |                 |               |                       |                              |                                      |             |
| Government Advances               |  | -           |                  |                 |               |                       |                              |                                      |             |
| Finance Leases                    |  | -           |                  |                 |               |                       |                              |                                      |             |
| Deferred Payment                  |  | -           |                  |                 |               |                       |                              |                                      |             |
| Other                             |  | -           |                  |                 |               |                       |                              |                                      |             |
| <b>Total Other Long Term Debt</b> | <b>-</b>                                   | <b>-</b>    | <b>-</b>         | <b>-</b>        | <b>-</b>      | <b>-</b>              | <b>-</b>                     | <b>-</b>                             | <b>-</b>    |
| <b>TOTAL LONG TERM DEBT</b>       | <b>129</b>                                 | <b>614</b>  | <b>-</b>         | <b>129</b>      | <b>-</b>      | <b>-</b>              | <b>56</b>                    | <b>106</b>                           | <b>508</b>  |

This Schedule excludes refinancing of existing borrowings (except for any additional borrowings) and internal loans.

**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 2 (2)**  
**STATEMENT OF INTERNAL LOANS**  
**for the year ended 30th June 2014**

\$'000

**SUMMARY OF INTERNAL LOANS**

| Borrower (by purpose)                        | Amount Originally Raised | Total Repaid During Year<br>Principal & Interest | Principal Outstanding<br>at end of year |
|--|--------------------------|--|---|
| General Water                                | 535                      | 42   | 379                                     |
| Sewerage Domestic Waste Management Gas Other |                          |  |   |
| <b>Totals</b>                                | <b>535</b>               | <b>42</b>  | <b>379</b>                              |

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

| Borrower (by purpose)                  | Lender (by purpose) | Date of Minister's Approval | Date Raised | Term (years) | Maturity Date | Rate of Interest | Amount Originally Raised | Paid During Year - Principal and Interest | Principal Outstanding End of Year |
|--|---------------------|-----------------------------|-------------|--------------|---------------|------------------|--------------------------|---|-----------------------------------|
| General Fund - Library Construction    | Sewer Fund          | 11/09/2008                  | 31/03/2009  | 10           | 31/03/2019    | Variable         | 285                      | 34  | 244                               |
| General Fund - Real Estate Development | Sewer Fund          | 4/09/2013                   | 1/04/2014   | 10           | 1/04/2024     | Variable         | 250                      | 8   | 135                               |
| <b>Totals</b>                          |                     |                             |             |              |               |                  | <b>535</b>               | <b>42</b>                                 | <b>379</b>                        |



**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 3  
WATER SUPPLY OPERATIONS  
(Gross including Internal Transactions)  
for the year ended 30th June 2014**

| <b><u>A. EXPENSES &amp; REVENUES</u></b>                      | <b>2014</b>        | <b>2013</b>        |
|---|--------------------|--------------------|
| <b><u>EXPENSES</u></b>  | <b>\$'000</b>      | <b>\$'000</b>      |
| 1.a. Management - Administration                              | 36                 | 40                 |
| b. - Engineering & Supervision                                | 48                 | 28                 |
| 2 Operations  |                    |                    |
| a. - Dams & Weirs - Operation Expenses                        |                    |                    |
| b. - Maintenance Expenses                                     |                    |                    |
| c. - Mains - Operation Expenses                               | 2                  | 41                 |
| d. -Maintenance Expenses                                      | 46                 | 48                 |
| e. - Reservoirs - Operation Expenses                          |                    |                    |
| f. - Maintenance Expenses                                     | 14                 |                    |
| g. - Pumping Stations - Operation Expenses                    |                    |                    |
| h. - Energy Costs   | 59                 | 55                 |
| i. - Maintenance Expenses                                     | 15                 | 18                 |
| j. - Treatment - Operation Expenses                           | 1                  | 1                  |
| k. - Chemical Costs   | 22                 | 24                 |
| l. - Maintenance Expenses                                     | 82                 | 73                 |
| m. - Other - Operation Expenses                               | 3                  | 3                  |
| n. - Maintenance Expenses                                     | 13                 | 4                  |
| o. - Purchase of Water  | 5                  | 6                  |
| 3.a. Depreciation - System Assets                             | 122                | 119                |
| b. - Plant & Equipment  | 1                  | 1                  |
| 4.a. Miscellaneous - Interest expenses                        |                    |                    |
| b. - Revaluation decrements                                   |                    |                    |
| c. - Other  | 54                 | 25                 |
| c. - NCP Tax & Other Equivalents                              | -                  |                    |
| d. - Impairment system assets                                 |                    |                    |
| e. - Impairment plant and equipment                           |                    |                    |
| f. - Aboriginal Communities Water & Sewerage Program          |                    |                    |
| <b>5 Total Expenses</b>                                       | <b><u>523</u></b>  | <b><u>486</u></b>  |
| <b><u>REVENUE</u></b>   |                    |                    |
| 6 Residential Charges   |                    |                    |
| a. - Access (including rates)                                 | 209                | 199                |
| b. - User Charges   | 75                 | 63                 |
| 7 Non-Residential Charges                                     |                    |                    |
| a. - Access (including rates)                                 | 83                 | 79                 |
| b. - User Charges   | 59                 | 55                 |
| 8 Extra Charges   | 4                  | 4                  |
| 9 Interest income   | 42                 | 55                 |
| 10 Other Income   | 4                  | 1                  |
| 10a. - Aboriginal Communities Water & Sewerage Program        |                    |                    |
| 11.a. Grants - Acquisition of Assets                          |                    |                    |
| b. - Pensioner Rebates  | 5                  | 5                  |
| c. - Other  |                    |                    |
| 12.a. Contributions - Developer Charges                       |                    |                    |
| b. - Developer Provided Assets                                |                    |                    |
| c. - Other Contributions                                      |                    |                    |
| <b>13 Total Revenues</b>                                      | <b><u>481</u></b>  | <b><u>461</u></b>  |
| 14 Gain (Loss) on Disposal of Assets                          |                    | (14)               |
| <b>15 OPERATING RESULT</b>                                    | <b><u>(42)</u></b> | <b><u>(39)</u></b> |
| 15a. Operating Result before Grants for Acquisition of Assets | <b><u>(42)</u></b> | <b><u>(39)</u></b> |

# JERILDERIE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

|   | 2014<br>\$'000   | 2013<br>\$'000                          |
|---|--|---|
| <b><u>B. CAPITAL TRANSACTIONS</u></b>                                 |  |   |
| <b><u>Non - Operating Expenditure</u></b>                             |  |   |
| 16 Acquisition of Fixed Assets  |  |   |
| a. - New assets for improved standards                                |  |   |
| b. - New assets for growth  | 7  |   |
| c. - Renewals   |  |   |
| d. - Plant & Equipment  |  |   |
| 17 Repayment of Debt  |  |   |
| a. - Loans  |  |   |
| b. - Advances   |  |   |
| c. - Finance Leases   |  |   |
| 18 Transfers to Sinking Funds   |  |   |
| 19 <b>Total Non-Operating Expenditure</b>                             | 7  | -                                       |
| <b><u>Non-Operating Funds Employed</u></b>                            |  |   |
| 20 Proceeds from Disposal of Assets                                   |  |   |
| 21 Borrowings Utilised  |  |   |
| a. - Loans  |  |   |
| b. - Advances   |  |   |
| c. - Finance Leases   |  |   |
| 22 Transfers from Sinking Funds                                       |  |   |
| 23 <b>Total Non-Operating Funds Employed</b>                          | -  | -                                       |
| <b><u>C. RATES &amp; CHARGES</u></b>                                  |  |   |
| 24 Number of Assessments  |  |   |
| a. - Residential (occupied)   | 364  |   |
| b. - Residential (unoccupied - vacant land)                           | 26   |   |
| c. - Non-Residential (occupied)                                       | 98   |   |
| d. - Non-Residential (unoccupied - vacant land)                       | 30   |   |
| 25 Number of ETs for which Developer Charges were                     | ET   |   |
| 26 Total Amount of Pensioner Rebates                                  | 10 \$'000  |   |
| <b><u>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</u></b> |  |   |
| <b>27 Annual Charges</b>  |  |   |
| a   | Does Council have best-practice water supply annual charges and usage charges? | <input checked="" type="checkbox"/> YES |
|   | If Yes, go to 28a.   |   |
|   | If No, has Council removed <b>land value</b> from access charges (i.e. rates)  | <input type="checkbox"/>                |
| b   | Cross subsidy <b>from</b> residential customers using less than allowance      | _____                                   |
| c   | Cross subsidy <b>to</b> non-residential customers                              | _____                                   |
| d   | Cross subsidy <b>to</b> large connections in unmetered supplies                | _____                                   |
| <b>28 Developer Charges</b>   |  |   |
| a   | Has Council completed a water supply Development Servicing Plan?               | <input type="checkbox"/> NO             |
| b   | Total cross-subsidy in water supply developer charges                          | _____                                   |
| 29 <b>TOTAL OF CROSS SUBSIDIES</b>                                    |  | -                                       |

Councils which have not yet implemented best practice water supply pricing should disclose cross subsidies in items 27b, 27c and 27d above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 4  
WATER SUPPLY - STATEMENT OF FINANCIAL POSITION  
(Gross including Internal Transactions)  
for the year ended 30th June 2014**

|   | <u>Current</u><br>\$'000 | <u>Non-Current</u><br>\$'000 | <u>Total</u><br>\$'000 |
|---|--------------------------|------------------------------|------------------------|
| <b><u>ASSETS</u></b>                                      |                          |                              |                        |
| 30 Cash and Investments                                   |                          |                              |                        |
| a. - Developer Charges                                    |                          |                              | -                      |
| b. - Specific Purpose Grants                              |                          |                              | -                      |
| c. - Accrued Leave  |                          |                              | -                      |
| d. - Unexpended Loans                                     |                          |                              | -                      |
| e. - Sinking Funds  |                          |                              | -                      |
| f. - Other  | 910                      |                              | 910                    |
| 31 Receivables  |                          |                              |                        |
| a. - Specific Purpose Grants                              |                          |                              | -                      |
| b. - Rates & Availability Charges                         | 58                       |                              | 58                     |
| c. - User charges   | 84                       |                              | 84                     |
| d. - Other  |                          |                              | -                      |
| 32 Inventories  | 20                       |                              | 20                     |
| 33 Property, Plant & Equipment                            |                          |                              |                        |
| a. - System Assets  |                          | 3,562                        | 3,562                  |
| b. - Plant & Equipment                                    |                          | 2                            | 2                      |
| 34 Other  |                          | 210                          | 210                    |
| 35 <b>Total Assets</b>                                    | 1,072                    | 3,774                        | 4,846                  |
| <b><u>LIABILITIES</u></b>                                 |                          |                              |                        |
| 36 Bank Overdraft   |                          |                              | -                      |
| 37 Creditors  |                          |                              | -                      |
| 38 Borrowings   |                          |                              |                        |
| a. - Loans  |                          |                              | -                      |
| b. - Advances   |                          |                              | -                      |
| c. - Finance Leases                                       |                          |                              | -                      |
| 39 Provisions   |                          |                              |                        |
| - Tax Equivalents   |                          |                              | -                      |
| a. - Dividend   | -                        |                              | -                      |
| b. - Other  |                          |                              | -                      |
| 40 <b>Total Liabilities</b>                               | -                        | -                            | -                      |
| 41 <b>NET ASSETS COMMITTED</b>                            | 1,072                    | 3,774                        | 4,846                  |
| <b><u>EQUITY</u></b>                                      |                          |                              |                        |
| 42 Accumulated Surplus                                    |                          |                              | 1,945                  |
| 43 Asset Revaluation Reserve                              |                          |                              | 2,901                  |
| 44 <b>Total Equity</b>                                    |                          |                              | 4,846                  |
| 45 Current Replacement Cost of System Assets              |                          |                              | 8,448                  |
| 46 Accumulated Current Cost Depreciation of System Assets |                          |                              | 4,917                  |
| 47 Written Down Current Cost of System Assets             |                          |                              | 3,531                  |

## JERILDERIE SHIRE COUNCIL

### SPECIAL SCHEDULE NO 5 SEWERAGE SERVICE OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2014

| <b><u>A. EXPENSES &amp; REVENUES</u></b>                       | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| <b><u>EXPENSES</u></b>   | <b>\$'000</b> | <b>\$'000</b> |
| 1.a. Management - Administration                               | 20            | 21            |
| b. - Engineering & Supervision                                 | 38            | 15            |
| 2 Operations & Maintenance Expenses                            |               |               |
| a. -Mains - Operation Expenses                                 |               |               |
| b. -Maintenance Expenses                                       | 3             | 5             |
| c. - Pumping Stations - Operation Expenses                     |               |               |
| d. - Energy Costs  | 10            | 9             |
| e. - Maintenance Expenses                                      | 29            | 24            |
| f. - Treatment - Operation Expenses                            |               |               |
| g. - Chemical Costs  |               |               |
| h. - Energy Costs  | 9             | 6             |
| i. - Effluent Management                                       |               |               |
| j. - Biosolids Management                                      |               |               |
| k. - Maintenance Expenses                                      | 67            | 64            |
| l. - Other - Operation Expenses                                | 4             | 4             |
| m. - Maintenance Expenses                                      |               |               |
| 3.a. Depreciation - System Assets                              | 96            | 93            |
| b. - Plant & Equipment   | 3             | 3             |
| 4.a. Miscellaneous - Interest expense                          |               |               |
| b. - Revaluation decrements                                    |               |               |
| c. - Other   | 28            | 16            |
| c. - NCP Tax & Other Equivalents                               | -             |               |
| d. - Impairment system assets                                  |               |               |
| e. - Impairment plant and equipment                            |               |               |
| f. - Aboriginal Communities Water & Sewerage Program           |               |               |
| <b>5 Total Expenses</b>  | <b>307</b>    | <b>260</b>    |
| <br><b><u>REVENUE</u></b>                                      |               |               |
| 6 Residential Charges (including rates)                        | 159           | 160           |
| 7 Non-Residential Charges                                      |               |               |
| a Access (including rates)                                     | 62            | 62            |
| b User Charges   | 16            | 14            |
| 8 Trade Waste Charges  |               |               |
| a Annual Fees  |               |               |
| b User Charges   |               |               |
| c Excess Mass Charges  |               |               |
| Re-inspection charges  |               |               |
| 9 Extra Charges  | 3             | 3             |
| 10 Interest income   | 79            | 92            |
| 11 Other Income  | 1             |               |
| 11a. Aboriginal Communities Water & Sewerage Program           |               |               |
| 12.a. Grants - Acquisition of Assets                           |               |               |
| b. - Pensioner Rebates   | 5             | 5             |
| c. - Other   |               |               |
| 13.a Contributions - Developer Charges                         |               |               |
| b. - Developer Provided Assets                                 |               |               |
| c. - Other Contributions                                       |               |               |
| <b>14 Total Revenues</b>                                       | <b>325</b>    | <b>336</b>    |
| 15 Gain (Loss) on Disposal of Assets                           |               |               |
| <b>16 OPERATING RESULT</b>                                     | <b>18</b>     | <b>76</b>     |
| 16.a. Operating Result before Grants for Acquisition of Assets | <b>18</b>     | <b>76</b>     |

# JERILDERIE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

|  | 2014<br>\$'000               | 2013<br>\$'000 |
|--|------------------------------|----------------|
| <b><u>B. CAPITAL TRANSACTIONS</u></b>  |                              |                |
| <b><u>Non - Operating Expenditure</u></b>  |                              |                |
| 17 Acquisition of Fixed Assets   |                              |                |
| a. - New assets for improved standards   |                              |                |
| b. - New assets for growth   | 3                            |                |
| c. - Renewals  |                              |                |
| d. - Plant & Equipment   | 18                           |                |
| 18 Repayment of Debt   |                              |                |
| a. - Loans   |                              |                |
| b. - Advances  |                              |                |
| c. - Finance Leases  |                              |                |
| 19 Transfers to Sinking Funds  |                              |                |
| 20 <b>Total Non-Operating Expenditure</b>  | 21                           | -              |
| <b><u>Non-Operating Funds Employed</u></b>   |                              |                |
| 21 Proceeds of Disposal of Assets  |                              |                |
| 22 Borrowings Utilised   |                              |                |
| a. - Loans   |                              |                |
| b. - Advances  |                              |                |
| c. - Finance Leases  |                              |                |
| 23 Transfers from Sinking Funds  |                              |                |
| 24 <b>Total Non-Operating Funds Employed</b>   | -                            | -              |
| <b><u>C. RATES AND CHARGES</u></b>   |                              |                |
| 25 Number of Assessments   |                              |                |
| a. - Residential (occupied)  | 333                          |                |
| b. - Residential (unoccupied - vacant land)  | 14                           |                |
| c. - Non-Residential (occupied)  | 95                           |                |
| d. - Non-Residential (unoccupied - vacant land)  | 10                           |                |
| 26 Number of ETs for which Developer Charges were  |                              | ET             |
| 27 Total Amount of Pensioner Rebates   | 9                            | \$'000         |
| <b><u>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</u></b>                                    |                              |                |
| 28 <b>Annual Charges</b>   |                              |                |
| Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges? | <input type="checkbox"/> NO  |                |
| If Yes, go to 29a.   |                              |                |
| If No, has Council removed <b>land value</b> from access charges (i.e. rates)                            | <input type="checkbox"/> YES |                |
| b Cross subsidy <b>to</b> non-residential customers  |                              |                |
| c Cross subsidy <b>to</b> trade waste dischargers  |                              |                |
| 29 <b>Developer Charges</b>  |                              |                |
| a Has Council completed a sewerage Development Servicing Plan?   | <input type="checkbox"/> NO  |                |
| b Total cross-subsidy in sewerage developer charges  |                              |                |
| 30 <b>TOTAL OF CROSS SUBSIDIES</b>   |                              | -              |

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is **NOT** required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over

## JERILDERIE SHIRE COUNCIL

### SPECIAL SCHEDULE NO 6 SEWERAGE SERVICES - STATEMENT OF FINANCIAL POSITION (Gross including Internal Transactions) for the year ended 30th June 2014

|   | <u>Current</u><br>\$'000 | <u>Non-Current</u><br>\$'000 | <u>Total</u><br>\$'000 |
|---|--------------------------|------------------------------|------------------------|
| <b>ASSETS</b>   |                          |                              |                        |
| 31 Cash and Investments                                   |                          |                              |                        |
| a. - Developer Charges                                    |                          |                              | -                      |
| b. - Specific Purpose Grants                              |                          |                              | -                      |
| c. - Accrued Leave  |                          |                              | -                      |
| d. - Unexpended Loans                                     |                          |                              | -                      |
| e. - Sinking Funds  |                          |                              | -                      |
| f. - Other  | 1,786                    |                              | 1,786                  |
| 32 Receivables  |                          |                              |                        |
| a. - Specific Purpose Grants                              |                          |                              | -                      |
| b. - Rates & Availability Charges                         | 48                       |                              | 48                     |
| c. - User charges   | 10                       |                              | 10                     |
| d. - Other  |                          |                              | -                      |
| 33 Inventories  |                          |                              | -                      |
| 34 Property, Plant & Equipment                            |                          |                              |                        |
| a. - System Assets  |                          | 3,632                        | 3,632                  |
| b. - Plant & Equipment                                    |                          | 22                           | 22                     |
| 35 Other  | 53                       | 326                          | 379                    |
| 36 <b>Total Assets</b>                                    | <u>1,897</u>             | <u>3,980</u>                 | <u>5,877</u>           |
| <b>LIABILITIES</b>  |                          |                              |                        |
| 37 Bank Overdraft   |                          |                              | -                      |
| 38 Creditors  |                          |                              | -                      |
| 39 Borrowings   |                          |                              |                        |
| a. - Loans  |                          |                              | -                      |
| b. - Advances   |                          |                              | -                      |
| c. - Finance Leases                                       |                          |                              | -                      |
| 40 Provisions   |                          |                              |                        |
| - Tax Equivalents   |                          |                              | -                      |
| a. - Dividend   | -                        |                              | -                      |
| b. - Other  |                          |                              | -                      |
| 41 <b>Total Liabilities</b>                               | <u>-</u>                 | <u>-</u>                     | <u>-</u>               |
| 42 <b>NET ASSETS COMMITTED</b>                            | <u>1,897</u>             | <u>3,980</u>                 | <u>5,877</u>           |
| <b>EQUITY</b>   |                          |                              |                        |
| 43 Accumulated Surplus                                    |                          |                              | 3,018                  |
| 44 Asset Revaluation Reserve                              |                          |                              | 2,859                  |
| 45 <b>Total Equity</b>                                    |                          |                              | <u>5,877</u>           |
| 46 Current Replacement Cost of System Assets              |                          |                              | 7,459                  |
| 47 Accumulated Current Cost Depreciation of System Assets |                          |                              | <u>3,938</u>           |
| 48 Written Down Current Cost of System Assets             |                          |                              | <u>3,521</u>           |

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 7  
CONDITION OF PUBLIC WORKS  
as at 30th June 2014**

| Asset Class       | Asset Category                       | Estimated Cost to bring to a Satisfactory Standard '000 | Required Annual Maintenance '000 | 2013/14 Actual Maintenance '000 | Carrying Value '000 | Assets in condition # as % of Carrying Value |      |      |      |    |
|-------------------|--------------------------------------|---|----------------------------------|---------------------------------|---------------------|--|------|------|------|----|
|                   |                                      |   |                                  |                                 |                     | 1  | 2    | 3    | 4    | 5  |
| Public Buildings  | Council Offices                      |   | 18                               | 9                               | 1,924               |  |      | 100% |      |    |
|                   | Works Depot                          |   | 5                                | 5                               | 2,996               |  | 100% |      |      |    |
|                   | Halls                                | 136   | 24                               | 17                              | 1,331               |  | 100% |      | 23%  |    |
|                   | Houses                               |   | 15                               | 16                              | 2,063               | 16%  | 71%  | 13%  |      |    |
|                   | Museum                               |   | 4                                | 4                               | 159                 |  |      |      | 100% |    |
|                   | Library                              |   | 3                                | 3                               | 1,345               | 100%   |      |      |      |    |
|                   | Childcare Centres                    |   |                                  |                                 |                     |  |      |      |      |    |
| Art Galley        |                                      |   | 44                               | 38                              | 7,947               |  |      | 100% |      |    |
| Amenities/Toilets |                                      |   | 113                              | 92                              | 17,765              | 9%   | 25%  | 63%  | 3%   | 0% |
|                   | <b>Subtotal</b>                      |   |                                  |                                 |                     |  |      |      |      |    |
| Other Structures  | Structures not included in buildings |   |                                  |                                 | 47                  |  | 100% |      |      |    |
| Public Roads      | Sealed Roads                         |   |                                  |                                 |                     |  |      |      |      |    |
|                   | Surface                              | 450   | 160                              | 239                             | 2,502               | 84%  | 14%  | 2%   |      |    |
|                   | Sealed Roads Structure               | 121   | 435                              | 1,094                           | 16,303              | 22%  | 77%  | 1%   |      |    |
|                   | Unsealed Roads                       | 166   | 400                              | 517                             | 17,099              | 26%  | 51%  | 20%  | 3%   |    |
|                   | Bridges                              |   |                                  | 2                               | 1,802               |  |      | 100% |      |    |
|                   | Footpaths                            |   | 5                                | 2                               | 1,276               | 57%  | 42%  | 1%   |      |    |
|                   | Cycleways                            |   |                                  |                                 |                     |  |      |      |      |    |
|                   | Kerb & Gutter                        |   |                                  | 5                               |                     |  |      |      |      |    |
| Other Road Assets |                                      |   |                                  |                                 |                     |  |      |      |      |    |
|                   | <b>Subtotal</b>                      | 737   | 1,000                            | 1,859                           | 38,982              | 28%  | 57%  | 14%  | 1%   | 0% |
| Water             | Dams / Weirs                         |   |                                  |                                 |                     |  |      |      |      |    |
|                   | Mains                                |   | 93                               | 48                              | 1,909               |  |      | 100% |      |    |
|                   | Reservoirs                           |   | 3                                | 14                              | 971                 |  |      | 95%  |      | 5% |
|                   | Pumping Stations                     |   | 5                                | 15                              | 23                  |  |      | 100% |      |    |
|                   | Treatment Works Buildings            |   | 21                               | 89                              | 615                 |  |      | 100% |      |    |
|                   | Other                                |   |                                  |                                 | 13                  |  |      | 100% |      |    |
|                   | <b>Subtotal</b>                      | -   | 122                              | 166                             | 3,531               | 0%   | 0%   | 99%  | 1%   | 0% |



**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont)**  
as at 30th June 2014

| Asset Class                       | Asset Category                  | Estimated Cost to bring to a Satisfactory Standard '000 | Estimated Annual Maintenance Expense '000 | 2013/14 Actual Maintenance '000 | Carrying Value '000 | Assets in condition # as % of Carrying Value |     |      |     |      |
|-----------------------------------|---------------------------------|---|---|---------------------------------|---------------------|--|-----|------|-----|------|
|                                   |                                 |   |   |                                 |                     | 1  | 2   | 3    | 4   | 5    |
| Sewerage                          | Mains                           |   | 8   | 2                               | 1,340               |  |     | 100% |     |      |
|                                   | Pumping Stations                |   | 3   | 29                              | 1,272               |  |     | 100% |     |      |
|                                   | Treatment Buildings             |   | 90  | 64                              | 702                 |  |     | 100% |     |      |
|                                   | Other                           |   |   |                                 | 208                 |  |     | 100% |     |      |
|                                   | <b>Subtotal</b>                 | -   | 101                                       | 95                              | 3,522               | 0%   | 0%  | 100% | 0%  | 0%   |
| Stormwater Drainage               | Retarding Basins                |   |   |                                 |                     |  |     |      |     |      |
|                                   | Outfalls                        |   |   |                                 |                     |  |     |      |     |      |
|                                   | Conduits                        |   |   |                                 | 85                  |  |     | 100% |     |      |
|                                   | Inlet & Junction Pits           |   |   |                                 | 31                  |  |     | 100% |     |      |
|                                   | Head Walls                      |   |   |                                 | 947                 |  |     | 100% |     |      |
|                                   | <b>Subtotal</b>                 | -   | -   | -                               | 1,063               | 0%   | 0%  | 100% | 0%  | 0%   |
| Open Space / Recreational         | Swimming Pools                  | 800   | 20  | 37                              | 203                 |  |     |      |     | 100% |
|                                   | Other Open Space / Recreational |   | 152                                       | 157                             | 462                 |  |     | 100% |     |      |
|                                   | <b>Subtotal</b>                 | 800   | 172                                       | 194                             | 665                 | 0%   | 0%  | 69%  | 31% | 0%   |
| Other Infrastructure Assets       |                                 |   |   |                                 |                     |  |     |      |     |      |
| <b>Total Classes - All Assets</b> |                                 | 1,673   | 1,508                                     | 2,406                           | 65,575              | 19%  | 41% | 38%  | 2%  | 0%   |

**Infrastructure Asset Condition Assessment**

| Level | Condition | Description                           |
|-------|-----------|---------------------------------------|
| 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   |

## JERILDERIE SHIRE COUNCIL

Special Schedule 7 (cont)

### REPORT ON INFRASTRUCTURE ASSETS as at 30th June 2014

#### Infrastructure Asset Performance Indicators - Consolidated

|  | 2014<br>Amounts | 2014<br>Indicators | 2013    | 2012    |
|--|-----------------|--------------------|---------|---------|
| <b>Building &amp; infrastructure renewals ratio</b>  |                 |                    |         |         |
| Asset renewals (buildings & infrastructure)  | 1,512           |                    |         |         |
| Depreciation, amortisation & impairment (buildings & infrastructure)                         | 2,068           | 0.73:1             | 0.62:1  | 0.95:1  |
| <b>Infrastructure backlog</b>  |                 |                    |         |         |
| Estimated cost to bring assets to satisfactory condition                                     | 1,673           |                    |         |         |
| Carrying value of infrastructure, building, other structures & depreciable land improvements | 66,549          | 0.03: 1            | 0.03: 1 | 0.04: 1 |
| <b>Asset maintenance ratio</b>   |                 |                    |         |         |
| Actual asset maintenance   | 2,406           |                    |         |         |
| Required asset maintenance   | 1,508           | 1.6: 1             | 0.87: 1 | 1: 1    |
| <b>Capital expenditure ratio</b>   |                 |                    |         |         |
| Actual capital expenditure   | 2,700           |                    |         |         |
| Annual depreciation  | 2,632           | 1.03: 1            | 0.77: 1 | 0.77: 1 |

#### Infrastructure Asset Performance Indicators - General, Water & Sewer Funds

|  | Current Year Indicators |         |         |
|--|-------------------------|---------|---------|
|  | General                 | Water   | Sewer   |
| * Calculated as for the consolidated indicators shown above. |                         |         |         |
| <b>Building &amp; infrastructure renewals ratio</b>          | 0.84: 1                 | 0: 1    | 0: 1    |
| <b>Infrastructure backlog</b>                                | 0.03: 1                 | 0: 1    | 0: 1    |
| <b>Asset maintenance ratio</b>                               | 1.67: 1                 | 1.36: 1 | 0.94: 1 |
| <b>Capital expenditure ratio</b>                             | 1.11: 1                 | 0.06: 1 | 0.21: 1 |

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS  
as at 30th June 2014**

|   | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|------|------|------|------|------|------|------|------|------|------|
|   | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m |
| <b>Recurrent Budget</b>                     |      |      |      |      |      |      |      |      |      |      |      |
| Income from continuing operations           | 8    | 9    | 9    | 9    | 9    | 9    | 10   | 10   | 10   | 10   | 10   |
| Expenses from continuing operations         | 9    | 6    | 6    | 6    | 6    | 6    | 7    | 7    | 7    | 7    | 7    |
| Operating result from continuing operations | (1)  | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| <b>Capital Budget</b>                       |      |      |      |      |      |      |      |      |      |      |      |
| New Works                                   | 1    |      |      |      |      |      |      |      |      |      |      |
| Replacement of existing assets              | 2    | 4    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
|   | 3    | 4    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| <b>Funded by</b>                            |      |      |      |      |      |      |      |      |      |      |      |
| - Loans                                     |      |      |      |      |      |      |      |      |      |      |      |
| - Asset Sales                               |      |      |      |      |      |      |      |      |      |      |      |
| - Reserves                                  | 1    | 1    |      |      |      |      |      |      |      |      |      |
| - Grants/Contributions                      | 1    |      |      |      |      |      |      |      |      |      |      |
| - Recurrent revenue                         | 2    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| - Other                                     |      |      |      |      |      |      |      |      |      |      |      |
|   | 4    | 4    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |

*Financial projections are in accordance with Council's Integrated Planning and Reporting framework.*

## JERILDERIE SHIRE COUNCIL

### SPECIAL SCHEDULE NO 9 - PERMISSIBLE INCOME for GENERAL RATES as at 30th June 2014

This Schedule is used to confirm Council's compliance with rate-pegging legislation for the "rating years" shown.

The amounts shown here will not reconcile to Note 3 of the Annual Financial Statements as Note 3 includes all rates raised during the reporting period irrespective of the "rating years" to which they relate.

|  | 2013/14 "Rating<br>\$'000 | 2014/15 "Rating<br>\$'000 |
|--|---------------------------|---------------------------|
| <b>Notional General Income Calculation</b>                           |                           |                           |
| Last Year Notional General Income Yield                              | 1,576                     | 1,638                     |
| +/- Yield changes arising from valuation adjustments <sup>(1)</sup>  | 8                         | 7                         |
| <b>Notional General Income</b>                                       | <b>1,584</b>              | <b>1,645</b>              |
| <b>Permissible Income Calculation</b>                                |                           |                           |
| Less: expiring special variation amount                              |                           |                           |
| Plus: special variation amount <sup>(2)</sup>                        |                           |                           |
| or rate peg amount   | 3.40%      54             | 2.30%      38             |
| or crown land adjustment and rate peg amount                         |                           |                           |
| Sub-total  | 1,638                     | 1,683                     |
| Previous year carry forward total                                    |                           |                           |
| Less: Income lost due to valuation objections <sup>(3)</sup>         |                           |                           |
| <i>(claimed in the previous year)</i>                                |                           |                           |
| Sub-total  |                           |                           |
| <b>Total Permissible income</b>                                      | <b>1,638</b>              | <b>1,683</b>              |
| <b>Calculation of catch up / excess amount</b>                       |                           |                           |
| Total permissible income   | 1,638                     | 1,683                     |
| General income yield   | 1,638                     | 1,683                     |
| Catch-up or (excess) result <sup>(3)</sup>                           |                           |                           |
| Plus: Income lost due to valuation objections claimed <sup>(4)</sup> |                           |                           |
| Less: Unused catch-up <sup>(3)</sup>                                 |                           |                           |
| <b>Carry forward to next year</b>                                    |                           |                           |

#### Notes

- (1) Changes in valuations are advised as *supplementary valuations* in accordance with the *Valuation of Land Act 1916*.
- (2) A special variation amount includes any crown land adjustment applicable.
- (3) Catch-up amounts may be offset against excess amounts in the next 2 years, after which the entitlement is lost and unused amounts are deducted.
- (4) Successful objections to valuations by landowners usually result in a loss of income to Council, which may relate to multiple "rating years". Council can recoup the lost income irrespective of "rating year" as a one-off adjustment.

## INDEPENDENT AUDITOR'S REPORT

### JERILDERIE SHIRE COUNCIL

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#### REPORT ON SPECIAL SCHEDULE No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Jerilderie Shire Council for the year ending 30 June 2015.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether Special Schedule No. 9 is free from material misstatement.

And audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Adams Kenneally White & Co  
ABN 48 035 849 620

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**Chartered  
Accountants**



Liability limited by a scheme  
approved under Professional  
Standards Legislation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

***Independence***

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

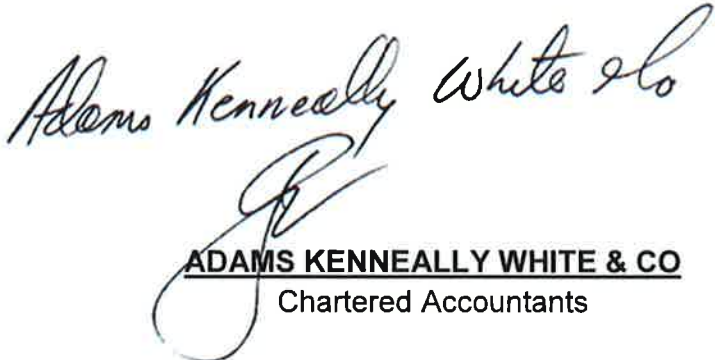
***Audit Opinion***

In our opinion, Special Schedule No 9. of Jerilderie Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

***Basis of Accounting***

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

Dated: 18th November 2014  
Wagga Wagga

  
**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants