

The former Jerilderie Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the period 1 July 2015 to 12 May 2016

**To provide sound infrastructure, services
and management fundamental to the
wellbeing of the community**



The former Jerilderie Shire Council

General Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for the former Jerilderie Shire Council.
- (ii) The former Jerilderie Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the Local Government Act 1993 (LGA).
- Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;
- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
 - the responsibility for administering regulatory requirements under the LGA and
 - a role in the management, improvement and development of the resources in the area.
- A description of the nature of Council's operations and its principal activities are provided in Note 2(b).
- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by Murrumbidgee Council on 23 December 2016. Council has the power to amend and reissue these financial statements.
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The former Jerilderie Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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

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

To the best of our knowledge and belief, these financial statements:

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

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

Signed in accordance with a resolution of Murrumbidgee Council made on 24 November 2016.



Austin Evans
Administrator



Craig Moffitt
General Manager



Vicki Sutton
Responsible Accounting Officer

The former Jerilderie Shire Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	2,325	2,208
n/a	User charges and fees	3b	989	1,301
n/a	Interest and investment revenue	3c	240	203
n/a	Other revenues	3d	187	217
n/a	Grants and contributions provided for operating purpose	3e,f	3,215	3,215
n/a	Grants and contributions provided for capital purposes	3e,f	1,576	702
Other income:				
n/a	Net gains from the disposal of assets	5	–	–
n/a	Net share of interests in joint ventures and associates using the equity method	19	–	–
– Total income from continuing operations			8,532	7,846
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	2,540	2,818
n/a	Borrowing costs	4b	57	80
n/a	Materials and contracts	4c	1,157	1,798
n/a	Depreciation and amortisation	4d	2,019	2,582
n/a	Impairment	4d	–	–
n/a	Other expenses	4e	586	694
n/a	Interest and investment losses	3c	–	–
n/a	Net losses from the disposal of assets	5	84	108
n/a	Net share of interests in joint ventures and associates using the equity method	19	–	–
– Total expenses from continuing operations			6,443	8,080
– Operating result from continuing operations			2,089	(234)
Discontinued operations				
n/a	Net profit/(loss) from discontinued operations	24	–	–
– Net operating result for the period			2,089	(234)
– Net operating result attributable to Council			2,089	(234)
n/a	Net operating result attributable to non-controlling interests		–	–
– Net operating result for the period before grants and contributions provided for capital purposes			513	(936)

¹ Original budget as approved by Council is not required for these financial statements

The former Jerilderie Shire Council

Statement of Comprehensive Income

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		2,089	(234)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	127	71,333
Adjustment to correct prior period errors		—	—
Impairment (loss) reversal relating to I,PP&E	20b (ii)	—	—
Other comprehensive income – joint ventures and associates	19b	—	—
Transfer to retained earnings on remeasurement of future reinstatement provisions	20b (ii)	—	6
Other movements in reserves (enter details here)	20b (ii)	—	—
Other movements in reserves (enter details here)	20b (ii)	—	—
Other movements in reserves (enter details here)	20b (ii)	—	—
Other movements		—	—
Total items which will not be reclassified subsequently to the operating result		127	71,339
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	(75)	—
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	—	39
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	—	—
Gain (loss) on revaluation of other reserves	20b (ii)	—	—
Revaluation of available-for-sale investments	20b (ii)	—	—
Other movements in reserves	20b (ii)	—	—
Other movements in reserves	20b (ii)	—	—
Other movements in reserves	20b (ii)	—	—
Other movements		—	—
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(75)	39
Total other comprehensive income for the period		52	71,378
Total comprehensive income for the period		2,141	71,144
Total comprehensive income attributable to Council		2,141	71,144
Total comprehensive income attributable to non-controlling Interests		—	—

The former Jerilderie Shire Council

Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	5,682	4,943
Investments	6b	437	1,371
Receivables	7	1,449	804
Inventories	8	360	296
Other	8	56	2
Non-current assets classified as 'held for sale'	22	—	—
Total current assets		7,984	7,416
Non-current assets			
Investments	6b	—	—
Receivables	7	—	—
Inventories	8	—	—
Infrastructure, property, plant and equipment	9	173,188	171,935
Intangible assets	25	313	313
Non-current assets classified as 'held for sale'	22	—	—
Other	8	—	—
Total non-current assets		173,501	172,248
TOTAL ASSETS		181,485	179,664
LIABILITIES			
Current liabilities			
Payables	10	351	550
Borrowings	10	153	114
Provisions	10	1,980	2,000
Liabilities associated with assets classified as 'held for sale'	22	—	—
Total current liabilities		2,484	2,664
Non-current liabilities			
Payables	10	—	—
Borrowings	10	271	394
Provisions	10	21	38
Total non-current liabilities		292	432
TOTAL LIABILITIES		2,776	3,096
Net assets		178,709	176,568
EQUITY			
Retained earnings	20	43,845	41,756
Revaluation reserves	20	134,864	134,812
Council equity interest		178,709	176,568
Non-controlling equity interests		—	—
Total equity		178,709	176,568

The former Jerilderie Shire Council

Statement of Changes in Equity for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		41,756	134,812	176,568	–	176,568
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		41,756	134,812	176,568	–	176,568
c. Net operating result for the period		2,089	–	2,089	–	2,089
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	127	127	–	127
– Revaluations: other reserves	20b (ii)	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	(75)	(75)	–	(75)
– Transfer to retained earnings on remeasurement of future reinstatement provisions	20a	–	–	–	–	–
Other comprehensive income		–	52	52	–	52
Total comprehensive income (c&d)		2,089	52	2,141	–	2,141
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		43,845	134,864	178,709	–	178,709

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		41,233	63,434	104,667	–	104,667
a. Correction of prior period errors	20 (c)	757	–	757	–	757
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/14)		41,990	63,434	105,424	–	105,424
c. Net operating result for the year		(234)	–	(234)	–	(234)
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	71,333	71,333	–	71,333
– Revaluation of available-for-sale investments	20b (ii)	–	39	39	–	39
– Transfer to retained earnings on remeasurement of future reinstatement provisions	20a	–	6	6	–	6
Other comprehensive income		–	71,378	71,378	–	71,378
Total comprehensive income (c&d)		(234)	71,378	71,144	–	71,144
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		41,756	134,812	176,568	–	176,568

The former Jerilderie Shire Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a			2,039	2,277
n/a			1,030	1,455
n/a			157	207
n/a			4,815	4,395
n/a			13	–
n/a			234	341
Payments:				
n/a			(2,593)	(2,824)
n/a			(1,417)	(2,208)
n/a			(54)	(44)
n/a			–	(7)
n/a			(1,020)	(666)
n/a			–	–
–		11b	<u>3,204</u>	<u>2,926</u>
Cash flows from investing activities				
Receipts:				
n/a			957	878
n/a			470	348
Payments:				
n/a			(23)	(1,267)
n/a			(3,699)	(2,868)
n/a			(86)	(1)
–			<u>(2,381)</u>	<u>(2,910)</u>
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
n/a			(84)	(106)
–			<u>(84)</u>	<u>(106)</u>
–			739	(90)
n/a		11a	4,943	5,033
–		11a	<u>5,682</u>	<u>4,943</u>
Additional Information:				
		6b	437	1,371
–			<u>6,119</u>	<u>6,314</u>

¹ The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the not-for-profit sector (including local government) which are not in compliance with IFRSs, or
- (b) specifically exclude application by not-for-profit entities.

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

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

(iii) New and amended standards adopted by Council

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(iv) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (z).

(v) Basis of accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

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

(vi) Changes in accounting policies

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(vii) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(i) Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former Jerilderie Shire Council has been amalgamated into Murrumbidgee Council from 13 May 2016, Council believes that the going concern basis for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of the Council is continuing through the Murrumbidgee Council

- The Local Government (Council Amalgamations) Proclamation 2016 ensures:

- all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
- new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
- any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.

- The former Jerilderie Shire Council has not been liquidated nor has trading ceased.

- (ii) Estimated fair values of infrastructure, property, plant and equipment,

- (iii) Impairment of receivables – Council has made judgements about the impairment of a number of its receivables in Note 7.

(c) Revenue recognition

Income recognition as a result of Council's amalgamation

The former Jerilderie Shire Council was amalgamated on 12 May 2016 with the former Murrumbidgee Shire to form the new Murrumbidgee Council.

In accordance with the Australian Accounting Standards the former Jerilderie Shire Council has had to recognise 100% of the rates revenue for the 2015/16 rating year as control over assets acquired from rates is obtained at the commencement of the rating year or where earlier upon receipt of the rates.

The former Jerilderie Shire Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

As a consequence these financial statements include all the rates and FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016.

Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Murrumbidgee Council.

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

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

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

Revenue from contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the

economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

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

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

User charges, fees and other income

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

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

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

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend income

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Other Income

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

(c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

(i) The Consolidated Fund

In accordance with the provisions of section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's consolidated fund unless it is required to be held in the Council's trust fund.

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

The following entities have been included as part of the consolidated fund:

- General Purpose Operations
- Jerilderie Shire Council Water Supply Fund
- Jerilderie Shire Council Sewerage Fund

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

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

(ii) The trust fund

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

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

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

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

(iii) Interests in other entities

Council has no interest in any other entities.

County councils

Council is not a member of any county councils.

(d) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

(f) Investments and other financial assets

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

- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(i) Held-to-maturity investments

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

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

(ii) Available-for-sale financial assets

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

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

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

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

Financial assets – reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising

from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

General accounting and measurement of financial instruments:

(i) Initial recognition

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

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

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

(ii) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value.

Held-to-maturity investments are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

'available-for-sale' are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

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

(iii) Types of investments

Council has an approved Investment Policy in order to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and s212 of the LG (General) Regulation 2005.

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

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

(g) Fair value estimation – financial instruments

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

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

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

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding rates and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

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

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

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

(iii) Land held for resale

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

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

(j) Infrastructure, property, plant and equipment (I,PP&E)

Acquisition of assets

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

At balance date, the following classes of I,PP&E were stated at their fair value:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (internal valuation)
- **Community land** (internal valuation)

- **Land improvements**
(internal valuation)
- **Buildings – specialised/non-specialised**
(internal valuation)
- **Roads assets including roads, bridges and footpaths**
(external valuation)
- **Bulk earthworks** (external valuation)
- **Stormwater drainage** (external valuation)
- **Water and sewerage networks**
(internal valuation)
- **Swimming pools**
(internal valuation)
- **Other open space/recreational assets**
(internal valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Initial recognition

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

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

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

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Subsequent costs

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

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

Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided by DPI Water.

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

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

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

Capitalisation thresholds

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

Land

- Council land	100% capitalised
- Open space	100% capitalised
- Land under roads (purchases after 30/6/08)	100% capitalised

Plant and equipment

Office furniture	> \$500
Office equipment	> \$500
Other plant and equipment	> \$500

Buildings and land improvements

Park furniture and equipment	> \$1,000
Building	
- Construction/extensions	100% capitalised
- Renovations	> \$10,000

Water and sewer assets

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

Stormwater assets

Drains and culverts	> \$5,000
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Transport assets

Road construction and reconstruction	> \$1,000
Reseal/re-sheet and major repairs	> \$1,000
Bridge construction and reconstruction	> \$1,000

Other infrastructure assets

Swimming pools	> \$1,000
Other open space/recreational assets	> \$1,000

Depreciation

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

Land is not depreciated.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

Plant and equipment

- Office equipment	3 to 10 years
- Office furniture	5 to 20 years
- Vehicles	5 to 20 years
- Heavy plant/road making equipment	5 to 20 years
- Other plant and equipment	5 to 20 years

Other equipment

- Playground equipment	20 to 50 years
- Benches, seats etc.	40 to 50 years

Buildings

- Buildings: masonry	40 to 100 years
- Buildings: other	40 to 100 years

Water and sewer assets

- Dams and reservoirs	100 years
- Bores	5 to 40 years
- Reticulation pipes: PVC	50 to 80 years
- Reticulation pipes: other	50 to 75 years
- Pumps and telemetry	20 to 20 years

Stormwater assets

- Drains	80 years
- Culverts	80 years

Transportation assets

- Sealed roads: surface	18-25 years
- Sealed roads: structure	100 years
- Unsealed roads	15 years
- Bridge: concrete	80 years

Other infrastructure assets

- Bulk earthworks	Infinite
- Swimming pools	25-100 years
- Other open space/ recreational assets	25-100 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting date.

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

Disposal and derecognition

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

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

(k) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

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

(l) Land under roads

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

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

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

(m) Intangible assets

Council has a number of water rights that it classifies as intangible assets.

(n) Crown reserves

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

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(o) Rural fire service assets

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

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

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

(p) Provisions for close down, restoration and for environmental clean-up costs of quarries

Council had an obligation to remediate quarries and this work has now been completed.

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

(q) Impairment of assets

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

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

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

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

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

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

Other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(r) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of reporting period that are unpaid.

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

(s) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(t) Borrowing costs

Borrowing costs are expensed.

(u) Provisions

Council has made no provisions other than employee benefits detailed below.

(v) Employee benefits

(i) Short-term obligations

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

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

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

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

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

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

(ii) Other long-term obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

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

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

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

Defined contribution plans

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

(iv) Employee benefit on-costs

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

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 12/05/16.

(w) Self-insurance

Council does not self-insure.

(x) Allocation between current and non-current assets and liabilities

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

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

Exceptions

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

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

(y) Taxes

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

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

Goods and Services Tax (GST)

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

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

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

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

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

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

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

(z) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 12 May 2016.

Council has not adopted any of these standards early.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

These include the following standards that are anticipated will impact on local government:

AASB 9 – *Financial Instruments*

AASB 15 – *Revenue from Contracts with Customers and associated amending standards*

AASB ED 260 – *Income of Not-for-Profit Entities*

AASB16 – *Leases*

AASB2015-6 – *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*

AASB 2014 – *10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

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

The full impact of the above standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

(aa) Rounding of amounts

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

(ab) Comparative figures

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

(ac) Disclaimer

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

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities.											
	Details of these functions/activities are provided in Note 2(b).											
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)
Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15 to 12/5/16	Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15 to 12/5/16	Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15 to 12/5/16
Governance	n/a	–	n/a	129	148	n/a	(129)	(148)	–	–	–	–
Administration	n/a	164	n/a	1,626	2,039	n/a	(1,462)	(1,822)	5	–	7,018	6,024
Public order and safety	n/a	203	n/a	192	241	n/a	11	(7)	199	203	990	1,101
Health	n/a	11	n/a	77	13	n/a	(66)	(3)	–	–	318	310
Environment	n/a	148	n/a	106	250	n/a	42	(86)	64	78	148	134
Community services and education	n/a	6	n/a	19	23	n/a	(13)	(14)	1	2	1,032	1,038
Housing and community amenities	n/a	65	n/a	137	161	n/a	(72)	(82)	31	30	2,539	2,555
Water supplies	n/a	389	n/a	353	432	n/a	36	(21)	6	20	4,918	4,857
Sewerage services	n/a	242	n/a	232	253	n/a	10	(30)	5	5	5,703	5,611
Recreation and culture	n/a	65	n/a	582	608	n/a	(517)	(564)	6	15	9,800	9,915
Fuel and energy	n/a	–	n/a	–	–	n/a	–	–	–	–	–	–
Agriculture	n/a	–	n/a	–	–	n/a	–	–	–	–	–	–
Mining, manufacturing and construction	n/a	38	n/a	9	14	n/a	29	29	–	–	194	195
Transport and communication	n/a	2,614	n/a	2,714	3,619	n/a	(100)	(1,595)	1,347	494	148,062	147,358
Economic affairs	n/a	293	n/a	267	279	n/a	26	33	–	–	763	566
Total functions and activities	–	4,238	–	6,443	8,080	–	(2,205)	(4,310)	1,664	847	181,485	179,664
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	n/a	–	–	n/a	–	–	–	–	–	–
General purpose income ¹	n/a	4,294	n/a	4,294	4,076	n/a	4,294	4,076	2,299	2,252	–	–
Operating result from continuing operations	–	8,532	–	6,443	8,080	–	2,089	(234)	3,963	3,099	181,485	179,664

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

2. Original Budget disclosures are not required for these financial statements.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 2(b). Council functions/activities – component descriptions

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

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

Administration and education; Aboriginal and other community services and administration; youth services; aged and disabled persons services; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

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

MINING, MANUFACTURING AND CONSTRUCTION

Building control, quarries and pits, other.

TRANSPORT AND COMMUNICATION

Roads and streets, bridges, footpaths, aerodromes, bus shelters and services, other.

ECONOMIC AFFAIRS

Tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; private works and other business undertakings.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		106	96
Farmland		1,661	1,500
Mining		–	–
Business		53	50
Other		–	–
Total ordinary rates		1,820	1,646
Special rates			
Nil		–	–
Total special rates		–	–
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		48	55
Stormwater management services		10	10
Water supply services		245	266
Sewerage services		178	204
Drainage		–	–
Waste management services (non-domestic)		24	27
Total annual charges		505	562
TOTAL RATES AND ANNUAL CHARGES		2,325	2,208

¹ Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

² Rates and annual charges are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		121	118
Sewerage services		9	10
Waste management services (non-domestic)		2	4
Total user charges		132	132
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other		10	10
Planning and building regulation		14	16
Private works – section 67		300	323
Total fees and charges – statutory/regulatory		324	349
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		8	12
RMS (formerly RTA) charges (state roads not controlled by Council)		475	754
Saleyards		13	12
Swimming pool		10	8
Other		27	34
Total fees and charges – other		533	820
TOTAL USER CHARGES AND FEES		989	1,301

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		19	25
– Interest earned on investments (interest and coupon payment income)		139	170
Dividend income		7	8
Available for sale revaluation reserves realised on investment sale		75	–
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>240</u>	<u>203</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		13	25
General Council cash and investments		162	69
Restricted investments/funds – external:			
Water fund operations		17	41
Sewerage fund operations		48	68
Total interest and investment revenue recognised		<u>240</u>	<u>203</u>
(d) Other revenues			
Rental income – other council properties		44	54
Diesel rebate		51	57
Insurance Rebates		22	27
Miscellaneous sales		1	2
Reversal of unused provision for remediation		8	–
Other		61	77
<u>TOTAL OTHER REVENUE</u>		<u>187</u>	<u>217</u>

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	2,290	2,244	–	–
Pensioners' rates subsidies – general component	9	8	–	–
Total general purpose	2,299	2,252	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	6	5	–	15
– Sewerage	5	5	–	–
– Domestic waste management	6	5	–	–
Employment and training programs	5	–	–	–
Heritage and cultural	(6)	3	12	12
Noxious weeds	20	23	–	–
NSW rural fire services	134	141	65	62
Street lighting	31	30	–	–
Transport (other roads and bridges funding)	–	–	1,346	494
Other	15	52	25	–
Total specific purpose	216	264	1,448	583
Total grants	2,515	2,516	1,448	583
Grant revenue is attributable to:				
– Commonwealth funding	2,311	2,267	1,282	449
– State funding	204	249	166	134
– Other funding	–	–	–	–
	2,515	2,516	1,448	583

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Other contributions:				
RMS contributions (regional roads, block grant)	669	657	125	119
Other	31	42	3	–
Total other contributions	700	699	128	119
Total contributions	700	699	128	119
TOTAL GRANTS AND CONTRIBUTIONS	3,215	3,215	1,576	702

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	31	70
Add: grants and contributions recognised in the current period but not yet spent:	278	1
Less: grants and contributions recognised in a previous reporting period now spent:	(10)	(40)
Net increase (decrease) in restricted assets during the period	268	(39)
Unexpended and held as restricted assets	299	31
Comprising:		
– Specific purpose unexpended grants	46	31
– Developer contributions	–	–
– Other contributions	253	–
	299	31

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		1,983	2,222
Travel expenses		75	63
Employee leave entitlements (ELE)		436	489
Superannuation – defined contribution plans		158	163
Superannuation – defined benefit plans		159	185
Workers' compensation insurance		53	57
Fringe benefit tax (FBT)		26	31
Training costs (other than salaries and wages)		25	34
Other		4	4
Total employee costs		2,919	3,248
Less: capitalised costs		(379)	(430)
TOTAL EMPLOYEE COSTS EXPENSED		2,540	2,818
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		42	42
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		27	44
Total interest bearing liability costs		27	44
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		27	44
(ii) Other borrowing costs			
Unwinding of present value discounts and premiums		30	36
Total other borrowing costs		30	36
TOTAL BORROWING COSTS EXPENSED		57	80

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Materials and contracts			
Raw materials and consumables		1,033	1,650
Contractor and consultancy costs		86	100
Auditors remuneration ⁽¹⁾		18	17
Legal expenses:			
– Legal expenses: planning and development		1	10
– Legal expenses: other		11	9
Operating leases:			
– Operating lease rentals: minimum lease payment ⁽²⁾		8	12
Total materials and contracts		1,157	1,798
Less: capitalised costs		–	–
TOTAL MATERIALS AND CONTRACTS		1,157	1,798
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		18	17
– Audit and review of financial statements: other consolidated entity Auditors		–	–
– Audit of regulatory returns		–	–
– Due diligence services		–	–
– Other audit and assurance services (enter details...)		–	–
Remuneration for audit and other assurance services		18	17
(ii) Taxation services			
– Tax compliance services		–	–
– GST advice		–	–
Remuneration for taxation services		–	–
(iii) Other non-assurance services			
– Remuneration advice		–	–
– Benchmarking advice		–	–
Remuneration for other services		–	–
Total Auditor remuneration		18	17
2. Operating lease payments are attributable to:			
Other		8	12
		8	12

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	442	524
Office equipment		–	–	17	19
Furniture and fittings		–	–	11	23
Property, plant and equipment – leased		–	–	–	–
Land improvements (depreciable)		–	–	39	44
Infrastructure:					
– Buildings		–	–	–	–
– Buildings – non-specialised		–	–	15	17
– Buildings – specialised		–	–	92	107
– Other structures		–	–	1	1
– Roads		–	–	1,278	1,606
– Bridges		–	–	63	70
– Footpaths		–	–	25	23
– Other road assets		–	–	–	–
– Stormwater drainage		–	–	28	40
– Water supply network		–	–	99	125
– Sewerage network		–	–	87	98
– Swimming pools		–	–	20	22
– Other open space/recreational assets		–	–	24	27
Other assets					
– Library books		–	–	8	9
Asset reinstatement costs	9 & 26	–	–	–	1
Intangible assets	25	–	–	–	–
Total depreciation and impairment costs		–	–	2,249	2,756
Less: capitalised costs		–	–	(230)	(174)
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		–	–	2,019	2,582

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15
(e) Other expenses			
Advertising		8	12
– Emergency services levy (includes FRNSW, SES, and RFS levies)		121	137
Councillor expenses – mayoral fee		21	24
Councillor expenses – councillors' fees		65	75
Councillors' expenses (incl. mayor) – other (excluding fees above)		13	13
Donations, contributions and assistance to other organisations (Section 356)		21	23
Election expenses		–	–
Electricity and heating		86	114
Insurance		175	205
Street lighting		28	36
Subscriptions and publications		19	21
Telephone and communications		29	34
Total other expenses		586	694
Less: capitalised costs		–	–
TOTAL OTHER EXPENSES		586	694

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Property (excl. investment property)			
Proceeds from disposal – property		43	–
Less: carrying amount of property assets sold/written off		(189)	–
Net gain/(loss) on disposal		(146)	–
Plant and equipment			
Proceeds from disposal – plant and equipment		300	348
Less: carrying amount of plant and equipment assets sold/written off		(188)	(456)
Net gain/(loss) on disposal		112	(108)
Infrastructure			
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(40)	–
Net gain/(loss) on disposal		(40)	–
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		821	878
Less: carrying amount of financial assets sold/redeemed/matured		(821)	(878)
Net gain/(loss) on disposal		–	–
Non-current assets classified as 'held for sale'			
Proceeds from disposal – non-current assets 'held for sale'		127	–
Less: carrying amount of 'held for sale' assets sold/written off		(137)	–
Net gain/(loss) on disposal		(10)	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(84)	(108)

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	12/5/16	12/5/16	30/6/15	30/6/15
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		603	–	400	–
Cash-equivalent assets ¹					
– Short-term deposits		5,079	–	4,543	–
Total cash and cash equivalents		5,682	–	4,943	–
Investments (Note 6b)					
– Long term deposits		437	–	1,235	–
– Other long term financial assets		–	–	136	–
Total investments		437	–	1,371	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		6,119	–	6,314	–

¹ Those investments where time to maturity (from date of purchase) is 3 months or less

Cash, cash equivalents and investments were classified at end of period in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'		5,682	–	4,943	–
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Investments

a. 'At fair value through the profit and loss'					
– 'Held for trading'	6(b-i)	–	–	–	–
– 'Designated at fair value on initial recognition'	6(b-i)	–	–	–	–
b. 'Held to maturity'	6(b-ii)	437	–	1,235	–
c. 'Loans and receivables'	6(b-iii)	–	–	–	–
d. 'Available for sale'	6(b-iv)	–	–	136	–
Investments		437	–	1,371	–

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6b. investments (continued)

\$ '000	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as 'at fair value through the profit and loss'				
Nil				
Note 6(b-ii)				
Reconciliation of investments classified as 'held to maturity'				
Balance at beginning of period	1,235	-	846	-
Additions	23	-	1,267	-
Disposals (sales and redemptions)	(821)	-	(878)	-
Balance at end of period	437	-	1,235	-
Comprising:				
– Long term deposits	437	-	1,235	-
Total	437	-	1,235	-
Note 6(b-iii)				
Reconciliation of investments classified as 'loans and receivables'				
Nil				
Note 6(b-iv)				
Reconciliation of investments classified as 'available for sale'				
Balance at beginning of period	136	-	97	-
Revaluation – transfer gain/(loss) to ARR in equity	-	-	39	-
Disposals (sales and redemptions)	(136)	-	-	-
Balance at end of period	-	-	136	-
Comprising:				
– Other long term maturity financial assets	-	-	136	-
Total	-	-	136	-

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	6,119	–	6,314	–
attributable to:				
External restrictions (refer below)	2,619	–	3,023	–
Internal restrictions (refer below)	2,717	–	2,143	–
Unrestricted	783	–	1,148	–
	6,119	–	6,314	–

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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Details of restrictions

External restrictions – included in liabilities

Other	6	10	(4)	12
External restrictions – included in liabilities	6	10	(4)	12

External restrictions – other

RMS (formerly RTA) contributions (E)	–	253	–	253
Specific purpose unexpended grants (F)	31	25	(10)	46
Water supplies (G)	929	–	(647)	282
Sewerage services (G)	1,955	–	(33)	1,922
Domestic waste management (G)	102	2	–	104
External restrictions – other	3,017	280	(690)	2,607
Total external restrictions	3,023	290	(694)	2,619

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	658	–	(627)	31
Infrastructure replacement	327	406	(32)	701
Employees leave entitlement	760	50	–	810
Carry over works	398	944	(167)	1,175
Total internal restrictions	2,143	1,400	(826)	2,717
TOTAL RESTRICTIONS	5,166	1,690	(1,520)	5,336

E RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		477	–	191	–
Interest and extra charges		40	–	32	–
Accrued revenues					
– Other income accruals		22	–	29	–
Other levels of government		655	–	375	–
Other debtors		267	–	189	–
Total		1,461	–	816	–
Less: provision for impairment					
Rates and annual charges		–	–	–	–
Interest and extra charges		–	–	–	–
User charges and fees		–	–	–	–
Other debtors		(12)	–	(12)	–
Total provision for impairment – receivables		(12)	–	(12)	–
TOTAL NET RECEIVABLES		1,449	–	804	–
Externally restricted receivables					
Water supply					
– Specific purpose grants		–	–	15	–
– Rates and availability charges		42	–	51	–
– Other		56	–	39	–
Sewerage services					
– Rates and availability charges		33	–	36	–
– Other		5	–	4	–
Domestic waste management		17	–	11	–
Total external restrictions		153	–	156	–
Internally restricted receivables					
Nil					
Internally restricted receivables		–	–	–	–
Unrestricted receivables		1,296	–	648	–
TOTAL NET RECEIVABLES		1,449	–	804	–

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		203	-	117	-
Stores and materials		157	-	179	-
Total inventories at cost		360	-	296	-
TOTAL INVENTORIES		360	-	296	-
(b) Other assets					
Prepayments		56	-	1	-
Other		-	-	1	-
TOTAL OTHER ASSETS		56	-	2	-
Externally restricted assets					
Water					
Stores and materials		27	-	22	-
Prepayments		-	-	-	-
Total water		27	-	22	-
Sewerage					
Stores and materials		2	-	-	-
Prepayments		2	-	-	-
Total sewerage		4	-	-	-
Total externally restricted assets		31	-	22	-
Total internally restricted assets		-	-	-	-
Total unrestricted assets		385	-	276	-
TOTAL INVENTORIES AND OTHER ASSETS		416	-	298	-

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets (continued)

\$ '000	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	203	–	117	–
Total real estate for resale	203	–	117	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	117	–	117	–
Development costs	86	–	–	–
Total costs	203	–	117	–
Less: provision for under recovery	–	–	–	–
Total real estate for resale	203	–	117	–
Movements:				
Real estate assets at beginning of period	117	–	116	–
– Purchases and other costs	86	–	–	–
– Other	–	–	1	–
Total real estate for resale	203	–	117	–

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	12/5/16	30/6/15
Real estate for resale	157	110
	157	110

(c) Inventories recognised as an expense for the period included:

– Real estate for resale	–	–
– Stores and materials	–	–
– Trading stock	–	–

(d) Inventory write downs

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

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015				Asset movements during the reporting period						as at 12/5/2016			
	At cost	At fair value	Accumulated depreciation	Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated depreciation	Carrying value
Capital work in progress	126			126	582	316			(75)		949			949
Plant and equipment		6,478	3,364	3,114	891		(189)					6,579	3,205	3,374
Office equipment		169	107	62	8	10		(17)				181	118	63
Furniture and fittings		291	211	80	2			(11)				293	222	71
Land:														
– Operational land		1,168		1,168			(15)					1,153		1,153
– Community land		768		768								768		768
Land improvements – non-depreciable														
Land improvements – depreciable		1,818	865	953		2	(7)	(39)	7			1,812	896	916
Infrastructure:														
– Buildings														
– Buildings – non-specialised		2,448	381	2,067		3		(15)				2,452	397	2,055
– Buildings – specialised		20,171	4,296	15,875		69	(168)	(92)	1			19,983	4,298	15,685
– Other structures		55	9	46				(1)				55	10	45
– Roads		104,529	18,986	85,543	1,496	251	(40)	(1,278)	59			105,684	19,653	86,031
– Bridges		5,783	3,238	2,545				(63)				5,783	3,301	2,482
– Footpaths		1,606	242	1,364		128		(25)				1,734	267	1,467
– Other road assets														
– Bulk earthworks (non-depreciable)		49,724		49,724								49,724		49,724
– Stormwater drainage		2,591	1,684	907				(28)				2,591	1,712	879
– Water supply network		8,576	5,115	3,461		3		(99)	8	63		8,748	5,312	3,436
– Sewerage network		7,572	4,097	3,475	27			(87)		64		7,741	4,262	3,479
– Swimming pools		1,128	947	181				(20)				1,128	967	161
– Other open space/recreational assets		1,056	599	457				(24)				1,056	623	433
– Other infrastructure														
Other assets:														
– Heritage collections														
– Library books		44	25	19	6			(8)				43	26	17
– Other														
Reinstatement, rehabilitation and restoration assets (refer Note 26):														
– Tip assets		42	42									42	42	
– Quarry assets														
– Other assets														
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	126	216,017	44,208	171,935	3,012	782	(419)	(2,249)	–	127	949	217,550	45,311	173,188

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000

\$ '000 Class of asset	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
WIP		-	-	-	-	-	-	-
Plant and equipment		91	32	59	-	91	30	61
Land								
- Operational land		20	-	20	-	20	-	20
- Community land		-	-	-	-	-	-	-
- Improvements non-depreciable		-	-	-	-	-	-	-
- Improvements - depreciable		32	30	2	-	32	29	3
Buildings		20	-	20	-	-	-	-
Other structures		-	-	-	-	-	-	-
Infrastructure		8,748	5,312	3,436	-	8,576	5,115	3,461
Other assets		765	-	765	45	-	-	45
Total water supply	-	9,676	5,374	4,302	45	8,719	5,174	3,590
Sewerage services								
WIP		-	-	-	-	-	-	-
Plant and equipment		79	23	56	-	39	20	19
Land								
- Operational land		105	-	105	-	105	-	105
- Community land		-	-	-	-	-	-	-
- Improvements non-depreciable		-	-	-	-	-	-	-
- Improvements - depreciable		34	33	1	-	34	33	1
Buildings		-	-	-	-	-	-	-
Other structures		-	-	-	-	-	-	-
Infrastructure		7,741	4,262	3,479	-	7,572	4,097	3,475
Other assets		100	-	100	16	-	-	16
Total sewerage services	-	8,059	4,318	3,741	16	7,750	4,150	3,616
Domestic waste management								
WIP		-	-	-	-	-	-	-
Plant and equipment		9	3	6	-	7	2	5
Land								
- Operational land		25	-	25	-	25	-	25
- Improvements non-depreciable		-	-	-	-	-	-	-
- Improvements - depreciable		84	51	33	-	76	48	28
Buildings		49	3	46	-	49	3	46
Other assets		-	-	-	-	-	-	-
Total DWM	-	167	57	110	-	157	53	104

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 9c. Infrastructure, property, plant and equipment – current period impairments

		Actual	Actual
		1/7/15	1/7/14
\$ '000	Notes	to 12/5/16	to 30/6/15

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

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		222	–	388	–
Payments received in advance		21	–	35	–
Accrued expenses:					
– Borrowings		6	–	3	–
– Salaries and wages		45	–	66	–
– Other expenditure accruals		12	–	–	–
Advances		–	–	–	–
Security bonds, deposits and retentions		18	–	5	–
Other		27	–	53	–
Total payables		351	–	550	–
Borrowings					
Loans – secured ¹		153	271	114	394
Total borrowings		153	271	114	394
Provisions					
Employee benefits:					
Annual leave		527	–	490	–
Long service leave		1,453	21	1,500	38
Sub-total – aggregate employee benefits		1,980	21	1,990	38
Asset remediation/restoration (future works)	26	–	–	10	–
Total provisions		1,980	21	2,000	38
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		2,484	292	2,664	432
(i) Liabilities relating to restricted assets					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets					
Other		12	–	–	–
Liabilities relating to externally restricted assets		12	–	–	–
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		12	–	–	–
Total liabilities relating to unrestricted assets		2,472	292	2,664	432
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		2,484	292	2,664	432

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 12/5/16	Actual 30/6/15
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,154	1,460
Payables – security bonds, deposits and retentions		–
	1,154	1,460

Note 10b. Description of and movements in provisions

Nil

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16				Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	490	31	–	6	–	527
Sick leave	–	–	–	–	–	–
Long service leave	1,538	(88)	–	24	–	1,474
Asset remediation	10	–	(3)	–	(7)	–
TOTAL	2,038	(57)	(3)	30	(7)	2,001

- Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess.
- Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	5,682	4,943
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		5,682	4,943
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		2,089	(234)
Adjust for non-cash items:			
Depreciation and amortisation		2,019	2,582
Net losses/(gains) on disposal of assets		84	108
Non-cash capital grants and contributions		–	6
Investment income relating to 'available for sale' investments sold		(75)	–
Unwinding of discount rates on reinstatement provisions		–	36
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(645)	664
Decrease/(increase) in inventories		22	21
Decrease/(increase) in other assets		(54)	25
Increase/(decrease) in payables		(166)	(285)
Increase/(decrease) in accrued interest payable		3	–
Increase/(decrease) in other accrued expenses payable		(9)	7
Increase/(decrease) in other liabilities		(27)	6
Increase/(decrease) in employee leave entitlements		(27)	–
Increase/(decrease) in other provisions		(10)	(10)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		3,204	2,926

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(c) Non-cash investing and financing activities			
Acquisition of plant and equipment by means of finance lease		–	–
Subsidised works (sewer scheme)		–	–
PwD construction		–	–
Bushfire grants		–	–
S94 contributions 'in kind'		–	–
Other dedications		–	–
Total non-cash investing and financing activities		–	–
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		–	–
Credit cards/purchase cards		16	16
Master lease facilities		–	–
Standby credit facilities		–	–
Other		–	–
Total financing arrangements		16	16
Amounts utilised as at balance date:			
– Bank overdraft facilities		–	–
– Credit cards/purchase cards		–	–
– Lease facilities		–	–
– Standby credit facilities		–	–
– Other		–	–
Total financing arrangements utilised		–	–

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

(e) Bank guarantees

Nil

(f) Net cash flows attributable to discontinued operations

Please refer to Note 24 for details of cash flows that relate to discontinued operations

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		-	-
Plant and equipment		-	815
		-	-
Investment property			
- Land		-	-
- Buildings		-	-
- Other		-	-
Total commitments		-	815
These expenditures are payable as follows:			
Within the next year		-	815
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total payable		-	815
Sources for funding of capital commitments:			
Unrestricted general funds		-	815
Future grants and contributions		-	-
Sect 64 and 94 funds/reserves		-	-
Unexpended grants		-	-
Externally restricted reserves		-	-
Internally restricted reserves		-	-
Unexpended loans		-	-
New loans (to be raised)		-	-
Total sources of funding		-	815
Details of capital commitments			
Nil			

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(b) Finance lease commitments			
Nil			
(c) Operating lease commitments (non-cancellable)			
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:			
Within the next year		7	10
Later than one year and not later than 5 years		11	17
Later than 5 years		—	—
Total non-cancellable operating lease commitments		18	27

b. Non-cancellable operating leases include the following assets:

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

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment property commitments

Nil

(e) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 19 (c)

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>597</u>	8.58%	-11.59%	-24.91%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>6,956</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>3,741</u>	43.85%	50.08%	52.83%
Total continuing operating revenue ⁽¹⁾	<u>8,532</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>5,024</u>	3.81x	3.41x	2.89x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,318</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>2,673</u>	18.96x	9.86x	4.15x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>141</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>517</u>	20.14%	8.79%	12.31%
Rates, annual and extra charges collectible	<u>2,567</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>6,119</u>	14.21 mths	12.7 mths	10.7 mths
Payments from cash flow of operating and financing activities	<u>431</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	-0.48%	-6.82%	9.71%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: -11.21%	2.61%	-12.13%
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	98.80%	98.11%	39.73%
Total continuing operating revenue ⁽¹⁾	prior period: 95.82%	98.37%	45.57%
3. Unrestricted current ratio			
Current assets less all external restrictions ⁽²⁾	No liabilities	No liabilities	3.81x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: No liabilities	No liabilities	3.41x
4. Debt service cover ratio			
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	0.00	0.00	17.73x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 0.00x	0.00x	8.87x
5. Rates, annual charges, interest and extra charges outstanding percentage			
Rates, annual and extra charges outstanding	15.26%	16.45%	20.63%
Rates, annual and extra charges collectible	prior period: 10.83%	13.85%	7.53%
6. Cash expense cover ratio			
Current period's cash and cash equivalents plus all term deposits	10.74 mths	120.13 mths	10.08 mths
Payments from cash flow of operating and financing activities	prior period: 28.66 mths	119.09 mths	7.50 mths

Notes

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

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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Council has not classified any land or buildings as 'investment properties'.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management

\$ '000

Risk management

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity** investments – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

(a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
1/7/15 to 12/5/16				
Possible impact of a 10% movement in market values	4	4	(4)	(4)
Possible impact of a 1% movement in interest rates	61	61	(61)	(61)
1/7/14 to 30/6/15				
Possible impact of a 10% movement in market values	14	14	(14)	(14)
Possible impact of a 1% movement in interest rates	63	63	(63)	(63)

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees. The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives. Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Council makes suitable provision for doubtful receivables as required. There are no material receivables that have been subjected to a re-negotiation of repayment terms. A profile of Council's receivables credit risk at balance date follows:

	12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	77%	87%	0%	58%
Overdue	23%	13%	100%	42%
	100%	100%	100%	100%

		12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables				
Current	Current	366	861	–	363
< 1 year overdue	0 – 30 days overdue	65	–	159	50
1 – 2 years overdue	30 – 60 days overdue	22	33	17	31
2 – 5 years overdue	60 – 90 days overdue	20	14	11	181
> 5 years overdue	> 90 days overdue	4	76	4	–
		477	984	191	625

	12/5/16	30/6/15
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the period	12	12
+ new provisions recognised during the period	–	–
– amounts already provided for and written off this period	–	–
– amounts provided for but recovered during the period	–	–
– previous impairment losses reversed	–	–
Balance at the end of the period	12	12

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Bank overdraft	–	–	–	–	–	–	–	–	–
Trade/other payables	18	291	–	–	–	–	–	309	330
Loans and advances	–	176	101	101	65	43	–	486	424
Lease liabilities	–	–	–	–	–	–	–	–	–
Total financial liabilities	18	467	101	101	65	43	–	795	754
1/7/14 to 30/6/15									
Bank overdraft	–	–	–	–	–	–	–	–	–
Trade/other payables	5	510	–	–	–	–	–	515	515
Loans and advances	–	150	104	104	104	104	43	610	508
Lease liabilities	–	–	–	–	–	–	–	–	–
Total financial liabilities	5	660	104	104	104	104	43	1,125	1,023

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

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

	12/5/16 Carrying value	12/5/16 Average interest rate	30/6/15 Carrying value	30/6/15 Average interest rate
Bank overdraft	–	–	–	–
Trade/other payables	330	0.00%	515	0.00%
Loans and advances – fixed interest rate	424	7.84%	508	7.80%
Loans and advances – variable interest rate	–	–	–	–
Lease liabilities	–	–	–	–
	754		1,023	

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 16. Material budget variations

\$ '000

Variations from original budget as approved by Council is not required for these financial statements.

The former Jerilderie Shire Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

Council currently has no S94 developer contribution plans or S94 funds on hand from prior years.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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 Council 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.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 12/5/2016 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) 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.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

Council has no interest in any controlled entities, joint arrangements or associates.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		41,756	41,233
a. Correction of prior period errors	20 (c)	–	757
d. Net operating result for the period		2,089	(234)
Balance at end of the reporting period		43,845	41,756
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		134,864	134,737
– 'Available for sale' financial investments revaluation reserve		–	75
Total		134,864	134,812
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		134,737	63,398
– Revaluations for the period	9(a)	127	71,333
– Other movements		–	6
– Balance at end of period		134,864	134,737
'Available for sale' financial investments revaluation reserve			
– Opening balance		75	36
– Unrealised gain (loss) in value for the period		–	39
– Transfer of 'available for sale' values to the P&L for disposals		(75)	–
– Balance at end of period		–	75
TOTAL VALUE OF RESERVES		134,864	134,812

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

'Available for sale' financial investments revaluation reserve

– The 'available for sale' financial investments revaluation reserve is used to account for the fair value movements in all financial assets so classified that remain on hand at end of period.

Upon sale, amounts in reserves are recognised in the Income Statement (in full) by way of transfer from the reserve.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(c) Correction of error/s relating to a previous reporting period			
Council made no correction of errors during the current reporting period.			
Correction of errors as disclosed in last year's financial statements:			
In the course of the revaluations carried out in the current reporting period, it was found that a number of bridges had not previously been recognised. Accordingly the written down value of the bridges has been retrospectively recognised in retained earnings.		–	775
An estimate has been made of the depreciation that should have been charged in the previous year had these bridges been correctly recognised at the appropriate time, and the comparative amounts have been adjusted accordingly.		–	(18)
This adjustment resulted in a net increase/(decrease) in Council's accumulated surplus as at 30/6/14.			
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to opening equity – 1/7/14 (relating to adjustments for the 30/6/14 reporting year end and prior periods)		–	757
– Adjustments to closing equity – 30/6/15 (relating to adjustments for the 30/6/15 year end)		–	–
Total prior period adjustments – prior period errors		–	757

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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(d) Voluntary changes in accounting policies

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

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the reporting period.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

\$ '000			
Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000	Water	Sewer	General ¹
Continuing operations			
Income from continuing operations			
Rates and annual charges	268	193	1,933
User charges and fees	126	11	857
Interest and investment revenue	17	55	175
Other revenues	–	–	187
Grants and contributions provided for operating purposes	5	5	3,205
Grants and contributions provided for capital purposes	–	–	1,576
Other income			
Net gains from disposal of assets	–	–	–
Total income from continuing operations	416	264	7,933
Expenses from continuing operations			
Employee benefits and on-costs	87	58	2,395
Borrowing costs	–	–	64
Materials and contracts	166	111	954
Depreciation and amortisation	103	90	1,826
Impairment	–	–	–
Other expenses	62	23	501
Interest and investment losses	–	–	–
Net losses from the disposal of assets	–	–	84
Total expenses from continuing operations	418	282	5,824
Operating result from continuing operations	(2)	(18)	2,109
Discontinued operations			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the period	(2)	(18)	2,109
Net operating result attributable to each council fund	(2)	(18)	2,109
Net operating result attributable to non-controlling interests	–	–	–

¹ General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

The former Jerilderie Shire Council

Notes to the Financial Statements
as at 12 May 2016

Note 21. Financial result and financial position by fund (continued)

\$ '000			
Statement of Financial Position by fund			
\$ '000	Actual 12/5/16	Actual 12/5/16	Actual 12/5/16
	Water	Sewer	General ¹
ASSETS			
Current assets			
Cash and cash equivalents	282	1,922	3,478
Investments	–	–	437
Receivables	98	38	1,313
Inventories	27	2	331
Other	–	53	56
Non-current assets classified as 'held for sale'	–	–	–
Total current assets	407	2,015	5,615
Non-current assets			
Infrastructure, property, plant and equipment	4,300	3,742	165,146
Intangible assets	210	–	103
Other	–	226	–
Total non-current assets	4,510	3,968	165,249
TOTAL ASSETS	4,917	5,983	170,864
LIABILITIES			
Current liabilities			
Payables	–	–	351
Borrowings	–	–	206
Provisions	–	–	1,980
Total current liabilities	–	–	2,537
Non-current liabilities			
Borrowings	–	–	497
Provisions	–	–	21
Total non-current liabilities	–	–	518
TOTAL LIABILITIES	–	–	3,055
Net assets	4,917	5,983	167,809
EQUITY			
Retained earnings	1,902	3,008	38,935
Revaluation reserves	3,015	2,975	128,874
Council equity interest	4,917	5,983	167,809
Non-controlling interests	–	–	–
Total equity	4,917	5,983	167,809

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

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

	12/5/16	12/5/16	30/6/15	30/6/15
\$ '000	Current	Non-current	Current	Non-current

Council did not classify any non-current assets or disposal groups as 'held for sale'.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 23. Events occurring after the reporting date

\$ '000

Events that occur between the end of the reporting period (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 23/12/16.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 12 May 2016.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

Council is aware of the following 'non-adjusting events' that merit disclosure:

Amalgamation of operations for the former Jerilderie Shire Council to form Murrumbidgee Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Jerilderie Shire Council would be amalgamated with other Council/s to form the new council Murrumbidgee Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Jerilderie Shire Council to Murrumbidgee Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Jerilderie Shire Council is to be read as a reference to Murrumbidgee Council, and that anything done by the former Jerilderie Shire Council before the amalgamation is taken to have been done by Murrumbidgee Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Jerilderie Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

\$ '000	Actual 12/5/16	Actual 30/6/15
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Council has not classified any of its operations as 'discontinued'.

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 25. Intangible assets

\$ '000	Actual 12/5/16	Actual 30/6/15
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
Opening values:		
Gross book value (1/7)	313	313
Accumulated amortisation (1/7)	–	–
Accumulated impairment (1/7)	–	–
Net book value – opening balance	313	313
Movements for the period		
– Purchases	–	–
– Development costs	–	–
– Other capitalised costs (specify details)	–	–
– Amortisation charges	–	–
– Impairment charges	–	–
– Gross book value written off	–	–
– Accumulated amortisation charges written off	–	–
– Accumulated impairment charges written off	–	–
Closing values:		
Gross book value (12/5/16)	313	313
Accumulated amortisation (12/5/16)	–	–
Accumulated impairment (12/5/16)	–	–
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE¹</u>	<u>313</u>	<u>313</u>

¹ The net book value of intangible assets represent:

– Water right at cost	313	313
	313	313

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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

Asset/operation	Estimated year of restoration	Net Present Value of provision	
		12/5/16	30/6/15
Quarries		-	10
Balance at end of the reporting period	10(a)	<u>-</u>	<u>10</u>

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for the period:	12/5/16	30/6/15
Balance at beginning of period	10	20
Effect of a change in discount rates used in PV calculations	-	(6)
Effect of a change in other calculation estimates used	(8)	-
Amortisation of discount (expensed to borrowing costs)	-	-
Expenditure incurred attributable to provisions	(2)	(4)
Total – reinstatement, rehabilitation and restoration provision	<u>-</u>	<u>10</u>

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

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

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

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

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

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

1/7/15 to 12/5/16	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/12		3,374	–	3,374
Office Equipment	30/06/12		63	–	63
Furniture & Fittings	30/06/12		–	71	71
Library Books	30/06/12		–	17	17
Operational land	30/06/13		–	1,153	1,153
Community land	30/06/13		–	768	768
Land Imp's - deprec	30/06/13		–	916	916
Buildings - non-specialised	30/06/15		–	2,055	2,055
Buildings - specialised	30/06/15		–	15,685	15,685
Other Structures	30/06/13		–	45	45
Infrastructure					
- Roads	30/06/15		–	86,031	86,031
- Bridges	30/06/15		–	2,482	2,482
- Footpaths	30/06/15		–	1,467	1,467
- Bulk Earthworks (non-deprec)	30/06/15		–	49,724	49,724
- Stormwater drainage	30/06/15		–	879	879
- Water Supply Network	30/06/12		–	3,436	3,436
- Sewerage Network	30/06/12		–	3,479	3,479
- Swimming Pools	30/06/13		–	161	161
- Other open space / recreational	30/06/13		–	433	433
Total infrastructure, property, plant and equipment		–	3,437	168,802	172,239

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

1/7/14 to 30/6/15	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’		–	–	–	–
– ‘Designated at fair value on initial recognition’		–	–	–	–
– ‘Available for sale’	30/06/15	136	–	–	136
Other financial assets		–	–	–	–
Total financial assets		136	–	–	136
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/12		3,114	–	3,114
Office Equipment	30/06/12		62	–	62
Furniture & Fittings	30/06/12		80	–	80
Library Books	30/06/12		19	–	19
Operational land	30/06/13		–	1,168	1,168
Community land	30/06/13		–	768	768
Land Imp's - deprec	30/06/13		–	953	953
Buildings - non-specialised	30/06/15		–	2,067	2,067
Buildings - specialised	30/06/15		–	15,875	15,875
Other Structures	30/06/13		–	46	46
Infrastructure					
- Roads	30/06/15		–	85,543	85,543
- Bridges	30/06/15		–	2,545	2,545
- Footpaths	30/06/15		–	1,364	1,364
- Bulk Earthworks (non-deprec)	30/06/15		–	49,724	49,724
- Stormwater drainage	30/06/15		–	907	907
- Water Supply Network	30/06/12		–	3,461	3,461
- Sewerage Network	30/06/12		–	3,475	3,475
- Swimming Pools	30/06/13		–	181	181
- Other open space / recreational	30/06/13		–	457	457
Total infrastructure, property, plant and equipment		–	3,275	168,534	171,809

The former Jerilderie Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(2) Transfers between level 1 and level 2 fair value hierarchies

During the period, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPP&E)

Plant & Equipment

Incorporating major plant (graders, rollers, loaders, trucks, tractors & etc) fleet vehicles (cars, utilities etc) and fixed plant (pumps, chainsaws & other small items)

Council fair values plant and equipment using level 2 inputs which are referenced by pricing of similar items in an active market

Office Equipment

Incorporating computers and other office equipment

Council fair values plant and equipment using level 2 inputs which are referenced by pricing of similar items in an active market

Furniture & Fittings

Incorporating desks, chairs, displays and etc

Council fair values furniture & fittings using level 3 inputs which are approximated by depreciated historical cost. Valuation technique - 'Cost Approach'

Library Books

Council fair values library books using level 3 inputs which are approximated by depreciated historical cost. Valuation technique - 'Cost Approach'

Operational Land

Council's operational land by definition has no special restriction other than those that may apply to any piece of land

Council fair values operational land using level 3 inputs which are valued at unimproved land value provided by the NSW Valuer General

Valuation technique - 'Market Approach'

Community Land

Councils community land (includes land owned by Council, the Crown and other Government Agencies that is managed by Council) which by definition is land intended for public access or use and such restrictions within the Act are intended to preserve the qualities of the land in order to maintain public access.

Council fair values community land using level 3 inputs which are valued at unimproved land value provided by the NSW Valuer General

Valuation technique - 'Market Approach'

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

Land Improvements - Depreciable

Incorporating sports fields, fencing, lighting playgrounds and etc

Council fair values land improvements using level 3 inputs which are approximated by depreciated historical cost.
Valuation technique - 'Cost Approach'

Buildings - Specialised and Non Specialised

Incorporating administration buildings, public amenities, halls, sports facilities, depot and workshops, medical centre, rural fire stations, residential housing, office buildings and etc

Council fair values buildings using level 3 inputs which are valued by determining the cost to construct the assets (or its modern engineering equivalent) using industry construction guides. The calculation of depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost method is adopted by Council.

Valuation technique - 'Cost Approach'

Infrastructure - Roads

Including road surface, pavement, sub base, formation, road furniture, bridges, footpaths, kerb & gutter

Council fair values road infrastructure using level 3 inputs which are approximated by unit rates, useful life, asset condition and other specifications.

Councils roads infrastructure were valued by council staff using the above techniques and information provided by Jeff Roorda and Associates as at 30/6/2015.

Valuation technique - 'Cost Approach'

Stormwater Drainage

Incorporating pits, pipes, headwalls and conduits

Council fair values stormwater infrastructure using level 3 inputs which are approximated by unit rates, useful life, asset condition and other specifications.

Councils stormwater infrastructure were valued by council staff using the above techniques and information provided by Jeff Roorda and Associates as at 30/6/2015

Valuation technique - 'Cost Approach'

Water Supply Network

Incorporating treatment plant, reservoirs, mains and pump stations.

Council fair values water supply infrastructure using level 3 inputs which are based on unit rates provided within the NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets and include annual indexation

Valuation technique - 'Cost Approach'

Sewerage Network

Incorporating treatment plant, ponds, sewerage pipes and pump stations.

Council fair values sewerage infrastructure using level 3 inputs which are based on unit rates provided within the NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets and include annual indexation

Valuation technique - 'Cost Approach'

The former Jerilderie Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

(Please see note 9a for movements in individual asset classes)

	Total
Opening balance – 1/7/14	97,496
Adoption of AASB 13	–
Transfers from/(to) level 1 FV hierarchy ^{27 4(b)}	–
Transfers from/(to) level 2 FV hierarchy ^{27 4(b)}	–
Transfers from/(to) another asset class	356
Purchases (GBV)	1,709
Disposals (WDV)	(181)
Depreciation and impairment	(2,180)
FV gains – other comprehensive income	71,334
FV gains – Income Statement ¹	–
Closing balance – 30/6/15	<u>168,534</u>
Adoption of AASB 13	–
Transfers from/(to) level 1 FV hierarchy ^{27 4(b)}	–
Transfers from/(to) level 2 FV hierarchy ^{27 4(b)}	99
Transfers from/(to) another asset class	75
Purchases (GBV)	1,987
Disposals (WDV)	(230)
Depreciation and impairment	(1,790)
FV gains – other comprehensive income	127
FV gains – Income Statement ¹	–
Closing balance – 12/5/16	<u>168,802</u>

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the former Jerilderie Shire Council ('the Council'), which comprises the statement of financial position as at 12 May 2016 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

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

EMPHASIS OF MATTER – GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1(a)(vii) and Note 23, on the 12 May 2016 the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Jerilderie Shire Council would be amalgamated with the former Murrumbidgee Shire Council to form the new Murrumbidgee Council.



These financial statements have been prepared on a going concern basis despite the proclamation automatically resulting in the transfer the assets, rights and liabilities of the former Jerilderie Shire Council to Murrumbidgee Council on 13 May 2016. Accordingly these financial statements for the former Jerilderie Shire Council have been prepared to 12 May 2016.

Crowe Horwath

CROWE HORWATH AUSWILD

Bradley D Bohun

BRADLEY D BOHUN

Partner

Dated at Albury this 23rd day of December 2016.

Report on the Conduct of the Audit

The former Jerilderie Shire Council

Year Ended 12 May 2016

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1 Report on the Conduct of the Audit

We have completed our audit of the financial statements for the former Jerilderie Shire Council (Council) for the year ended 12 May 2016, in accordance with Section 415 of the Local Government Act, 1993. This report on the conduct of the audit should be read in conjunction with our audit opinion on the financial statements in accordance with Section 417(2) of the Local Government Act 1993.

The new Murrumbidgee Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

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

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Unqualified with an emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity

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

2 Operating Result

The former Jerilderie Shire Council (the 'Council') was a Council in Southern New South Wales, whose affairs were governed by:

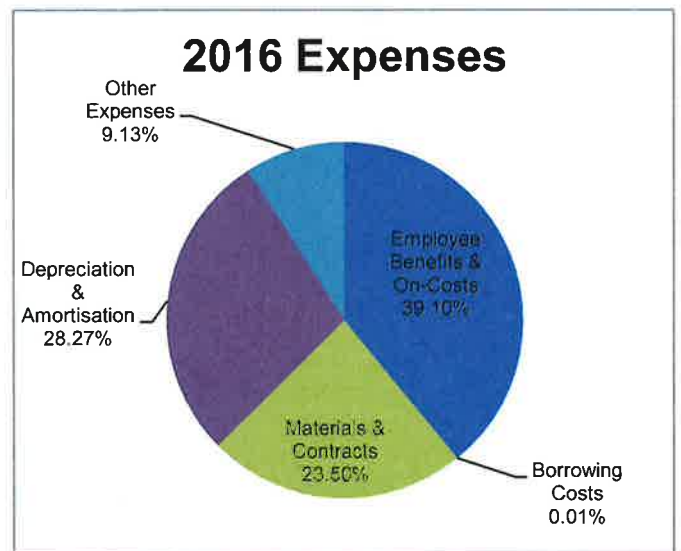
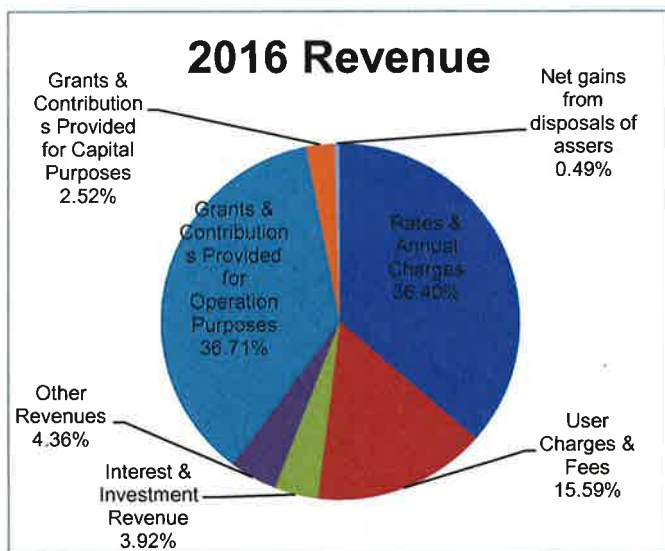
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

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

The former Council achieved a surplus in net operating result (including capital contributions) of \$2,089k (2015: \$234k deficit) for the period ended 12 May 2016.

The net operating result for the year before grants and contributions provided for capital purposes was \$513k surplus (2015: \$936k deficit).

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



Significant income and expense items in the current year were:

	2016* \$'000	2015* \$'000	2014 \$'000
Rates and annual charges	2,325	2,208	2,169
User charges and fees	989	1,301	1,690
Grants and contributions – operating	3,215	3,215	2,807
Grants and contributions – capital	1,576	702	1,171
Employee costs	(2,540)	(2,818)	(2,924)
Materials and contracts	(1,157)	(1,798)	(2,617)
Depreciation and amortisation	(2,019)	(2,582)	(2,650)

The Council was amalgamated by proclamation on the 12th May 2016. As a result, many items of income and expenditure for the 2016 period are less than the comparative amounts for 2015 due to the shorter 2016 reporting period. However, in accordance with accounting standards, the 2016 financial statements include a full year's income for rates. Also included is the full amount of grants and contributions the former Council effectively controlled at 12th May 2016 (notably the 2016 Financial Assistance Grant is included in full).

Taking the forgoing into account, the size of Council's operations has remained relatively consistent over the past three years.

The increase in Rates for 2016 being attributable to a special rate increase of 10%.

Operating grants and contributions for 2016 were on par with the prior year. Capital Grants increased due to an additional \$833k of roads to recovery funding received by Council in the 2016 financial period.

Allowing for the effects of the shorter reporting 2016 reporting period, there was an underlying increase in employee costs due to wage increase in line with the Local Government Award. Consideration also needs to be given to the level of employee costs included in capitalised work which has added to assets rather than being included in the income statement.

Depreciation for 2016 was lower than in prior years, partially due to the shorter reporting period, but mainly as a result of the revaluation of road infrastructure at the end of the prior year. The revaluation has had a flow on effect of reducing 2016 depreciation on these long lived assets due to dissection of the formerly depreciated road pavement into depreciable and non depreciable components. The useful life of the road components was also reassessed at part of the revaluation process.

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

3 Financial Position

A measure of a council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of the former Council as at the date it was amalgamated.

	2016 \$'000	2015 \$'000
Cash and Liquid Investments	6,119	6,314
External Restrictions - included in liabilities	12	6
- not included in liabilities	2,607	3,017
Internal Restrictions - included in liabilities	810	760
- not included in liabilities	1,907	1,383
Unrestricted Cash and Investments	783	1,148
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	910	(66)
Unrestricted Working Capital	1,693	1,082

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

The former Council's held Internally Restricted Cash reserves totaling \$2,717k at 12th May 2016 (2015 - \$2,143k). These funds were set aside at the former **Council's discretion** for employees leave entitlements and for future major expenditure as set out in Note 6(c) to the financial statements. Due to the early end to the reporting period the carry over works reserve increased to \$1,117k. The employees leave entitlement reserve of \$810k represented 40% of the liability.

4 Performance Indicators

Note 13 to the financial statements shows a number of performance measures. Sections 4.1 to 4.6 contemplate the former Council's performance on a consolidated basis. Section 4.7 shows the former Council's performance on an individual fund basis.

4.1 Operating Performance Ratio

This ratio measures a council's level of achievement in containing operating expenditure within operating revenue.

The former Council's Operating Performance Ratio for the 2016 financial period had increased to 8.58%. This result is skewed by the inclusion of a full year of both rate and FAG grant income and the inclusion of expenditure only for the period to 12th May 2016. Additional Roads to Recovery grant income in 2016 also contributed to the increase in this ratio.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has more financial flexibility when it has a higher level of own source revenue.

With a ratio of 43.85%, the former Council was sitting below the of the NSW Treasury Corporation benchmark of 60% or greater. In our view the benchmark is unjustified for a rural council, which ordinarily receives a high proportion of its recurrent funding from the revenue sharing grant (FAG) and from specific grants and contributions for the maintenance and renewal of its extensive road network.

An increase of \$833k in the Roads to Recovery Grant for 2016 contributed to the decline in this ratio from the prior year

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. The unrestricted current ratio is calculated as current assets less all external restrictions, divided by current liabilities less specific purpose liabilities.

This ratio indicates that the former Council had \$3.81 (excluding externally restricted funds such as unspent grant funds) available to service every \$1.00 of debt as it falls due, at the end of the period. This clearly demonstrate the former Council's ability to satisfy its short term obligations.

4.4 Debt Service Ratio

The debt service cost ratio, which is a measure of the availability of operating cash to service the debt, is 18.96 for 2016. The benchmark set for the ratio is 2 or greater.

The ratio has increased markedly from the prior year. The debt servicing costs were lower (being for the period to 12th May) while the operating result included rate and FAG grant income for a full year. The external loan debt servicing costs of the consolidated fund for 2016 were \$111k (2015 \$150k).

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

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

This ratio indicates the percentage of Rates and Annual Charges outstanding at the end of the financial period. Because the 2016 reporting period ended before the due date for the fourth installment of rates, this ratio shows as 20.14% compared to 8.79% at 30th June 2015.

4.6 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months Council could have continued to pay its immediate expenses without additional cash inflow.

As indicated by the ratio of 14.21 months, the former Council's ability to continue paying for its immediate expenses without additional cash inflow was sufficient and significantly exceeded the NSW Treasury Corporation benchmark of 3.00.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 12 May 2016 which indicates how the former Council performed at a fund level, including the general fund (excluding its water and sewer operations).

Indicators	Water	Sewer	General
Operating performance ratio	-0.48%	-6.82%	9.71%
Own source operating revenue	98.80%	98.11%	39.73%
Unrestricted current ratio	Infinite (no liabilities)	Infinite (no liabilities)	3.81x
Debt service cover ratio	0.00	0.00	17.73x
Rates, Annual Charges, Interest and extra charges outstanding %	15.26%	16.45%	20.63%
Cash expense cover ratio	10.74 months	120.13 months	10.08 months

5 Specific Balance Sheet Items

5.1 Receivables

The total current receivables at 12 May 2016, net of allowance for impairment were \$1,449k (2015: \$804k).

This balance includes amounts due from other levels of government of \$655k (2015: \$375k) and rates and annual charges of \$477k (2015: \$189k). The amount due from other levels of government includes the final instalment of the Financial Assistance Grant of \$294k. The percentage of rates and annual charges outstanding is referred to in Section 4.5 of this report.

The allowance for impairment at 12 May 2016 was \$12k (2015: \$12k). An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient.

5.2 Capital Expenditure

During the reporting period the former Council spent \$3,794k (2015: \$5,898k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure (including both new assets and asset renewals) were as follows:

	2016 \$'000	2015 \$'000
Capital work in progress	898	115
Land & improvements	2	26
Buildings & other structures	72	130
Plant and equipment	891	1,041
Office equipment and furnishings	20	23
Roads, bridges and footpaths	1,875	1,529
Stormwater drainage	-	-
Water supply network	3	7
Sewerage network	27	-
Other	6	27
	3,794	2,898

5.3 Fair Value of Infrastructure Assets

The former Council was required to complete progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2012: Water and sewer networks;

2013: Operational land, and buildings;

2014: Land under roads (if applicable);

2015: Roads, bridges, footpaths, drainage and bulk earthworks; and

2016: Community land, land improvements, other structures and other assets.

The former Council revalued its community land, land improvements, other structures and other assets in 2013 and therefore it was not required to revalue them in 2016. In accordance with the requirements of the code of Accounting Practice, Council's water supply network assets and sewerage network assets were indexed upward in accordance with the latest indices provided by the NSW Office of Water.

The revaluations in 2016 resulted in the following adjustments to Council's assets:

Asset Category	Revaluation Amount Increase/(Decrease) \$'000
Water supply network	63
Sewerage network	64
Total asset revaluation reserve movement	127

The former Council elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 116 *Property, Plant & Equipment*.

As at 12 May 2016 all of the former Council's infrastructure, property, plant and equipment was held at fair value with the exception of capital WIP which was held at cost.

5.4 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 12 May 2016 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018;
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018;
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018;
- AASB 124 *Related Party Disclosure* (amended), effective 1 July 2016; and
- AASB 16 *Leases*, effective 1 January 2019.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

6.1 Independence

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

6.2 Assistance Provided

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

6.3 Reliance on the Report

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



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The former Jerilderie Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period 1 July 2015 to 12 May 2016

**To provide sound infrastructure, services
and management fundamental to the
wellbeing of the community**



The former Jerilderie Shire Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
3. Notes to the Special Purpose Financial Statements	7
4. Auditor's Report	

Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

The former Jerilderie Shire Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the period, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Murrumbidgee Council made on 24 November 2016.



Austin Evans
Administrator



Craig Moffitt
Interim General Manager



Vicki Sutton
Responsible Accounting Officer

The former Jerilderie Shire Council

Income Statement of Council's Water Supply Business Activity

for the period 1 July 2015 to 12 May 2016

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations		
Access charges	268	291
User charges	125	125
Fees	1	2
Interest	17	41
Grants and contributions provided for non-capital purposes	5	5
Profit from the sale of assets	–	–
Other income	–	–
Total income from continuing operations	416	464
Expenses from continuing operations		
Employee benefits and on-costs	87	95
Borrowing costs	–	–
Materials and contracts	166	216
Depreciation and impairment	103	127
Water purchase charges	14	6
Loss on sale of assets	–	4
Debt guarantee fee (if applicable)	–	–
Other expenses	48	72
Total expenses from continuing operations	418	520
Surplus (deficit) from continuing operations before capital amounts ¹	(2)	(56)
Grants and contributions provided for capital purposes	–	15
Surplus (deficit) from continuing operations after capital amounts	(2)	(41)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(2)	(41)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(2)	(41)
Plus opening retained profits	1,904	1,945
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	1,902	1,904
Return on capital %	0.0%	-1.6%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(2)	(41)
Less: capital grants and contributions (excluding developer contributions)	–	(15)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

The former Jerilderie Shire Council

Income Statement of Council's Sewerage Business Activity

for the period 1 July 2015 to 12 May 2016

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations		
Access charges	193	221
User charges	10	12
Liquid trade waste charges	-	-
Fees	1	-
Interest	55	68
Grants and contributions provided for non-capital purposes	5	5
Profit from the sale of assets	-	-
Other income	-	1
Total income from continuing operations	264	307
Expenses from continuing operations		
Employee benefits and on-costs	58	63
Borrowing costs	-	-
Materials and contracts	111	104
Depreciation and impairment	90	102
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	23	30
Total expenses from continuing operations	282	299
Surplus (deficit) from continuing operations before capital amounts ¹	(18)	8
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from continuing operations after capital amounts	(18)	8
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	(18)	8
Less: corporate taxation equivalent (30%) [based on result before capital]	-	(2)
SURPLUS (DEFICIT) AFTER TAX	(18)	6
Plus opening retained profits	3,026	3,018
Plus/less: prior period adjustments	-	-
Plus adjustments for amounts unpaid:		
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	2
Less:		
- Tax equivalent dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	3,008	3,026
Return on capital %	-0.5%	0.2%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	(18)	6
Less: capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	-	6
Potential dividend calculated from surplus	-	3

The former Jerilderie Shire Council

Statement of Financial Position – Council's Water Supply Business Activity

as at 12 May 2016

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	282	929
Investments	–	–
Receivables	98	105
Inventories	27	22
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	407	1,056
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	4,300	3,590
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	210	210
Other	–	–
Total non-current assets	4,510	3,800
TOTAL ASSETS	4,917	4,856
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	4,917	4,856
EQUITY		
Retained earnings	1,902	1,904
Revaluation reserves	3,015	2,952
Council equity interest	4,917	4,856
Non-controlling equity interest	–	–
TOTAL EQUITY	4,917	4,856

The former Jerilderie Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 12 May 2016

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	1,922	1,955
Investments	–	–
Receivables	38	40
Inventories	2	–
Other	53	53
Non-current assets classified as held for sale		–
Total Current Assets	2,015	2,048
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	3,742	3,616
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	226	273
Total non-current assets	3,968	3,889
TOTAL ASSETS	5,983	5,937
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	5,983	5,937
EQUITY		
Retained earnings	3,008	3,026
Revaluation reserves	2,975	2,911
Council equity interest	5,983	5,937
Non-controlling equity interest	–	–
TOTAL EQUITY	5,983	5,937

The former Jerilderie Shire Council

Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	11
3	Sewerage Business Best-Practice Management disclosure requirements	13

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies

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

These financial statements have been prepared for the period 1 July 2015 – 12 May 2016, comparatives are for the year ended 30 June 2015.

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

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

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

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

The framework for its application is set out in the June 1996 government policy statement, *Application of National Competition Policy to Local Government*.

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

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

Declared business activities

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

Category 1

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

None

Category 2

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

a. Jerilderie Shire Council Water Supply

Comprising the whole of the dual water supply operations and net assets servicing the township of Jerilderie.

b. Jerilderie Shire Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the township of Jerilderie.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$482,000 of combined land values attracts 0%. For that valued from \$482,001 to \$2,947,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of 2.0% applies.

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

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

The payment of taxation equivalent charges, referred in the Best-Practice Management of Water Supply and Sewerage Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

An income tax equivalent has been applied on the profits of each reported business activity.

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 12 May

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.31% at 12/5/16.

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

(iv) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 12 May 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

12/5/16

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	1,563
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	15,630
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(100,000)

2016 Surplus	(2,000)	2015 Surplus	(56,000)	2014 Surplus	(42,000)
		2015 Dividend	-	2014 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	NO
	– Complying charges [item 2 (b) in table 1]	NO
	– DSP with commercial developer charges [item 2 (e) in table 1]	NO
	– If dual water supplies, complying charges [item 2 (g) in table 1]	NO
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	NO
	b. Complete and implement integrated water cycle management strategy	NO

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	402
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	29.45%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	3,436
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	278
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	750
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.60%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

12/5/16

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i) Calculated tax equivalents	-
(ii) Number of assessments multiplied by \$3/assessment	1,359
(iii) Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) Number of assessments x (\$30 less tax equivalent charges per assessment)	13,590
(iii) Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	5,600

2016 Surplus	(18,000)	2015 Surplus	5,600	2014 Surplus	18,000
		2015 Dividend	-	2014 Dividend	

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i) Completion of strategic business plan (including financial plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	NO
Complying charges (a) Residential [item 2 (c) in table 1]	NO
(b) Non-residential [item 2 (c) in table 1]	NO
(c) Trade waste [item 2 (d) in table 1]	NO
DSP with commercial developer charges [item 2 (e) in table 1]	NO
Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii) Complete performance reporting form (by 15 September each year)	YES
(iv) a. Integrated water cycle management evaluation	NO
b. Complete and implement integrated water cycle management strategy	NO

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	213
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	3,479
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	161
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	151
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-1.07%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

National Water Initiative (NWI) financial performance indicators Water and sewer (combined)

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	615
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.63%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	901
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	-0.24%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

The former Jerilderie Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business

best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

12/5/16

National Water Initiative (NWI) financial performance indicators

Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-20.22%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): - 17 Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: - Interest expense (w4a + s4a) – interest income (w9 + s10)		-
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(18)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	10

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

The former Jerilderie Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

**To provide sound infrastructure, services
and management fundamental to the
wellbeing of the community**



The former Jerilderie Shire Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

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¹ Special Schedules are not audited.

Background

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

The former Jerilderie Shire Council

Special Schedule 1 – Net Cost of Services

for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	129	–	–	(129)
Administration	1,626	164	–	(1,462)
Public order and safety				
Fire service levy, fire protection, emergency services	181	136	66	21
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	11	1	–	(10)
Other	–	–	–	–
Total public order and safety	192	137	66	11
Health	77	11	–	(66)
Environment				
Noxious plants and insect/vermin control	–	21	–	21
Other environmental protection	13	13	–	–
Solid waste management	51	79	25	53
Street cleaning	14	–	–	(14)
Drainage	–	–	–	–
Stormwater management	28	10	–	(18)
Total environment	106	123	25	42
Community services and education				
Administration and education	9	5	–	(4)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	8	–	–	(8)
Children's services	2	1	–	(1)
Total community services and education	19	6	–	(13)
Housing and community amenities				
Public cemeteries	32	8	–	(24)
Public conveniences	42	–	–	(42)
Street lighting	28	31	–	3
Town planning	–	14	–	14
Other community amenities	35	12	–	(23)
Total housing and community amenities	137	65	–	(72)
Water supplies	353	389	–	36
Sewerage services	232	242	–	10

The former Jerilderie Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	141	5	12	(124)
Museums	33	16	–	(17)
Art galleries	–	–	–	–
Community centres and halls	70	9	3	(58)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	13	–	–	(13)
Sporting grounds and venues	95	3	–	(92)
Swimming pools	80	12	–	(68)
Parks and gardens (lakes)	121	–	–	(121)
Other sport and recreation	29	5	–	(24)
Total recreation and culture	582	50	15	(517)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	–	10	–	10
Other mining, manufacturing and construction	9	28	–	19
Total mining, manufacturing and construction	9	38	–	29
Transport and communication				
Urban roads (UR) – local	259	–	–	(259)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	756	–	1,282	526
Sealed rural roads (SRR) – regional	536	669	125	258
Unsealed rural roads (URR) – local	499	–	–	(499)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	63	–	–	(63)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	52	–	63	11
Aerodromes	20	–	–	(20)
Other transport and communication	529	475	–	(54)
Total transport and communication	2,714	1,144	1,470	(100)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	267	293	–	26
Total economic affairs	267	293	–	26
Totals – functions	6,443	2,662	1,576	(2,205)
General purpose revenues ⁽¹⁾		4,294		4,294
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	6,443	6,956	1,576	2,089

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As per the Income Statement

The former Jerilderie Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the period 1 July 2015 to 12 May 2016

Classification of debt	Principal outstanding at beginning of the period		New loans raised during the period	Debt redemption during the period		Transfers to sinking funds	Interest applicable for period	Principal outstanding at the end of the period		
	Current	Non-current		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)										
Commonwealth government	-	-	-	-	-	-	-	-	-	
Treasury corporation	-	-	-	-	-	-	-	-	-	
Other state government	-	-	-	-	-	-	-	-	-	
Public subscription	114	394	508	84	-	-	27	153	271	
Financial institutions	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Total loans	114	394	508	84	-	-	27	153	271	
Other long term debt										
Ratepayers advances	-	-	-	-	-	-	-	-	-	
Government advances	-	-	-	-	-	-	-	-	-	
Finance leases	-	-	-	-	-	-	-	-	-	
Deferred payments	-	-	-	-	-	-	-	-	-	
Total long term debt	-	-	-	-	-	-	-	-	-	
Total debt	114	394	508	84	-	-	27	153	271	

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.
This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which is reported in the GPFS).

The former Jerilderie Shire Council

Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the Local Government Act 1993] for the period 1 July 2015 to 12 May 2016

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the period (principal and interest)	Principal outstanding at end of period
General	535	54	279
Water			
Sewer			
Domestic waste management			
Gas			
Other			
Totals	535	54	279

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised (princ. and int.)	Total repaid during period outstanding at end of period	Principal outstanding at end of period
GF - Library Construction	Sewer Fund	11/09/08	31/03/09	10	31/03/19	Variable	285	27	82
GF - Real Estate Dvlpment	Sewer Fund	04/09/13	01/04/14	10	01/04/24	Variable	250	27	197
Totals							535	54	279

The former Jerilderie Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	37	45
b. Engineering and supervision	25	41
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	2	1
d. Maintenance expenses	33	60
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	6	4
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	30	48
i. Maintenance expenses	28	27
– Treatment		
j. Operation expenses (excluding chemical costs)	1	1
k. Chemical costs	21	16
l. Maintenance expenses	76	103
– Other		
m. Operation expenses	3	3
n. Maintenance expenses	2	7
o. Purchase of water	14	6
3. Depreciation expenses		
a. System assets	99	125
b. Plant and equipment	4	2
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	37	27
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	418	516

The former Jerilderie Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges		
a. Access (including rates)	194	208
b. Usage charges	81	66
7. Non-residential charges		
a. Access (including rates)	74	83
b. Usage charges	44	59
8. Extra charges	3	4
9. Interest income	14	37
10. Other income	1	2
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	15
b. Grants for pensioner rebates	5	5
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	<u>416</u>	<u>479</u>
14. Gain (or loss) on disposal of assets	–	(4)
15. Operating result	<u>(2)</u>	<u>(41)</u>
15a. Operating result (less grants for acquisition of assets)	(2)	(56)

The former Jerilderie Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	652	36
b. New assets for growth	80	–
c. Renewals	18	9
d. Plant and equipment	–	61
17. Repayment of debt	–	–
18. Totals	750	106
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	365	364
b. Residential (unoccupied, ie. vacant lot)	27	26
c. Non-residential (occupied)	99	99
d. Non-residential (unoccupied, ie. vacant lot)	30	30
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 10	\$ 10

The former Jerilderie Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	282	–	282
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	42	–	42
c. User charges	56	–	56
d. Other	–	–	–
27. Inventories	27	–	27
28. Property, plant and equipment			
a. System assets	–	4,242	4,242
b. Plant and equipment	–	58	58
29. Other assets	–	210	210
30. Total assets	<u>407</u>	<u>4,510</u>	<u>4,917</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	–	–	–
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>
36. NET ASSETS COMMITTED	<u>407</u>	<u>4,510</u>	<u>4,917</u>
EQUITY			
37. Accumulated surplus			1,902
38. Asset revaluation reserve			3,015
39. TOTAL EQUITY			<u>4,917</u>
Note to system assets:			
40. Current replacement cost of system assets			8,748
41. Accumulated current cost depreciation of system assets			(5,312)
42. Written down current cost of system assets			<u>3,436</u>

The former Jerilderie Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	18	22
b. Engineering and supervision	30	20
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	7	7
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	4	8
e. Maintenance expenses	35	34
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	–	–
h. Energy costs	5	6
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	58	79
– Other		
l. Operation expenses	4	4
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	87	98
b. Plant and equipment	3	4
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	31	17
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	282	299

The former Jerilderie Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges (including rates)	142	158
7. Non-residential charges		
a. Access (including rates)	53	63
b. Usage charges	10	12
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	1	–
9. Extra charges	2	3
10. Interest income	53	65
11. Other income	–	1
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	5	5
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>266</u>	<u>307</u>
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	<u>(16)</u>	<u>8</u>
16a. Operating result (less grants for acquisition of assets)	(16)	8

The former Jerilderie Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	84	12
c. Renewals	67	–
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	151	12
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	334	333
b. Residential (unoccupied, ie. vacant lot)	14	13
c. Non-residential (occupied)	95	95
d. Non-residential (unoccupied, ie. vacant lot)	10	10
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 10	\$ 10

The former Jerilderie Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	1,922	–	1,922
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	33	–	33
c. User charges	5	–	5
d. Other	–	–	–
28. Inventories	2	–	2
29. Property, plant and equipment			
a. System assets	–	3,685	3,685
b. Plant and equipment	–	57	57
30. Other assets	53	226	279
31. Total assets	<u>2,015</u>	<u>3,968</u>	<u>5,983</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>
37. NET ASSETS COMMITTED	<u>2,015</u>	<u>3,968</u>	<u>5,983</u>
EQUITY			
38. Accumulated surplus			3,008
39. Asset revaluation reserve			2,975
40. TOTAL EQUITY			<u>5,983</u>
Note to system assets:			
41. Current replacement cost of system assets			7,741
42. Accumulated current cost depreciation of system assets			(4,262)
43. Written down current cost of system assets			<u>3,479</u>

The former Jerilderie Shire Council

Notes to Special Schedules 3 and 5 for the period 1 July 2015 to 12 May 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

Notes:

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

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

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016
as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost											
								1	2	3	4	5							
Buildings	Buildings																		
	Buildings – non-specialised			87	105	2,055	2,452	40%	48%	12%									0%
	Buildings – specialised			25	15	15,685	19,983	5%	73%	21%	1%								0%
	Sub-total		-	-	112	120	17,740	22,435	8.8%	70.3%	20.0%	0.9%	0.0%						0.0%
Other	Other structures					45	55		100%										0%
	Sub-total		-	-	-	45	55	0.0%	100.0%	0.0%	0.0%	0.0%							0.0%
Roads	Sealed roads			672	498	80,636	98,032	4%	94%	2%									0%
	Unsealed roads			276	246	3,572	4,804	4%	76%	20%									0%
	Bridges			13		2,482	5,783			100%									0%
	Footpaths			5	28	1,467	1,734	18%	49%	33%									0%
	Other road assets					233	370		100%										0%
	Bulk earthworks					49,724	49,724	2%	90%	8%									0%
	Kerb & Gutter			5	5	1,590	2,478			100%									0%
	Sub-total		-	-	971	777	139,704	162,925	3.3%	87.0%	9.7%	0.0%	0.0%						0.0%

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)
as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost													
								1	2	3	4	5									
Water supply network	Water supply network																				
	Mains			71	36	1,874	4,269				100%										0%
	Reservoirs			3	6	957	2,572				67%		33%								0%
	Pumping Stations			15	29	16	196					100%									0%
	Treatment Works			18	16	589	1,711					100%									0%
	Sub-total	-	-	107	87	3,436	8,748				0.0%	0.0%	90.3%	9.7%	0.0%					0.0%	
Sewerage network	Sewerage network																				
	Mains			9	6	1,334	3,597														0%
	Treatment Works			91	57	687	1,711														0%
	Pumping Stations			31	35	1,248	2,084														0%
	Settling Ponds					210	349														0%
	Sub-total	-	-	131	98	3,479	7,741				0.0%	0.0%	100.0%	0.0%	0.0%					0.0%	

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)
as at 12 May 2016

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost							
								1	2	3	4	5			
Stormwater drainage	Stormwater drainage														
	Headwalls					630	2,088				100%				0%
	Inlet & Junction Pits					55	64				100%				0%
	Conduits					194	439				100%				0%
	Sub-total					879	2,591				100.0%	0.0%	0.0%	0.0%	0.0%
Open space/recreational	Swimming pools	960		25	46	161	1,128						100%		0%
	Open Space/Recreation			141	93	433	1,056				100%				0%
	Sub-total	960		166	139	594	2,184			0.0%	0.0%	48.4%	51.6%	0.0%	

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)
as at 12 May 2016

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	TOTAL – ALL ASSETS	960	–	1,487	1,221	165,877	206,679	3.6%	76.2%	19.1%	1.1%	0.0%

\$'000

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Infrastructure asset performance indicators *				
consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>1,523</u>	87.93%	68.45%	73.00%
Depreciation, amortisation and impairment	<u>1,732</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>960</u>	0.83%	1.30%	3.00%
Carrying value of infrastructure assets	<u>116,153</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>1,221</u>	0.82	1.14	1.60
Required asset maintenance	<u>1,487</u>			

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

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

The former Jerilderie Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁽¹⁾ 12/5/16
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	0.00%	31.03%	96.77%
Depreciation, amortisation and impairment			
	prior period: 7.00%	0.00%	75.97%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	0.00%	0.00%	0.88%
Carrying value of infrastructure assets			
	prior period: 0.00%	0.00%	1.38%
3. Asset maintenance ratio			
Actual asset maintenance	0.81	0.75	0.83
Required asset maintenance			
	prior period: 1.84	0.95	1.09

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.