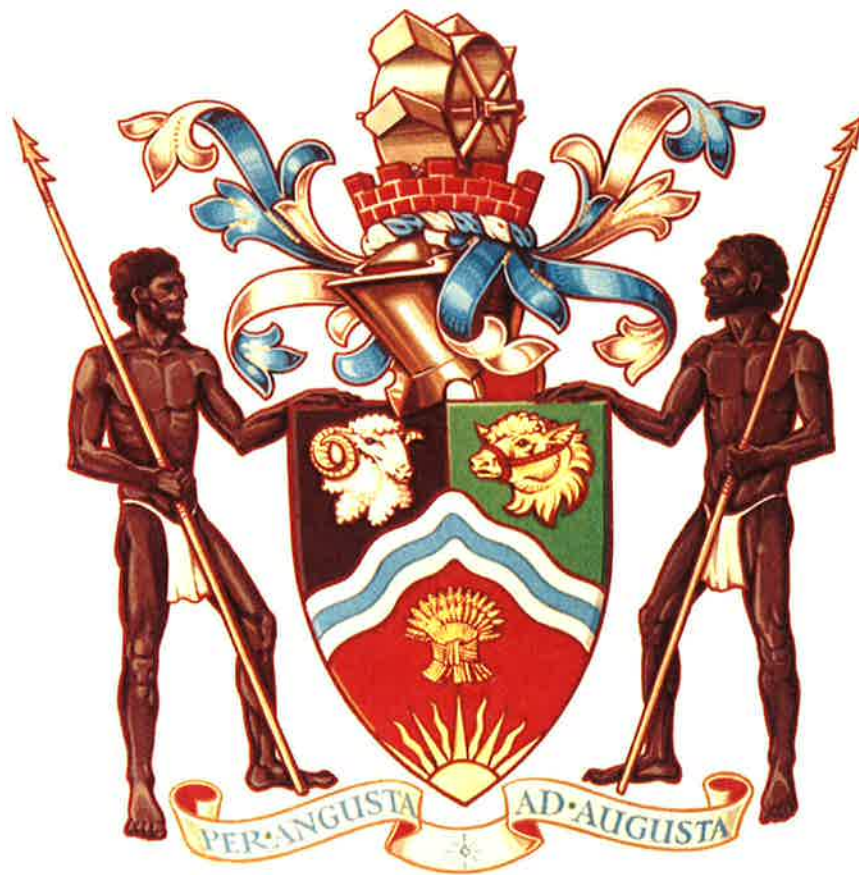


# ***Jerilderie Shire Council***



## **FINANCIAL REPORTS**

For the year ended 30 June

**2012**



# JERILDERIE SHIRE COUNCIL

## General Purpose Financial Reports for the year ended 30th June 2012

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# JERILDERIE SHIRE COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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

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

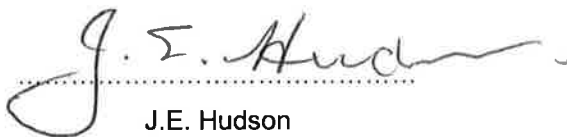
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Local Government Code of Accounting Practice and Financial Reporting
- The Australian Accounting Standards and professional pronouncements

To the best of our knowledge and belief, these reports

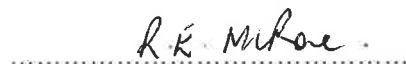
- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 25th September 2012



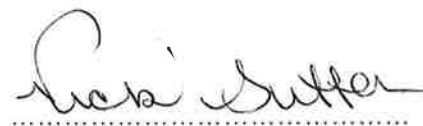
J.E. Hudson  
COUNCILLOR



R.E. McRae  
COUNCILLOR



C.C. Moffitt  
GENERAL MANAGER



V.H. Sutton  
RESPONSIBLE ACCOUNTING OFFICER

# JERILDERIE SHIRE COUNCIL

## INCOME STATEMENT for the year ended 30th June 2012

Budget 2012 \$'000		Notes	Actual 2012 \$'000	Actual 2011 \$'000
	<b>INCOME</b>			
	<i>Revenue:</i>			
2,087	Rates & Annual Charges	3	2,029	1,968
2,173	User Charges & Fees	3	1,731	2,215
252	Investment Revenues	3	343	296
141	Other Revenues	3	184	185
3,354	Grants & Contributions - Operating	3	3,831	3,123
1,188	Grants & Contributions - Capital	3	804	489
	<i>Other Income:</i>			
23	Profit from Disposal of Assets	5	-	24
<u>9,218</u>	<b>Total Income from Continuing Operations</b>		<u>8,922</u>	<u>8,300</u>
	<b>EXPENSES</b>			
3,084	Employee Benefits and oncosts	4	3,060	2,852
2,998	Materials & Contracts	4	1,923	2,180
105	Borrowing Costs	4	130	105
3,107	Depreciation & Amortisation	4	2,898	2,866
	Impairment	4	-	-
691	Other Expenses	4	719	632
23	Loss from Disposal of Assets	5	407	
	Loss from interests in Joint Ventures & Associates	19	-	-
<u>10,008</u>	<b>Total expenses from continuing operations</b>		<u>9,137</u>	<u>8,635</u>
(790)	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>(215)</b>	<b>(335)</b>
	Operating result from discontinued operations	24		
<u>(790)</u>	<b>NET OPERATING RESULT FOR YEAR</b>		<u><b>(215)</b></u>	<u><b>(335)</b></u>
	Attributable to:			
(790)	JERILDERIE SHIRE COUNCIL		(215)	(335)
<u>(790)</u>	Minority Interests	19	<u>(215)</u>	<u>(335)</u>
<u>(1,978)</u>	<b>Net operating result before capital grants and contributions</b>		<u><b>(1,019)</b></u>	<u><b>(824)</b></u>

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

## JERILDERIE SHIRE COUNCIL

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Net operating result for year</b>		<b>(215)</b>	<b>(335)</b>
from Income Statement			
<b>Other comprehensive income</b>			
Revaluation of infrastructure, property, plant & equipment		(43)	542
Revaluation of available-for-sale investments		-	32
Realised available-for-sale investments gains recognised in revenue		-	-
Share of other comprehensive income - joint ventures & associates		-	-
Impairment (expense) / recoupments offset to asset revaluation reserve		-	(168)
Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & Land under roads recognised (de-recognised)		-	-
Adjustment to correct prior period depreciation errors		-	-
<b>Total other comprehensive income</b>		<u>(43)</u>	<u>406</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(258)</u>	<u>71</u>
Attributable to:			
JERILDERIE SHIRE COUNCIL		(258)	71
Minority Interests	19	<u>\$ (258)</u>	<u>\$ 71</u>

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

# JERILDERIE SHIRE COUNCIL

## BALANCE SHEET as at 30th June 2012

	Notes	2012 \$'000	2011 \$'000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	6	2,498	1,689
Investments	6	4,055	3,779
Receivables	7	1,034	1,566
Inventories	8	301	280
Other	8	170	141
<b>TOTAL CURRENT ASSETS</b>		<b>8,058</b>	<b>7,455</b>
<b>NON-CURRENT ASSETS</b>			
Infrastructure, Property, Plant & Equipment	9	88,698	89,425
Intangible Assets	25	31	58
Other	8	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>88,729</b>	<b>89,483</b>
<b>TOTAL ASSETS</b>		<b>96,787</b>	<b>96,938</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	470	471
Borrowings	10	122	113
Provisions	10	1,744	1,554
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,336</b>	<b>2,138</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	743	865
Provisions	10	107	76
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>850</b>	<b>941</b>
<b>TOTAL LIABILITIES</b>		<b>3,186</b>	<b>3,079</b>
<b>NET ASSETS</b>		<b>\$ 93,601</b>	<b>93,859</b>
<b>EQUITY</b>			
Accumulated Surplus	20	42,450	42,665
Revaluation Reserves	20	51,151	51,194
<b>Council Equity Interest</b>		<b>93,601</b>	<b>93,859</b>
Minority Equity Interest	19	-	-
<b>TOTAL EQUITY</b>		<b>\$ 93,601</b>	<b>93,859</b>

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

# JERILDERIE SHIRE COUNCIL

## STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2012

2012	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	Note \$'000					
Balance at end of previous reporting period	42,665	51,168	26	93,859	-	93,859
Effect of correction of errors in previous years on retained earnings	-			-		-
Effect of accounting policy changes on retained	-			-		-
Change in associated entities recognised	-			-		-
Restated opening balance	42,665	51,168	26	93,859	-	93,859
<b>Net Operating Result for the year</b>	<b>(215)</b>			<b>(215)</b>	<b>-</b>	<b>(215)</b>
<b>Other comprehensive income</b>						
Revaluation of infrastructure, property, plant & Revaluation of available-for-sale investments		(43)		(43)	-	(43)
Realised available-for-sale investments gains recognised in revenue			-	-		-
Share of other comprehensive income - joint ventures & associates			-	-		-
Impairment (expense) / recoupments offset to asset revaluation reserve			-	-		-
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment			-	-		-
Land under roads recognised (de-recognised)			-	-		-
Adjustment to correct prior period depreciation errors			-	-		-
<b>Total other comprehensive income</b>		<b>(43)</b>		<b>(43)</b>	<b>-</b>	<b>(43)</b>
<b>Balance at end of the reporting period</b>	<b>42,450</b>	<b>51,125</b>	<b>26</b>	<b>93,601</b>	<b>-</b>	<b>93,601</b>

2011	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	Note \$'000					
Balance at end of previous reporting period	43,000	50,518	(6)	93,512		93,512
Effect of correction of errors in previous years revaluations	-	276		276		276
Effect of accounting policy changes on retained	-			-		-
Change in associated entities recognised	-			-		-
Restated opening balance	43,000	50,794	(6)	93,788	-	93,788
<b>Net Operating Result for the year</b>	<b>(335)</b>			<b>(335)</b>	<b>-</b>	<b>(335)</b>
<b>Other comprehensive income</b>						
Revaluation of infrastructure, property, plant & Revaluation of available-for-sale investments		542		542	-	542
Realised available-for-sale investments gains recognised in revenue			32	32		32
Share of other comprehensive income - joint ventures & associates			-	-		-
Impairment (expense) / recoupments offset to asset revaluation reserve		(168)		(168)		(168)
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment			-	-		-
Land under roads recognised (de-recognised)			-	-		-
Adjustment to correct prior period depreciation errors			-	-		-
<b>Total other comprehensive income</b>		<b>374</b>	<b>32</b>	<b>406</b>	<b>-</b>	<b>406</b>
<b>Balance at end of the reporting period</b>	<b>42,665</b>	<b>51,168</b>	<b>26</b>	<b>93,859</b>	<b>-</b>	<b>93,859</b>

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



# JERILDERIE SHIRE COUNCIL

## CASH FLOW STATEMENT for the year ended 30th June 2012

Budget 2012 \$'000		Notes	Actual 2012 \$'000	Actual 2011 \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<u>Receipts</u>			
2,087	Rates & Annual Charges		1,995	1,939
2,173	User Charges & Fees		1,880	2,431
252	Investment Income		324	287
4,542	Grants & Contributions		5,345	3,055
	Deposits and retentions received		-	
141	Other operating receipts		31	124
	<u>Payments</u>			
(3,084)	Employee Benefits and oncosts		(2,830)	(2,757)
(2,998)	Materials & Contracts		(2,204)	(2,144)
(105)	Borrowing Costs		(72)	(55)
	Deposits and retentions refunded		(2)	
(691)	Other operating payments		(642)	(735)
<u>2,317</u>	<b>Net Cash provided by (or used in) Operating Activities</b>	11	<u>3,825</u>	<u>2,145</u>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	<u>Receipts</u>			
739	Proceeds from sale of Infrastructure, Property, Plant & Equipment		462	203
	Proceeds from sale of Investment Property			
	Proceeds from sale of Real Estate		144	
	Proceeds from sale of Investment Securities		3,781	
	Repayments from Deferred Debtors		-	5
	Contributions to joint ventures by minority interests	19	-	
	Distribution received from associated entities	19	-	
	<u>Payments</u>			
(2,891)	Purchase of Infrastructure, Property, Plant & Equipment		(3,126)	(1,900)
	Purchase of Investment Property			
	Purchase of Real Estate		(107)	(16)
	Purchase of Investment Securities		(4,057)	(2,138)
	Loans to Deferred Debtors		-	
	Distributions from joint ventures to minority interests	19	-	
	Capital contributed to associated entities	19	-	
<u>(2,152)</u>	<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(2,903)</u>	<u>(3,846)</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	<u>Receipts</u>			
128	Proceeds from Borrowings & Advances		-	295
	Proceeds from Retirement Home Contributions		-	
	<u>Payments</u>			
(170)	Repayments of Borrowings & Advances		(113)	(86)
	Repayment of Finance Lease Liabilities		-	
	Repayment of Retirement Home Contributions		-	
<u>(42)</u>	<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(113)</u>	<u>209</u>
<u>123</u>	<b>Net Increase (Decrease) in cash held</b>		<u>809</u>	<u>(1,492)</u>
1,689	Cash Assets at beginning of reporting period	11	1,689	3,181
	Change in associated entities recognised	1	-	-
<u>1,812</u>	<b>Cash Assets at end of reporting period</b>	11	<u>2,498</u>	<u>1,689</u>

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Introduction

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

Council has the following charter:

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

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

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation

##### 1.1 Historical Cost Convention

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

##### 1.2 Critical Accounting Estimates

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

**2. The Local Government Reporting Entity**

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

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

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

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

- Alf Hanna Legacy Units Committee
- Balmaringa Management Committee
- Central Coree Sports Complex Management Committee
- Yamma Recreation Reserve Management Committee
- Jerilderie & District Historical Society
- Jerilderie Shire Toy Library Committee
- Jerilderie Tidy Towns Committee

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

**2.1 The Trust Fund**

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

**3. Revenue recognition**

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

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

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

**5. Inventories**

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

**5.1 Real Estate Assets Developments**

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

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

**5.2 Other Real Estate held for resale**

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

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

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

**6.1 Transitional Provisions**

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

**6.2 Recognition**

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

Crown reserves, and improvements thereon, under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Council has title to, and is the registered owner of, 17 rural fire appliances and associated rural fire fighting equipment. Under section 119 of the Rural Fire Services Act 1997, all fire fighting equipment purchased or constructed wholly of 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. Until such time as discussions on this matter have concluded and the legislation changed, council will continue to account for these assets as in previous years. In accordance with normal Rural Fire Service funding arrangements, council continues to contribute to the costs of maintenance of this equipment.

**6.3 Materiality**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

**6.4 Valuation**

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

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

**6.5 Depreciation of Non-Current Assets**

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

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

**6.6 Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the *present value of future cash inflows* or *value in use*). Impairment losses for revalued assets are offset in the first instance against the amount standing to the credit of that class of assets in asset revaluation reserve.

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

**6.7 Borrowing Costs**

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

**7. Payables**

**7.1 Goods & Services**

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

**7.2 Payments Received in Advance & Deposits**

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

**8 Borrowings**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

**9. Employee Benefits**

**9.1 Salaries, Wages & Compensated Absences**

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

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

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

**9.2 Superannuation**

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

**Accumulation Fund Members**

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2011/12; 9% in 2010/11). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Defined Benefit Members**

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate during the reporting period was 1.9 times members' contributions (1.9 times members' contributions in 2010/11). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The Trustees have advised that, as a result of the global financial crisis, an unrealised deficiency of assets over liabilities exists at 30 June 2012 in relation to all Councils involved in the Fund. The Trustees have significantly increased contributions rates from 1 July 2009, and a contingent liability has been reported in Note 18 to reflect a possible requirement for immediate payment to the scheme to correct the deficiency.

**10. Construction Contracts**

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

**11. Joint Ventures and Associated Entities**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

**12. Leases**

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

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

**13. GST Implications**

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

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

**14. Budget Information**

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

**15. Rounding**

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

**16. Pending Accounting Standards & Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period.

- AASB 1 First-time Adoption of Australian Accounting Standards
- AASB 3 Business Combinations
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- AASB 9 Financial Instruments
- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110 Events after the Reporting Period
- AASB 118 Revenue
- AASB 119 Employee Benefits
- AASB 132 Financial Instruments: Presentation
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1031 Materiality
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]
- AASB 2010-5 Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]
- AASB 2010-6 Amendments to Australian Accounting Standards [AASBs 1 & 7]
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

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

- Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction  
(Standards not affecting local government have been excluded from the above list.)

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

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



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES															
Income from continuing operations	Expenses from continuing operations						Operating result from continuing operations				GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
	ACTUAL		ACTUAL		ACTUAL		ACTUAL		ACTUAL		2012		2011		
	ORIGINAL BUDGET	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
GOVERNANCE															
ADMINISTRATION	126	283	157	154	157	(157)	(157)	(157)	(157)	(157)	(157)	(157)	(157)	5,531	4,796
PUBLIC ORDER & SAFETY	129	170	1,354	1,507	2,262	(1,228)	(1,228)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	410	478
HEALTH	11	9	318	333	301	(189)	(189)	(211)	(211)	(211)	(211)	(211)	(211)	174	180
ENVIRONMENT	159	116	26	24	17	(15)	(15)	(8)	(8)	(8)	(8)	(8)	(8)	78	75
COMMUNITY SERVICES & EDUCATION	6	5	183	171	169	(24)	(24)	(53)	(53)	(53)	(53)	(53)	(53)	543	575
HOUSING & COMMUNITY AMENITIES	53	90	50	45	46	(44)	(44)	(41)	(41)	(41)	(41)	(41)	(41)	925	1,153
WATER SUPPLIES	416	363	139	139	167	(86)	(86)	(77)	(77)	(77)	(77)	(77)	(77)	4,742	5,137
SEWERAGE SERVICES	324	234	462	379	362	(46)	(46)	1	1	(52)	(52)	(52)	(52)	5,371	4,870
RECREATION & CULTURE	823	151	254	214	228	70	70	6	6	16	16	16	16	5,281	5,350
FUEL & ENERGY			786	760	752	37	37	(601)	(601)	(669)	(669)	(669)	(669)	70	
MINING, MANUFACTURING & CONSTRUCTION	37	118												155	162
TRANSPORT & COMMUNICATION	2,887	2,578	5,583	4,324	4,136	(2,696)	(2,696)	(1,558)	(1,558)	(1,413)	(1,413)	(1,413)	(1,413)	72,950	73,511
ECONOMIC AFFAIRS	726	491	666	560	484	60	60	7	7	(2)	(2)	(2)	(2)	627	651
<b>TOTALS - FUNCTIONS</b>	<b>5,697</b>	<b>4,608</b>	<b>10,008</b>	<b>8,635</b>	<b>9,137</b>	<b>(4,311)</b>	<b>(4,311)</b>	<b>(4,529)</b>	<b>(4,529)</b>	<b>(3,984)</b>	<b>(3,984)</b>	<b>(3,984)</b>	<b>(3,984)</b>	<b>96,787</b>	<b>96,938</b>
JOINT VENTURES & ASSOCIATES															
GENERAL PURPOSE REVENUES	3,521	4,314				3,521	3,521	4,314	4,314	3,649	3,649	3,649	3,649	1,935	
<b>TOTALS</b>	<b>9,218</b>	<b>8,922</b>	<b>10,008</b>	<b>8,300</b>	<b>9,137</b>	<b>(790)</b>	<b>(790)</b>	<b>(215)</b>	<b>(215)</b>	<b>(335)</b>	<b>(335)</b>	<b>(335)</b>	<b>(335)</b>	<b>96,787</b>	<b>96,938</b>

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

The activities relating to Council functions are as follows:

#### **Administration**

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs, costs not otherwise attributed to functions.

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

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

#### **Health**

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

#### **Environment**

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

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

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

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

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

#### **Water Supplies**

#### **Sewerage Services**

#### **Recreation & Culture**

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

#### **Fuel & Energy**

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

Building control, quarries & pits and other.

#### **Transport & Communication**

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

#### **Economic Affairs**

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 3 - INCOME

<b>RATES &amp; ANNUAL CHARGES</b>	<b>2012 \$'000</b>	<b>2011 \$'000</b>
<u>Ordinary Rates</u>		
Residential	76	68
Farmland	1,359	1,323
Business	42	40
	<u>1,477</u>	<u>1,431</u>
<u>Special Rates</u>		
Water Supplies	244	228
Sewerage Services	212	213
	<u>456</u>	<u>441</u>
<u>Annual Charges</u>		
Domestic Waste Management	43	43
Stormwater Management	10	10
Other Waste Management	43	43
	<u>96</u>	<u>96</u>
<b>Total Rates &amp; Annual Charges</b>	<u><b>2,029</b></u>	<u><b>1,968</b></u>
 <b>USER CHARGES &amp; FEES</b>		
<u>User Charges</u>		
Domestic Waste Management		
Water Supply	103	88
Sewerage Services	11	10
Other Waste Management	3	
	<u>117</u>	<u>98</u>
<u>Fees</u>		
Private Works	550	563
RTA Claims - State Roads	944	1,486
Building services - other	15	
Planning & Building - regulatory	23	12
Saleyard Fees	13	14
Swimming Pool	7	6
Cemeteries	23	18
Other	39	18
	<u>1,614</u>	<u>2,117</u>
<b>Total User Charges &amp; Fees</b>	<u><b>1,731</b></u>	<u><b>2,215</b></u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 3 - REVENUES (cont)

	2012 \$'000	2011 \$'000
<b>INVESTMENT REVENUES</b>		
Interest receivable		
- overdue rates & charges	25	17
- cash & investments	313	272
Dividends Received	5	6
Amortisation of discounts and premiums		1
<b>Gross Investment Revenues</b>	<b>343</b>	<b>296</b>
Less: Interest deducted from capitalised borrowing costs		
<b>Total Investment Revenues</b>	<b>343</b>	<b>296</b>

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

### OTHER REVENUES

Rental income - Investment Property		
- Other property	52	51
Insurance Rebates	18	22
Diesel Fuel Rebate	56	47
Miscellaneous sales	3	6
Other	55	59
<b>Total Other Revenues</b>	<b>184</b>	<b>185</b>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 3 - INCOME (cont)

	Notes	OPERATING		CAPITAL	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>GRANTS</b>					
General Purpose (Untied)					
Financial Assistance		1,486	1,439		
Individually significant item					
- additional Grants Commission payment	see below	1,020	489		
Pensioner Rates Subsidies (General)		7	7		
Specific Purpose					
Pensioner Rates Subsidies					
Water Supplies		6	6		
Sewerage Services		5	6		
Domestic Waste Management		5	5		
Street Lighting		21	20		
Roads & Bridges		213	513	568	215
Employment & Training Programs		2			
Heritage & Cultural Services		5	14	58	57
Noxious Weeds		22	20		
NSW Rural Fire Services					
Bushfire & Emergency Services		154	120		
Other		38	3		
<b>Total Grants &amp; Subsidies</b>		<b>2,984</b>	<b>2,642</b>	<b>626</b>	<b>272</b>
<b>Comprising:</b>					
- Commonwealth funding		2,530	2,221	452	213
- State funding		454	421	174	59
- Other funding					
		<b>2,984</b>	<b>2,642</b>	<b>626</b>	<b>272</b>
<b>Individually significant item</b>					
On 26 June 2011, Council received payment of the first quarter instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first <b>two</b> instalments of the 2012/13 grant. It is not known when the timing of these grant payments will return to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.		1,020	489	-	-
<b>CONTRIBUTIONS &amp; DONATIONS</b>					
RTA Contributions		743	481	110	216
Other		104		68	1
<b>Total Contributions &amp; Donations</b>		<b>847</b>	<b>481</b>	<b>178</b>	<b>217</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>3,831</b>	<b>3,123</b>	<b>804</b>	<b>489</b>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 3 - INCOME (cont)

#### CONDITIONS OVER GRANTS & CONTRIBUTIONS

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

	2012 \$'000		2011 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
<i>Unexpended at the close of the previous reporting period</i>	219	342	7	
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>				
<i>Section 94/64 Developer Contributions</i>				
<i>Roads Infrastructure</i>	177	342		
<i>Heritage &amp; Cultural Services</i>	28		2	
<i>Community Care Services</i>				
<i>Other</i>				
<i>Subtotal</i>	<u>205</u>	<u>342</u>	<u>2</u>	<u>0</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>				
<i>Section 94/64 Developer Contributions</i>				
<i>Roads Infrastructure</i>		10	176	342
<i>Heritage &amp; Cultural Services</i>	44		38	
<i>Community Care Services</i>				
<i>Other</i>	30			
<i>Subtotal</i>	<u>74</u>	<u>10</u>	<u>214</u>	<u>342</u>
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	<u>88</u>	<u>10</u>	<u>219</u>	<u>342</u>
<i>Net increase (decrease) in restricted assets in the current</i>	<u>-131</u>	<u>-332</u>	<u>212</u>	<u>342</u>

#### OPERATING LEASES providing revenue to the Council

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

#### Investment Property

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

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

	2012 \$'000	2011 \$'000
Not later than one year	—	—
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 4 - EXPENSES

	2012 \$'000	2011 \$'000
<b>EMPLOYEE BENEFITS AND ONCOSTS</b>		
Salaries and Wages	2,222	1,925
Travelling	83	86
Employee Leave Entitlements	569	533
Superannuation - defined contribution plan contributions	151	139
Superannuation - defined benefit plan contributions	206	205
Workers' Compensation Insurance	137	141
Fringe Benefits Tax	21	17
Payroll Tax		
Training Costs (excluding Salaries)	47	40
Other	4	6
Less: Capitalised and distributed costs	<u>(380)</u>	<u>(240)</u>
<b>Total Operating Employee Costs</b>	<u><b>3,060</b></u>	<u><b>2,852</b></u>
<b>Total Number of Employees</b>	<b>45</b>	<b>45</b>
<i>(Full time equivalent at end of reporting period)</i>		
<b>BORROWING COSTS</b>		
Interest on Loans	71	57
Unwinding of present value discounts & premiums	<u>59</u>	<u>48</u>
<b>Gross Interest Charges</b>	<u><b>130</b></u>	<u><b>105</b></u>
Less: Borrowing Costs capitalised		
<b>Total Interest Charges</b>	<u><b>130</b></u>	<u><b>105</b></u>
<b>MATERIALS &amp; CONTRACTS</b>		
Raw materials & consumables	1,806	2,066
Contractor and consultancy costs	81	76
Auditor's Remuneration		
- Audit Services	15	14
Legal Expenses		
- Planning & Development	4	
- Other Legal Expenses	3	10
Operating Leases		
- Other	<u>14</u>	<u>14</u>
<b>Total Materials &amp; Contracts</b>	<u><b>1,923</b></u>	<u><b>2,180</b></u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 4 - EXPENSES (cont)	2012 \$'000	2011 \$'000
<b>DEPRECIATION &amp; AMORTISATION</b>		
Plant and Equipment	509	521
Office Equipment	31	29
Furniture & Fittings	15	18
Land	-	
Land Improvements	79	77
Buildings - non-specialised	33	33
Buildings - specialised	351	351
Other Structures	1	1
Infrastructure		
- roads, bridges & footpaths	1,734	1,676
- bulk earthworks	-	
- stormwater drainage	39	39
- water supply network not elsewhere included	126	122
- sewerage network not elsewhere included	89	86
Other assets		
- library books	9	8
Future Reinstatement Costs		
- Quarries	3	4
Less: Capitalised and distributed costs	(121)	(99)
<b>Total Depreciation &amp; Amortisation</b>	<b>2,898</b>	<b>2,866</b>
<b>IMPAIRMENT</b>		
Infrastructure		
- roads, bridges & footpaths	-	168
- bulk earthworks	-	
- stormwater drainage	-	
- water supply network not elsewhere included	-	
- sewerage network not elsewhere included	-	
Less: Offset to Asset Revaluation Reserve		(168)
<b>Total Impairment</b>	<b>-</b>	<b>-</b>
<b>OTHER EXPENSES</b>		
Mayoral fee	22	21
Councillors' Fees & Allowances	70	67
Councillors' (incl. Mayor) Expenses	13	18
Insurances	183	167
Street Lighting	37	34
Light, Power & Heating	115	88
Telephone & Communications	32	32
Donations & Contributions to Local & Regional Bodies	66	23
Planning levy	1	
Waste levy		
Emergency services levy	10	12
Other levies	139	135
Advertising	12	15
Subscriptions & Publications	19	20
<b>Total Other Expenses</b>	<b>719</b>	<b>632</b>



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	2012 \$'000	2011 \$'000
<b>DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	155	
Less: Carrying amount of assets sold	193	
<b>Gain (Loss) on disposal</b>	<u>(38)</u>	<u>-</u>
<b>DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	314	203
Less: Carrying amount of assets sold	717	179
<b>Gain (Loss) on disposal</b>	<u>(403)</u>	<u>24</u>
<b>DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	144	
Less: Carrying amount of assets sold	82	
<b>Gain (Loss) on disposal</b>	<u>62</u>	<u>-</u>
<b>DISPOSAL OF INTANGIBLE ASSETS</b>		
Proceeds from disposal	-	
Less: Carrying amount of assets sold	28	
<b>Gain (Loss) on disposal</b>	<u>(28)</u>	<u>-</u>
<b>TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS</b>	<u>(407)</u>	<u>24</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2012		2011	
	Current	Non-Current	Current	Non-Current
<b>CASH ASSETS</b>				
Cash on Hand and at Bank	661		324	
Short Term Deposits & Bills, etc	1,837		1,365	
<b>Total Cash Assets</b>	<b>2,498</b>		<b>1,689</b>	

*Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.*

#### INVESTMENT SECURITIES

##### Summary

Held to maturity investments	3,968	-	3,692	-
Available for sale financial assets	87	-	87	-
<b>Total</b>	<b>4,055</b>	<b>-</b>	<b>3,779</b>	<b>-</b>

#### Financial assets at fair value through profit and loss - held for trading

At beginning of year	-	-		
Revaluation to Income Statement				
Additions				
Disposals				
Reclassifications				
Transfers Current/Non-current	-	-	-	-
At end of year	-	-	-	-
<b>Held for trading:</b>				
- Managed Funds				
- CDOs				
- FRNs				
- Equity linked notes	-	-	-	-

*Fair values for financial assets at fair value through profit or loss -held for trading are determined by quoted prices in active markets for identical investments.*

#### Held to Maturity Investments

At beginning of year	3,692	-	1,554	
Amortisation of discounts and premiums				
Additions	4,057		2,138	
Disposals	(3,781)			
Reclassifications				
Transfers Current/Non-current	-	-	-	-
At end of year	<b>3,968</b>	<b>-</b>	<b>3,692</b>	<b>-</b>

#### Comprising:

- Government Bonds				
- Term Deposits	3,968		3,692	
- Bank Bills				
- Other	-	-	-	-
	<b>3,968</b>	<b>-</b>	<b>3,692</b>	<b>-</b>

#### Available-for-sale Financial Assets

At beginning of year	87	-	55	
Additions				
Disposals				
Revaluation surplus transferred to equity			32	
Reclassifications				
Transfers Current/Non-current	-	-	-	-
At end of year	<b>87</b>	<b>-</b>	<b>87</b>	<b>-</b>

#### Comprising:

- NCDs				
- Term Deposits				
- Bank Bills				
- Other	87		87	
	<b>87</b>	<b>-</b>	<b>87</b>	<b>-</b>

*Fair values for available-for-sale financial instruments are determined by quoted prices in active markets for identical investments.*

*The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister for Local Government on 12 January 2011, and may broadly be described as "Trustee Securities". Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 4.75% and 6.25% (2011- 4.40% and 6.25%). For further information refer to Note 15 below.*

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

#### RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2012		2011	
	Current	Non-Current	Current	Non-Current
Cash & Cash Equivalent Assets	2,498		1,689	
Investment Securities	4,055	-	3,779	-
<b>TOTAL CASH &amp; INVESTMENT SECURITIES</b>	<b>6,553</b>	<b>-</b>	<b>5,468</b>	<b>-</b>
<b>External Restrictions</b>	<b>2,915</b>		<b>3,224</b>	
<b>Internal Restrictions</b>	<b>3,131</b>		<b>1,961</b>	
<b>Unrestricted</b>	<b>507</b>	<b>-</b>	<b>283</b>	<b>-</b>
	<b>6,553</b>	<b>-</b>	<b>5,468</b>	<b>-</b>

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

	Opening Balance 30 June 2011	Movements		Closing Balance 30 June 2012
		Transfers To Restriction	Transfers From Restriction	
Notes	\$'000	\$'000	\$'000	\$'000
<b>External Restrictions</b>				
<b>Included in liabilities</b>				
Unexpended Loans	186		186	
Other	8		1	7
	<b>194</b>	<b>-</b>	<b>187</b>	<b>7</b>
<b>Other</b>				
RTA Contributions	342	743	1,075	10
Unexpended Grants	219	526	656	89
Water Supply funds	919	116	-	1,035
Sewerage funds	1,505	209	-	1,714
Domestic Waste Management	45	15	-	60
	<b>3,030</b>	<b>1,609</b>	<b>1,731</b>	<b>2,908</b>
<b>Total External Restrictions</b>	<b>3,224</b>	<b>1,609</b>	<b>1,918</b>	<b>2,915</b>

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

#### **Internal Restrictions**

Employee Leave Entitlements	530	30	-	560
Infrastructure Replacement	143	200	-	343
Plant replacement	578	477	185	870
Carry-over works	221	90	83	228
FA Grant Advance Payment	489	1,020	489	1,020
Residential Housing		110	-	110
<b>Total Internal Restrictions</b>	<b>1,961</b>	<b>1,927</b>	<b>757</b>	<b>3,131</b>

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 7 - RECEIVABLES

	2012 \$'000		2011 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	232		198	
Interest & Extra Charges	37		23	
Accrued Revenues	31		31	
Other levels of Government	500		1,006	
Other	246		320	
<b>Total</b>	<b>1,046</b>	-	<b>1,578</b>	-
Less: Allowance for Doubtful Debts				
Other		12		12
	<b>1,034</b>	-	<b>1,566</b>	-

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

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 11.00% (2011: 11.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

**Deferred Debtors**

Loans made to local organisations do not bear interest. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

**Other levels of Government**

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

**Other Receivables**

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

**AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS**

1

48

**RESTRICTED RECEIVABLES**

Water Supply	105	-	86	
Sewerage Services	47	-	45	
<b>Total Restrictions</b>	<b>152</b>	<b>-</b>	<b>131</b>	<b>-</b>
Unrestricted Receivables	<b>882</b>	<b>-</b>	<b>1,435</b>	<b>-</b>
<b>Total Receivables</b>	<b>1,034</b>	<b>-</b>	<b>1,566</b>	<b>-</b>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 8 - INVENTORIES & OTHER ASSETS

	2012 \$'000		2011 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>INVENTORIES</b>				
Stores & Materials	169		171	
Real Estate Developments	132	-	109	
<b>Total Inventories</b>	<u>301</u>	<u>-</u>	<u>280</u>	<u>-</u>
<i>Inventories not expected to be realised within the next 12 months.</i>	63	-	63	-
<i>Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical</i>				
<b>OTHER ASSETS</b>				
Prepayments	159		132	
Other	11		9	
<b>Total Other Assets</b>	<u>170</u>	<u>-</u>	<u>141</u>	<u>-</u>
<b>Real Estate Developments</b>				
<i>(Valued at the lower of cost and net realisable value)</i>				
Residential	132		109	
<b>Total Real Estate for Resale</b>	<u>132</u>	<u>-</u>	<u>109</u>	<u>-</u>
<i>Represented by:</i>				
Acquisition Costs				
Development Costs	132		109	
	<u>132</u>	<u>-</u>	<u>109</u>	<u>-</u>
<i>Less: Allowance for Under-Recovery</i>				
<b>Total Real Estate for Resale</b>	<u>132</u>	<u>-</u>	<u>109</u>	<u>-</u>
<b>RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:</b>				
<b>Inventories</b>				
Water Supplies	19	-	26	
<b>Other Assets</b>				
Water Supplies	-	-		
	<u>19</u>	<u>-</u>	<u>26</u>	<u>-</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	CARRYING AMOUNT MOVEMENTS DURING YEAR												
	2011 \$'000					2012 \$'000							
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Remeasurement	Asset Disposals	Depreciation Impairment	Transfers , etc.	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN
Capital Work-in-progress	75	-	-	75	1	-	-	-	(17)	-	59	-	59
Plant & Equipment	-	7,475	(4,410)	3,065	632	(289)	(509)	-	-	-	7,528	(4,629)	2,899
Office Equipment	-	411	(263)	148	21	-	(31)	-	-	-	429	(291)	138
Furniture & Fittings	-	244	(113)	131	4	-	(15)	-	-	-	248	(128)	120
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	-	856	-	856	-	(46)	-	-	-	-	810	-	810
- Community Land	-	759	-	759	-	-	-	-	-	-	759	-	759
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-
- pre 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
- post 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non-depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	3,322	(2,068)	1,254	-	-	(79)	-	-	-	3,322	(2,147)	1,175
Buildings - non-specialised	-	1,408	(622)	786	1	(147)	(33)	13	-	-	1,176	(556)	620
Buildings - specialised	-	14,782	(8,221)	6,561	216	-	(351)	2	-	-	15,001	(8,573)	6,428
Other Structures	-	55	(4)	51	-	-	(1)	-	-	-	55	(5)	50
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
- Roads, bridges, footpaths	-	61,326	(22,272)	39,054	2,231	(425)	(1,734)	2	-	-	62,351	(23,223)	39,128
- Bulk earthworks (non-deprec.)	-	28,161	-	28,161	93	-	-	-	-	-	28,254	-	28,254
- Stormwater drainage	-	3,150	(1,978)	1,172	8	-	(39)	-	-	-	3,159	(2,018)	1,141
- Water Supply Network	-	8,203	(4,123)	4,080	31	(3)	(126)	-	(424)	-	8,023	(4,465)	3,558
- Sewerage Network	-	6,554	(3,318)	3,236	-	-	(89)	-	381	-	7,077	(3,549)	3,528
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	49	-	(30)	19	11	-	(9)	-	-	60	-	(39)	21
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Reinstatement Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tips	-	-	-	-	-	-	-	-	-	-	-	-	-
- Quarries	56	-	(39)	17	-	-	-	-	-	52	-	(42)	10
- Other remediation assets	-	-	-	-	-	(4)	-	-	-	-	-	-	-
<b>Totals</b>	<b>180</b>	<b>136,706</b>	<b>(47,461)</b>	<b>89,425</b>	<b>3,249</b>	<b>(910)</b>	<b>(3,019)</b>	<b>-</b>	<b>(43)</b>	<b>171</b>	<b>138,192</b>	<b>(49,665)</b>	<b>88,698</b>

Asset acquisitions were apportioned between:  
*Building & Infrastructure Renewals* 2,159  
*Building & Infrastructure New Assets* 328  
*Other Assets* 762

## JERILDERIE SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	2012 \$'000				2011 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
<b>Water Supply</b>								
Plant & Equipment		30	28	2		30	27	3
Office Equipment								
Furniture & Fittings								
Leased Plant & Equipment								
Land								
- Operational		14		14		14		14
- non depreciable land improv'ts								
Land Improvements - depreciable		15	7	8		15	6	9
Buildings								
Other Structures								
Water Supply Infrastructure		8,023	4,465	3,558		8,203	4,123	4,080
- Other								
<b>Total Water Supply</b>	-	8,082	4,500	3,582	-	8,262	4,156	4,106
<b>Sewerage Services</b>								
Plant & Equipment		23	14	9		23	13	10
Office Equipment								
Furniture & Fittings								
Leased Plant & Equipment								
Land								
- Operational		57		57		57		57
- non depreciable land improv'ts								
Land Improvements - depreciable		60	44	16		60	42	18
Buildings								
Other Structures								
Sewerage Infrastructure		7,077	3,549	3,528		6,554	3,318	3,236
- Roads, bridges, footpaths								
- Other								
<b>Total Sewerage Services</b>	-	7,217	3,607	3,610	-	6,694	3,373	3,321
<b>Domestic Waste Management</b>								
Plant & Equipment		4	1	3		3	1	2
Office Equipment								
Furniture & Fittings								
Leased Plant & Equipment								
Land								
- Operational		25		25		25		25
- non depreciable land improv'ts								
Land Improvements - depreciable		97	74	23		97	71	26
Buildings		16	7	9		16	6	10
Other Structures								
- Other								
<b>Total Domestic Waste</b>	-	142	82	60	-	141	78	63
<b>TOTAL RESTRICTIONS</b>	-	15,441	8,189	7,252	-	15,097	7,607	7,490

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

#### Valuation of Assets

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

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

Major depreciation periods are:

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

Asset capitalisation thresholds include:

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

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

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

##### **Land – Operational Land**

Land classified in accordance with Division 1, Part 2, Chapter 6 of the *Local Government Act* was revalued during the reporting period TO 30<sup>TH</sup> June 2008 in accordance with the requirements of the *Code of Accounting Practice*. The independent valuation, based on market value, was undertaken as at 30 June 2008 by Mr Michael A Eason, AAPI, of Riverlink Valuers. All land subsequently acquired is recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

##### **Land – Community Land**

Land classified as community land was valued by Council officers at municipal site value during the reporting period ended 30 June 2011. All land subsequently acquired is recognised at cost.

##### **Land under roads**

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

##### **Buildings – non-specialised**

Buildings were valued by Mr Michael A Eason, AAPI, of Riverlink Valuers on a market value basis as at 30 June 2008. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Buildings - masonry	40 to 50 years
Buildings – other construction	40 to 50 years

Asset capitalisation thresholds include:

New construction/extensions	\$1,000
-----------------------------	---------

##### **Buildings – specialised**

Specialised buildings – designed for a specific limited public purpose – have been revalued during the reporting period in accordance with the guidelines contained in the *Code of Accounting Practice* and *NSW Treasury Accounting Policy TPP07-1*. The valuations were done by Mr Michael A Eason, AAPI, of Riverlink Valuers as at 30 June 2008. All subsequent additions are recognised at cost.

##### **Land Improvements and Other Structures**

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 2008. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Park Structures - masonry	40 to 50 years
Park Structures – other construction	40 to 50 years
Playground equipment	40 to 50 years
Benches, seats, etc	40 to 50 years



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

Asset capitalisation thresholds include:  
Park Furniture & Equipment \$1000.

**Water and Sewer Infrastructure**

Water and sewer infrastructure was valued by Council officers in accordance with the *Reference Rates Manual for the Valuation of Water Supply, Sewerage and Stormwater Assets* issued by NSW Office of Water, Department of Environment, Climate Change and Water at 30 June 2012. Major depreciation periods are:

Dams and Reservoirs	100 years
Bores	5 to 40 years
Reticulation Pipes – PVC	50 to 80 years
Reticulation Pipes – other	25 to 75 years

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

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

Asset capitalisation thresholds include:  
Reticulation extensions \$5,000  
Sidelines & household connections \$5,000

**Transportation and other Infrastructure**

Transportation assets were valued by Council officers at written down current replacement cost as at 30 June 2010 (2009: deemed cost on transition to AIFRS) using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Sealed Roads - Surface	15 years
Sealed Roads – Structure	100 years
Unsealed Roads	10 to 40 years
Bridges – Concrete	80 to 100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:  
Road construction & reconstruction \$1,000

Stormwater drainage infrastructure was valued by Council officers at written down current replacement cost as at 30 June 2010 (2009: deemed cost on transition to AIFRS) using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Drains	50 to 75 years
Culverts	50 to 75 years

Asset capitalisation thresholds include:  
Drains & Culverts \$1,000

**All other assets**

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

Major depreciation periods are:  
Library Books 5 to 15 years  
Artworks indefinite

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 10 - LIABILITIES

	2012 \$'000		2011 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>PAYABLES</b>				
Goods & Services	369		378	
Payments received in advance	19		21	
Accrued salaries & wages	51		40	
Accrued interest payable	4		5	
Deposits, Retentions & Bonds	3		5	
Other	24		22	
<b>Total Payables</b>	<u>470</u>	<u>-</u>	<u>471</u>	<u>-</u>

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

### **BORROWINGS**

Loans				
- Secured	122	743	113	865
<b>Total Borrowings</b>	<u>122</u>	<u>743</u>	<u>113</u>	<u>865</u>

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

### **PROVISIONS**

Employee benefits - annual leave	477		432	
- long service leave	1,267	67	1,122	29
Reinstatement, Remediation, etc. (see also Note 21)		40		47
<b>Total Provisions</b>	<u>1,744</u>	<u>107</u>	<u>1,554</u>	<u>76</u>

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

**1,364**

**1,185**

### **Movements in Provisions**

	Employee Benefits 2012 \$'000	Self Insurance 2012 \$'000	Reinstatement, etc. 2012 \$'000	Other 2012 \$'000
Opening Balance	1,583	-	47	-
Add Additional amounts recognised	172			
Unwinding of present value discounts	56	-	2	-
(Less) Payments			(5)	
Add (Less) Remeasurement Adjustments			(4)	
Add (Less) Transfer on Council restructure				
<b>Closing Balance</b>	<u>1,811</u>	<u>-</u>	<u>40</u>	<u>-</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### NOTE 10 - LIABILITIES (cont)

#### Provision for Self Insurance

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

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

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

	2012		2011	
	\$'000		\$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS</b>				
	<u>1,795</u>	<u>67</u>	<u>1,594</u>	<u>29</u>
<b>LIABILITIES relating to RESTRICTED ASSETS</b>				
<u>Domestic Waste Management</u>				
<u>Payables</u>				
<u>Interest Bearing Liabilities</u>				
<u>Provisions</u>				
<i>Subtotal</i>	-	-	-	-
<u>Water Supplies</u>				
<u>Payables</u>				
<u>Interest Bearing Liabilities</u>				
<u>Provisions</u>				
<i>Subtotal</i>	-	-	-	-
<u>Sewerage Services</u>				
<u>Payables</u>				
<u>Interest Bearing Liabilities</u>				
<u>Provisions</u>				
<i>Subtotal</i>	-	-	-	-
<u>Stormwater Drainage Services</u>				
<u>Payables</u>				
<u>Interest Bearing Liabilities</u>				
<u>Provisions</u>				
<i>Subtotal</i>	-	-	-	-
<u>Other</u>				
<u>Payables</u>				
	7	-	8	-
<u>Interest Bearing Liabilities</u>				
<u>Provisions</u>				
<i>Subtotal</i>	7	-	8	-
<b>TOTAL</b>	<u>7</u>	<u>-</u>	<u>8</u>	<u>-</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

**(a) Reconciliation of Cash**

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

	2012 \$'000	2011 \$'000
Total Cash Assets (Note 6)	2,498	1,689
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	2,498	1,689

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

Net Operating Result from Income Statement	(215)	(335)
Add: Depreciation, Amortisation & Impairment	2,898	2,866
Unwinding of present value discounts & premiums	59	48
Investments - impairment & fair value adjustments	-	-
Increase in provision for doubtful debts	-	-
Increase in employee benefits provisions	172	139
Increase in other provisions	-	-
Decrease in receivables	532	-
Decrease in inventories	2	-
Decrease in other assets	-	90
Increase in trade creditors & other accruals	-	240
Increase in accrued interest payable	-	2
Increase in other payables	-	-
Loss on Sale of Assets	407	-
Equity share of loss in Associates	-	-
Equity adjustment in Associates (decrease)	-	-
Decrements from Revaluations	-	-
Loss on Council restructure	-	-
	3,855	3,050
Less: Decrease in provision for doubtful debts	-	-
Present value discounts & premiums recognised	-	1
Decrease in employee benefits provisions	-	-
Decrease in other provisions	4	8
Increase in receivables	-	857
Increase in inventories	-	1
Increase in other assets	29	-
Decrease in trade creditors & other accruals	-	-
Decrease in accrued interest payable	1	-
Decrease in other payables	-	18
Gain on Sale of Assets	-	24
Equity share of profit in Associates	-	-
Equity adjustment in Associates (increase)	-	-
Fair value adjustments as revenue items	-	-
Investment Revaluation Reserve realised	-	-
Reversal of previous Revaluation Decrements	-	-
Non-cash acquisition of assets	(4)	(4)
Gain on Council restructure	-	-
<b>Net Cash provided by (or used in) operations</b>	<b>3,825</b>	<b>2,145</b>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	2012 \$'000	2011 \$'000
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of assets by means of:		
- PWD Construction	-	
- Bushfire Grants	-	
- Developer Contributions received in kind	-	
- Non-cash issues of Shares in Other Companies	-	
- Estimated future reinstatement, etc costs	(4)	(4)
- Other	-	
	<u>(4)</u>	<u>(4)</u>
- Finance Leases	-	
- Land taken over for non-payment of Rates	-	
	<u>(4)</u>	<u>(4)</u>

### (d) Financing Arrangements

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

Bank Overdrafts		
Total Facilities		
Corporate Credit Cards	16	16

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 12 - COMMITMENTS FOR EXPENDITURE

	2012 \$'000	2011 \$'000
<b>(a) Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings		113
Plant & Equipment	394	276
	<b>394</b>	<b>389</b>

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

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

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

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

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

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

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

<u>Total Future Minimum Lease Payments</u>		
Not later than one year	13	7
Later than one year and not later than 5 years	32	
Later than 5 years	_____	_____
	<b>45</b>	<b>7</b>

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

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

No lease contains any escalation clause.

#### **(d) Repairs & Maintenance - Investment Property**

Contractual obligations for future repairs and maintenance

	_____	_____
--	-------	-------

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

INDICATORS - CONSOLIDATED				
	2012		2011	2010
	<u>Amounts</u>	<u>Indicators</u>		
<b>Unrestricted Current Ratio</b>				
<u>Unrestricted Current Assets*</u>	\$4,909	5.09:1	4.24:1	5.64:1
Current Liabilities not relating to Restricted Assets	\$965			
<b>Debt Service Ratio</b>				
<u>Net Debt Service Cost*</u>	\$184	0.03:1	0.02:1	0.02:1
Operating Revenue*	\$6,800			
<b>Rate &amp; Annual Charges Coverage Ratio</b>				
<u>Rates &amp; Annual Charges Revenues</u>	\$2,029	0.23:1	0.24:1	0.26:1
Revenue from continuing operations	\$8,922			
<b>Rates &amp; Annual Charges Outstanding Percentage</b>				
<u>Rates &amp; Annual Charges Outstanding</u>	\$269	11.82%	10.16%	9.05%
Rates & Annual Charges Collectible	\$2,275			
<b>Building &amp; Infrastructure Renewals Ratio</b>				
<u>Asset renewals*</u>	\$2,159	0.91:1	0.38:1	0.82:1
Depreciation, Amortisation, Impairment	\$2,372			

### INDICATORS - BY FUND

	Current Year Indicators		
	General	Water	Sewer
<b>Unrestricted Current Ratio</b>			
<u>Unrestricted Current Assets*</u>	5.09:1	N/A	N/A
Current Liabilities not relating to Restricted Assets			
<b>Debt Service Ratio</b>			
<u>Net Debt Service Cost*</u>	0.03:1	N/A	N/A
Operating Revenue*			
<b>Rate &amp; Annual Charges Coverage Ratio</b>			
<u>Rates &amp; Annual Charges Revenues</u>	0.18:1	0.83:1	0.64:1
Revenue from continuing operations			
<b>Rates &amp; Annual Charges Outstanding Percentage</b>			
<u>Rates &amp; Annual Charges Outstanding</u>	7.62%	22.73%	16.97%
Rates & Annual Charges Collectible			
<b>Building &amp; Infrastructure Renewals Ratio</b>			
<u>Asset renewals*</u>	0.99:1	0.15:1	NIL
Depreciation, Amortisation, Impairment			

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

# **JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2012**

## **Note 14 - INVESTMENT PROPERTY**

Council does not hold any investment properties at this time



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 15 - FINANCIAL RISK MANAGEMENT

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

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

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,498	1,689	2,498	1,689
Receivables	1,034	1,566	1,034	1,566
Financial assets at fair value through profit & loss	-	-	-	-
Available-for-sale financial assets	87	87	87	87
Held-to-maturity investments	3,968	3,692	3,968	3,692
	<u>7,587</u>	<u>7,034</u>	<u>7,587</u>	<u>7,034</u>
<b>Financial Liabilities</b>				
Payables	470	471	470	471
Borrowings	865	978	865	978
	<u>1,335</u>	<u>1,449</u>	<u>1,335</u>	<u>1,449</u>

Fair value is estimated as follows:

\* Cash & equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.

\* Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.

\* Financial assets at fair value through profit & loss, and available-for-sale - based on quoted market prices (where a liquid market exists) or independent valuation. Particular difficulties were experienced in assessing fair value of CDOs, and these have been reported in Note 1.

#### **Cash and cash equivalents**

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

#### **Available-for-sale financial assets**

#### **Held-to-maturity investments**

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

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

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

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

Interest Sensitivity Analysis	2012 \$'000	2011 \$'000
Impact of a 10% movement in price of investments (for assets subject to price risk only)		
- Equity	9	9
- Income Statement	9	9
Impact of a 1% change in interest rates on cash & investments		
- Equity	66	55
- Income Statement	66	55

#### Receivables

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

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

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

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

Percentage of Rates & Annual Charges	2012 \$'000	2011 \$'000
- Current	0%	0%
- Overdue	100%	100%

#### Payables

#### Borrowings

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

#### Liquidity Sensitivity Table

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

2012 '000	Due			Total Contractual 	Carrying Value
	≤ 1 year	2 - 5 years	> 5 years		
Payables	470	-		470	470
Borrowings	122	472	271	865	865
	592	472	271	1,335	1,335
2011 '000	Due			Total Contractual Cash Flows	Carrying Value
	≤ 1 year	2 - 5 years	> 5 years		
Payables	471	-		471	471
Borrowings	113	471	394	978	978
	584	471	394	1,449	1,449

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

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

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

	2012		2011	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Overdraft		-		-
Loans - fixed interest rate	7.50%	865	7.50%	978
Loans - variable interest rate				
		<u>865</u>		<u>978</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 16 – MATERIAL BUDGET VARIATIONS

Council's original budget comprised part of the Management Plan adopted by Council on 28 June 2011. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

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

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

#### 1 INCOME STATEMENT

##### 1.1 User Charges & Fees

An unfavourable variance of \$442K (20%) attributable to changes in the amount of works undertaken for Roads & Maritime Services in relation to State and National Highways.

##### 1.2 Interest Received

A favourable result of \$91K (36%) resultant from conservative budgeting and changes in interest rates available on the short term money market

##### 1.3 Other Operating Revenues

A favourable result of \$43K (30%) due to additional outsourcing of specialist staff to neighbouring Council's in consultative capacities, additional insurance rebates and other non budgeted receipts

##### 1.4 Grants & Contributions

In many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted

##### 1.5 Employee Costs

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

##### 1.6 Materials & Contracts

A favourable variance of \$1,075M (36%) as a result of deferral of a significant amount of planned flood restoration works due to a further flood incident during March 2012. Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in this mix, resulting in significant budget variations in this item.

##### 1.7 Borrowing Costs

An unfavourable result of \$25K (24%) due to the unwinding of discounts included in the measurement of provisions being excluded from the budgeting process.

##### 1.8 Depreciation

A favourable result of \$209K (7%) due to overestimation during the budgeting process

##### 1.9 Other Operating Expenses

An unfavourable result of \$28K (4%) primarily due to the increase in electricity costs.

##### 1.10 Loss on Disposal of Assets

An unfavourable result as a consequence of disposal of infrastructure assets which were renewed and replaced during the financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Note 16 – Material Budget Variations (cont)**

**2 STATEMENT OF CASH FLOWS**

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

**3 NOTE 2**

Council's operating results by functional activities varied primarily as a result of the prepayment of additional Financial Assistance Grant funds. Variances have also resulted due to deferral of flood restoration works and subsequent funding for such.

**JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2012**

**Note 17 - STATEMENT OF CONTRIBUTION PLANS**

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

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

#### 1. DEFINED BENEFIT SUPERANNUATION PLAN

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

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

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

#### 2. POTENTIAL INSURANCE LOSSES

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

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

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

#### 3. STATECOVER MUTUAL Ltd

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

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

#### 4. RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of 17 rural fire appliances and associated rural fire fighting equipment. Council has an obligation under the Rural Fire Services Act 1997 to repay to the NSW Rural Fire Fighting Fund the proportion of sale proceeds from any sales of these assets equal to the proportion of the original cost funded by the Rural Fire Service.

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

#### 5. SHAREFARMING AGREEMENTS

Council has an interest in certain share farming agreements, cropping seasonal crops on Council controlled land, whereby Council receives a defined share of the crop proceeds. Growing crops subject to these agreements are not considered material in amount.

#### 6. 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 less than the material threshold.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

**7. “CARBON” TAX**

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

Information currently available provides assurances that “legacy emissions” from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.



**JERILDERIE SHIRE COUNCIL**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30th June 2012**

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

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

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

<b>RETAINED EARNINGS</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at end of previous reporting period	42,665	43,000
Effect of correction of errors in previous years (see below)		
Effect of accounting policy changes		
Change in associated entities recognised	-	-
Restated opening balance	<u>42,665</u>	<u>43,000</u>
<b>Net operating result for the year</b>	<b>(215)</b>	<b>(335)</b>
Other comprehensive income		
Share of other comprehensive income - joint ventures & associates		
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment		
Land under roads recognised (de-recognised)		
Adjustment to correct prior period depreciation errors		
<b>Balance at end of the reporting period</b>	<b><u>42,450</u></b>	<b><u>42,665</u></b>
<b>REVALUATION RESERVES</b>		
<i>Infrastructure, Property, Plant &amp; Equipment</i>		
Balance at end of previous reporting period	51,168	50,518
Effect of correction of errors in previous year		276
Revised opening balance	<u>51,168</u>	<u>50,794</u>
Revaluation of infrastructure, property, plant & equipment	(43)	542
Share of other comprehensive income (revaluations) - joint ventures & associates		
Impairment (expense) / recoupments offset to asset revaluation reserve	-	(168)
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment		
<b>Balance at end of reporting period</b>	<b><u>51,125</u></b>	<b><u>51,168</u></b>
At the end of the reporting period, the amount held in the reserve related to the following asset classes:		
Plant & Equipment	454	454
Office Equipment	8	8
Furniture & Fittings	26	26
Leased Plant & Equipment		
Land		
- Operational Land	291	291
- Community Land	342	342
Land under roads		
- pre 1 July 2008		
- post 1 July 2008		
Land Improvements - non-depreciable		
Land Improvements - depreciable	967	967
Buildings - non-specialised		
Buildings - specialised	5,265	5,265
Other Structures		
Infrastructure		
- Roads, bridges, footpaths	9,650	9,650
- Bulk earthworks (non-deprec.)	27,557	27,557
- Stormwater drainage	1,211	1,211
- Water Supply Network	2,714	3,139
- Sewerage Network	2,640	2,258
<b>Balance at end of reporting period</b>	<b><u>51,125</u></b>	<b><u>51,168</u></b>

## JERILDERIE SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	2012 \$'000	2011 \$'000
<b>Available-for Sale Financial Assets</b>		
Balance at end of previous reporting period	26	(6)
Revaluation of available-for-sale investments	-	32
Realised available-for-sale investments gains recognised in revenue	-	-
<b>Balance at end of reporting period</b>	<b>26</b>	<b>26</b>

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

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

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

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

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

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

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

- (i) Certain investments containing embedded derivatives were previously incorrectly categorised as *available-for-sale* instead of *fair value through profit & loss*. As fair value equalled carrying value there was no effect on the Income Statement, and the categorisation has been corrected on Note 6.
  
- (ii) In previous years Council had not consistently reviewed the estimates of useful lives of certain assets. In the course of the revaluations carried out in the current reporting period, it was found that the combined effect resulted in a significant reduction in the depreciation that had previously been charged. It was found to be impracticable to calculate the distortion occurring in each of the previous years, and the adjustment has been made to current year balances.
  
- (iii) In the course of the revaluations carried out in the current reporting period, it was found that a number of buildings had not previously been recognised. An estimate has been made of the depreciation that should have been charged in the previous year had they been correctly recognised at the appropriate time, and the comparative amounts have been adjusted accordingly.

##### **Commencement of AASB 1051 - Land under roads**

As at 1 July 2008, Council determined that it was of the opinion that it was not possible to reliably measure the fair value of land under roads previously acquired, and that it was impracticable to determine the original cost of acquisition.

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### NOTE 21 - RESULTS BY FUND

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

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

<b>INCOME STATEMENT</b>	<b>GENERAL FUND</b>	<b>WATER SUPPLY</b>	<b>SEWER</b>
	\$'000	\$'000	\$'000
<b>INCOME</b>			
Rates & Annual Charges	1,599	266	229
User Charges & Fees	1,608	114	14
Investment Revenues	181	65	109
Other Revenues	184	1	0
Grants & Contributions - Operating	3,819	6	5
Grants & Contributions - Capital	804	0	0
Profit from Disposal of Assets	0	0	0
Profit from interests in Joint Ventures & Associates	0		
<b>Total Income from Continuing Operations</b>	<u>8,195</u>	<u>452</u>	<u>357</u>
<b>EXPENSES</b>			
Employee Costs	2,926	77	55
Materials & Contracts	1,745	157	92
Borrowing Costs	142	0	0
Depreciation & Amortisation	2,681	127	92
Impairment	0		
Other Expenses	632	59	27
Interest and investment losses	0	0	0
Loss from Disposal of Assets	404	3	0
Loss from interests in Joint Ventures & Associates	0		
<b>Total expenses from Continuing Operations</b>	<u>8,530</u>	<u>423</u>	<u>266</u>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>(335)</b>	<b>29</b>	<b>91</b>
Operating result from discontinued operations		0	0
Gain (loss) on restructure			
<b>NET OPERATING RESULT FOR YEAR</b>	<u>(335)</u>	<u>29</u>	<u>91</u>
Attributable to:			
COALFACE NSW COUNCIL	(335)	29	91
Minority Interests	(335)	29	91
<i>Net operating result before capital grants and contributions</i>	<i>(1,139)</i>	<i>29</i>	<i>91</i>

## JERILDERIE SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

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

	<b>GENERAL FUND</b>	<b>WATER SUPPLY</b>	<b>SEWER</b>
	\$'000	\$'000	\$'000
<b>BALANCE SHEET</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	1,449	400	649
Investments	2,355	635	1,065
Receivables	882	105	47
Inventories	282	19	0
Other	170	0	29
Non-current assets held for sale	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<u>5,138</u>	<u>1,159</u>	<u>1,790</u>
<b>NON-CURRENT ASSETS</b>			
Investments	0	0	0
Receivables	0	0	0
Inventories	0	0	0
Infrastructure, Property, Plant & Equipment	81,507	3,581	3,610
Equity accounted investments	0		
Investment Property	0	0	0
Intangible Assets	31		
Other		0	163
<b>TOTAL NON-CURRENT ASSETS</b>	<u>81,538</u>	<u>3,581</u>	<u>3,773</u>
<b>TOTAL ASSETS</b>	<u>86,676</u>	<u>4,740</u>	<u>5,563</u>
<b>CURRENT LIABILITIES</b>			
Payables	470	0	0
Borrowings	150	0	0
Provisions	1,744	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,364</u>	<u>0</u>	<u>0</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	0	0	0
Borrowings	907	0	0
Provisions	107	0	0
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>1,014</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>3,378</u>	<u>0</u>	<u>0</u>
<b>NET ASSETS</b>	<u>83,298</u>	<u>4,740</u>	<u>5,563</u>
<b>EQUITY</b>			
Accumulated Surplus	37,498	2,029	2,923
Revaluation Reserves	45,800	2,711	2,640
Council Equity Interest	83,298	4,740	5,563
Minority Equity Interest	0		
<b>TOTAL EQUITY</b>	<u>83,298</u>	<u>4,740</u>	<u>5,563</u>

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

### Note 25 - INTANGIBLE ASSETS

	2012 \$'000	2011 \$'000
Water Right at Cost	<u>31</u>	<u>58</u>

## INDEPENDENT AUDIT REPORT

### JERILDERIE SHIRE COUNCIL

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#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Jerilderie Shire Council**, which comprise the balance sheet as at 30 June 2012, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

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

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

#### *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 about whether the financial statements are free from material misstatement.

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

Adams Kenneally White & Co  
ABN 48 035 849 620

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Henty 02 6929 3204  
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**Chartered  
Accountants**



Liability limited by a scheme  
approved under Professional  
Standards Legislation.

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

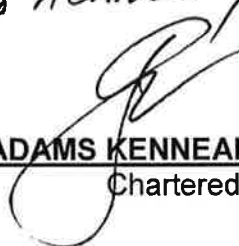
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion:

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

*Adams Kenneally White & Co*



**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

Dated: 9th October 2012  
Wagga Wagga



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

---

We have completed the audit of the Council's financial statements and accounting records for the year ended 30 June 2012, and submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with our accompanying report on the General Purpose Financial Statements, of same date.

**FINANCIAL PERFORMANCE FOR THE YEAR**

The **Operating Result for the year** was a deficit from all activities of \$215,000 (2011 \$335,000 deficit).

Revenues for the year increased by \$622,000 to \$8,922,000 including an increase in grants and contributions of \$1,023,000 and a decrease of \$484,000 in user charges.

Total expenses increased by \$502,000 (5.8%) to \$9,137,000. Expenses include non-cash depreciation of \$2,898,000.

The result includes grants and contributions for capital works of \$804,000, for which the matching expenditure is shown in the Balance Sheet and not the Income Statement. The result before including these grants was a deficit of \$1,019,000 (2011 Deficit \$824,000).

**Rates and Annual Charges**

Ordinary rates levied were increased by the permissible increase of 2.8%. Total rates and annual charges increased by \$61,000 (3.1%) to \$2,029,000 and represented 22.7% of Council's revenue for the year compared to 23.7% in 2011.

Adams Kenneally White & Co  
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## Grants and Contributions

Grants and contributions, including those for capital purposes were \$4,635,000 compared to \$3,612,000 in 2011; an increase of \$1,023,000.

The general purpose Financial Assistance Grant (FAG) income of \$2.5M was \$578,000 more than the previous year due to the early payment of an additional instalment of the funding. In real terms the 2012 funding was \$1,916,000 compared \$1,867,000 in 2011. Total advance instalments held as internally restricted assets at 30<sup>th</sup> June were \$1,020,000 (2011 \$489,000).

Other changes were in respect of specific purpose grants and contributions that are matched by changes in expenditure obligations including:

- An increase of \$156,000 in RMS Contributions for work on regional roads. Contributions for the year of \$853,000 included \$139,000 for flood damage works.
- Natural Disaster funding received in 2012 was \$213,000 compared to \$240,000 in the previous year. (Additional approved flood damage funding of \$1.2m will be recognised as revenue when the work is carried out)

## User Charges and Fees

User charges and Fees were \$1,731,000 compared to \$2,215,000 in 2011 and \$1,829,000 in 2010.

The level of user charges is dependent primarily on the level of RMS contract and other private works; RMS contract work, of \$944,000 (including flood damage work on state roads), was \$542,000 less than the prior year.

## Investment Revenues

Investment revenues for 2012 were \$343,000 compared to the budgeted \$252,000 (2011 revenue was \$296,000). The budgeted investment revenue for 2012/13 is \$280,000 and this should be achievable.

## Actual Result/Budgeted Result

### Income Statement Basis

The consolidated **deficit** for the year was \$215,000. Council originally budgeted for a **deficit** of \$790,000.

Total income was \$296,000 less than budgeted and total expenses were \$817,000 less than budget. Materials and contract costs, in particular, were \$1,075,000 less due to the deferral of a significant amount of flood restoration works because of another flood in March 2012.

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

## Funding Basis

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

- **General Purposes**

The funding budget for 2012 was for a consumption of available working capital (deficit) of \$87,000 and the transfer of \$290,000 to internal reserves (a projected net increase in funds of \$203,000). The **actual funding result** was a \$244,000 consumption of working capital (deficit) and an increase in internal reserves of \$639,000 for a net increase in funds of \$395,000

A reconciliation of the movement in the General Purposes available working capital result, compared to the original budget, is set out below:

	<u>Original Budget</u> \$'000	<u>Actual</u> \$'000
Operating Result before Depreciation	2,100	2680
Increase in FAG Grant received in advance	-	(531)
Reduction in Unspent Special Purpose Grants	-	<u>462</u>
<i>Funds from operations excluding expended grants</i>	<u>2,190</u>	<u>2,611</u>
<i>Other Funding Sources</i>		
Loan Funds Used	325	186
<i>Applications of Funds</i>		
Net Capital Expenditure	(2,052)	(2,289)
Loan Repayments	(170)	(113)
Transfer to reserves		
- Employee Leave Entitlements	-	(30)
- Infrastructure Reserve	(200)	(200)
- Plant Replacement Reserve	(50)	(292)
- Residential land Development	(40)	-
- Housing Reserve	-	(110)
- "Carry-over works" (net)	-	<u>(7)</u>
<u>Available Working Capital movement for year</u>	<u>(87)</u>	<u>(244)</u>

A number of variances contributed to the larger working capital deficit that originally planned including the following unfavourable capital expenditure variances:

- Restoration of Historic Printery Building \$81,000.
- Roads to Recovery Program expenditure \$60,000.

The increase in transfers to internal reserves included:

- \$292,000 to the Plant Replacement compared to a budgeted \$50,000
- \$110,000 to the Housing reserve due to the unbudgeted sale of a residence.

Total General Purpose available working capital was \$1,123,000 at 30th June 2012, including unrestricted cash of \$507,000.

Council has budgeted for an underlying general purpose funding surplus of \$24,000 for the 2012/13 year.

- **Water Fund**

The original funding budget for 2012 was for a deficit of \$1,000. The actual result was a surplus of \$128,000. Investment revenue was \$33,000 more than budget, operating and maintenance expenditure was \$61,000 less than budget and the operating result exceeded exceeding budget by \$98,000: Capital expenditure was \$31,000 less than budget

	<u>Budget</u> \$'000	<u>Actual</u> \$'000
Operating Result before Non Cash Expenses	61	159
Capital Expenditure	<u>(62)</u>	<u>(31)</u>
Funding Surplus (Deficit) for year	<u>(1)</u>	<u>128</u>

The available working capital for this fund is now \$1,159,000 (including cash of \$1,035,000). The budgeted funding result for 2013 is a deficit of \$176,000.

- **Sewerage Fund**

The budgeted funding result was for a deficit of \$78,000. A budgeted internal loan to General Fund of \$250,000 and capital expenditure of \$38,000 did not occur and the actual result was an increase in funds of \$183,000.

	<u>Budget</u> \$'000	<u>Actual</u> \$'000
Operating Result before Non Cash Expenses	210	183
Internal Loan advance for Real Estate Development	(250)	-
Capital Expenditure	<u>(38)</u>	<u>-</u>
Funding Surplus for year	<u>(78)</u>	<u>183</u>

Total available Sewerage funds are now \$1,953,000 (including cash of \$1,714,000 and other net current assets of \$239,000). These funds include an internal loan of \$192,000, due from General Fund, for the Library Development. The budgeted funding result for 2013 is a deficit of \$329,000 including a budgeted internal loan to General Fund of \$250,000 (for real estate development) and capital expenditure of \$257,000.

## FINANCIAL POSITION

Council's net assets at 30<sup>th</sup> June 2012 were \$93.6m compared with \$93.9m at the beginning of the year. The reduction reflects a net decrease on asset revaluations of \$43,000 together with the \$215,000 deficit for the year.

## Condition of Civil Infrastructure

Council staff has assessed the condition of infrastructure to be in varying conditions ranging from average to good. Special Schedule 7 shows an estimated cost of \$2,100,000 to bring infrastructure assets up to a satisfactory standard. This is an increase over the prior year due to the inclusion of an estimate of \$900,000 to bring the swimming pool up to a satisfactory standard (its replacement cost is estimated to be around \$1.6M).

Council's draft asset management plan indicates that sufficient funds are being applied to the maintenance of Infrastructure assets apart from an annual shortfall of maintenance expenditure required to keep the reseal cycle on Council roads at around 12 years. The shortfall is estimated by Council staff to be around \$240,000 annually.

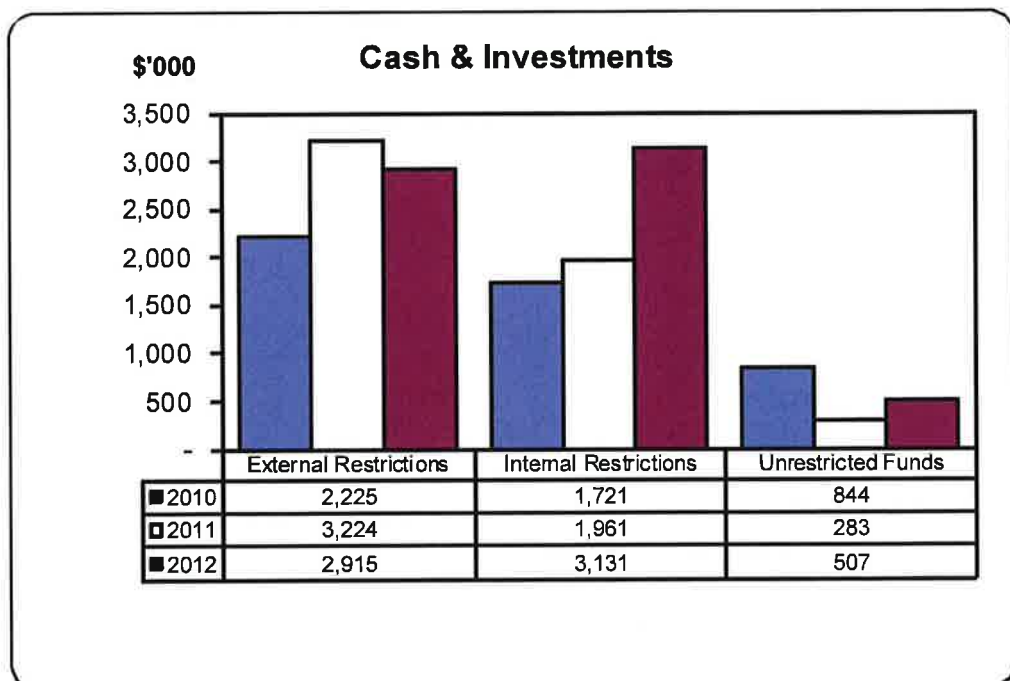
These figures are not audited but are noted as an indication of the funding issues that Council must take into account.

## Liquidity - Available Working Capital

Council's **net current assets** were \$5,722,000 at 30th June 2012, an increase of \$405,000 for the year.

The General Purpose unrestricted cash at 30th June 2012 was \$507,000 and the total General Purpose Available Working Capital was \$1,123,000. This level provides Council with sufficient financial flexibility to address any essential works.

## CASH & INVESTMENTS



Council's **total cash and investments** at 30th June 2012 were **\$6,553,000** compared to \$5,468,000 at 30th June 2011.

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

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
<b>Externally restricted cash and investments:-</b>		
Unexpended Specific Purpose Grants & Contributions	99	561
Unexpended Loans	-	186
Water Fund Cash	1,035	919
Sewerage Fund Cash	1,714	1,505
Other	67	53
<b>Internally restricted cash:-</b>		
General Fund Reserves	<u>3,131</u>	<u>1,961</u>
	6,046	5,185
<b>Unrestricted Cash – General Purposes</b>	<u>507</u>	<u>283</u>
<b>Total Cash and Investments</b>	<u>6,553</u>	<u>5,468</u>

## RESTRICTED CASH ASSETS

### Externally Restricted Funds

Sewerage Fund restricted cash is now \$1,714,000 and restricted cash for Water Fund is \$1,035,000. Unspent Specific Purpose Grants and Contributions of \$99,000 were also held as externally restricted cash at 30th June 2012.

In accordance with Section 409 of the Local Government Act this money must be held as cash at bank or on investment until it is spent for the purpose for which it was received. Section 410 of the Act allows these restricted funds to be lent for other purposes subject to approval by the Minister.

### Internally Restricted Cash (Reserves)

Council held internally restricted cash backed reserves totalling \$3,131,000 at 30 June 2012.

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

- Employee Leave Entitlements - \$560,000.
- Infrastructure and Plant Replacement - \$1,213,000.
- Residential Housing - \$110,000
- Carry over of Financial Assistance Grant received in advance - \$1,020,000
- Carry over of 2011 Budgeted Work - \$228,000

## THE CASH FLOW STATEMENT

The statement shows a net increase in cash for the year of \$809,000 and Cash Funds held at 30 June 2012 of \$2,498,000. In addition, Council held investments of \$4,055,000 which do not qualify for disclosure as "cash" in the Cash Flow Statement either because they are investment securities or because they were invested for more than 90 days.

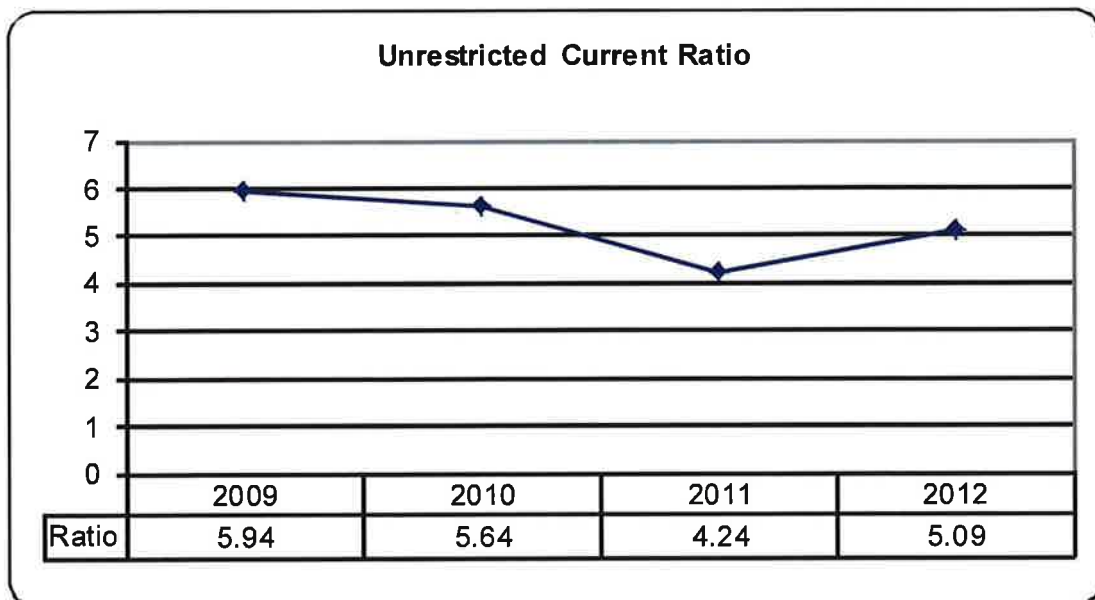
Sources of funds in 2012 included a cash surplus from operations of \$3,825,000 and proceeds from real estate sales of \$144,000.

Applications included the net cost of new and renewed assets of \$2,664,000, loan repayments of \$113,000, real estate development expenditure of \$107,000 and the net lodgement of investments of \$276,000.

## Performance Indicators

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

### Liquidity

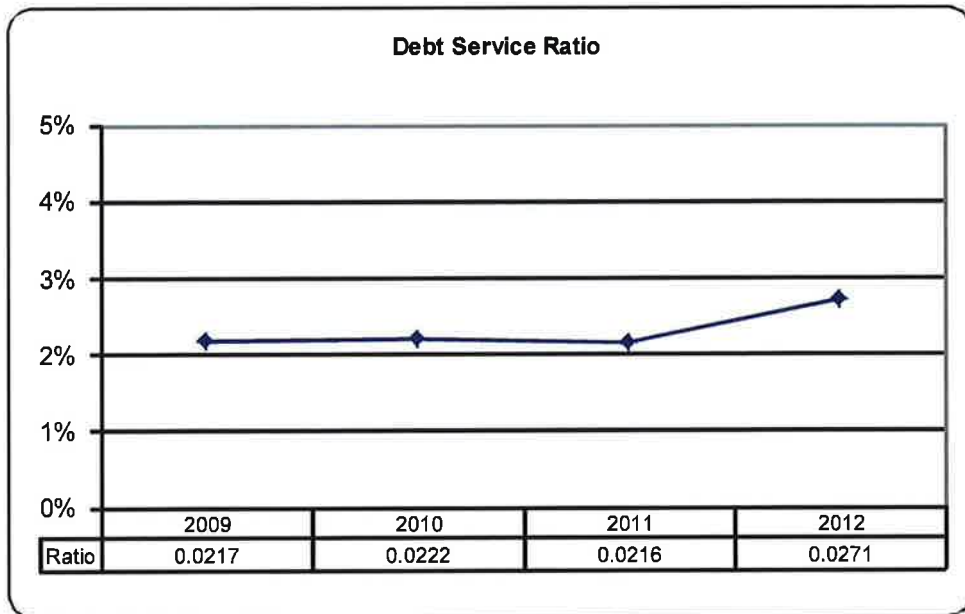


The unrestricted current ratio is an indicator of the adequacy of working capital and the ability to satisfy the short term obligations of the consolidated Council. All externally restricted current assets and current liabilities are excluded in the calculation of the ratio, as are amounts not expected to be settled in the next year. The ratio shows Unrestricted Current Assets (\$4,909,000) at 5.09 times Unrestricted Current Liabilities (\$965,000).

For the Local Government sector a ratio of 2 times or better is regarded as good.

Based on the projections contained in Council's long term financial plan the ratio will remain above 2x for the next ten years.

## Debt Servicing Cost



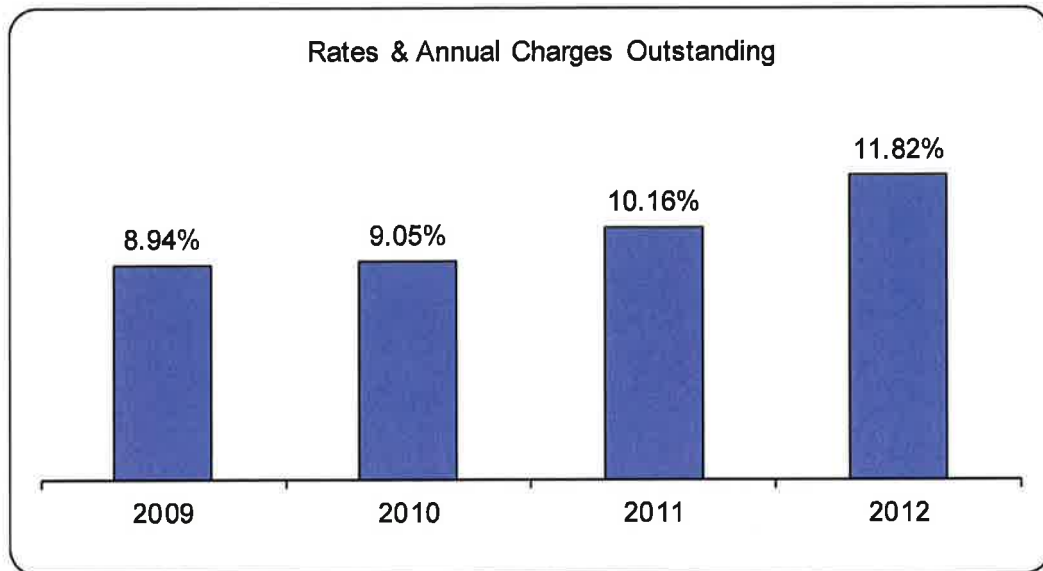
The debt servicing cost ratio shows 2.71% of ordinary revenue is committed to the repayment of external debt. The debt servicing costs of the consolidated fund for 2011/12 were \$184,000. When the internal loan for the library is included the ratio is 3.3%.

This is a relatively low level but projected borrowings of \$600,000 for the swimming pool and \$250,000 for real estate development will increase the ratio to around 5% in the medium term to 2017.

A level of less than 10% is satisfactory according to the Division of Local Government. However in determining a prudent level, factors that need to be considered included the recurrent cost of the new infrastructure and the impact of the additional borrowing costs on the funding available for existing programmes.



## Rate Arrears



Arrears of rates and annual charges at 30 June 2012 totalled \$269,000. The arrears represent 11.82% of the collectable rates and arrears. The level of outstanding rates is now relatively high.

## Building and Infrastructure Renewals Ratio

This ratio is an indicator of the rate of expenditure on asset renewals as compared to the depreciation of the assets (91%). Now that all infrastructure assets have been revalued to fair value, the ratio gives a comparison of the rate of renewal compared to the consumption (in replacement cost terms) of the assets.

## SPECIAL PURPOSE FINANCIAL REPORTS

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

## OTHER MATTERS

The records of Council were well maintained and up to date and we did not note, during the conduct of the audit, any specific non compliance, with Division 2 of Chapter 13 of the Local Government Act or Part 9 of the Local Government (General) Regulation.

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

---

**CONCLUSION**

With an increase of \$395,000 in unrestricted and internally restricted funds for the year Council's liquidity position remained good at 30th June 2012 with \$507,000 of unrestricted cash and \$2.1m of internally restricted cash (plus the advance instalments of the Financial Assistance Grant).

Council's immediate financial position is satisfactory and based on its budget projections it will remain so throughout 2013. The 2013 budget projects a consumption of unrestricted and internally restricted funds of \$131,000, however, an additional consumption of up to \$228,000 is likely to occur in respect of works carried over from 2012.

The integrated planning and reporting process is now in place. The projections for the next ten years indicate that current budget allocations will maintain current service levels for that period, except for sealed local council roads. Council now needs to develop scenarios that provide a balanced long term outlook between budget and costs for transport assets. Reviews of the level of technical and community service for all Council operations and assets will be part of these considerations.



Dated: 9th October 2012  
**WAGGA WAGGA**

  
**ADAMS KENNEALLY WHITE & CO.**  
Chartered Accountants and Local Government Auditors

# **JERILDERIE SHIRE COUNCIL**

## **Special Purpose Financial Reports**

**for the year ended 30th June 2012**

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# JERILDERIE SHIRE COUNCIL

## SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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

The attached special purpose Financial Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the

- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Department of Local Government guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- The NSW Office of Water, Department of Environment, Climate Change and Water "*Best Practice Management of Water Supply and Sewerage*" guidelines.

To the best of our knowledge and belief, these reports

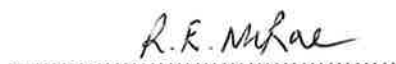
- Present fairly the financial position and operating result for each of Council's declared Business Units for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 25th September 2012




J.E. Hudson  
**COUNCILLOR**



R.E. McRae  
**COUNCILLOR**



C.C. Moffitt  
**GENERAL MANAGER**



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

## JERILDERIE SHIRE COUNCIL

**INCOME STATEMENT**  
**WATER SUPPLY BUSINESS ACTIVITY**  
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000	2010 '000
<b>INCOME FROM CONTINUING OPERATIONS</b>				
Access Charges	A4	266	248	235
User Charges	A4	107	90	102
Fees	A4	7	3	1
Interest Received	A4	65	52	41
Grants & Contributions - Operating	A4	6	6	5
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4	1		
<b>TOTAL</b>		<b>452</b>	<b>399</b>	<b>384</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee Costs	A3	77	77	70
Materials & Contracts	A3	104	181	151
Borrowing Costs	A3	-		
Depreciation & Amortisation	A3	127	123	107
Water Purchase Charges		3	4	42
Loss on Disposal of Assets	A5	3		
NCP Tax Equivalents	1			
Debt Guarantee Fee		-		
Other Operating Expenses	A3	109	47	46
<b>TOTAL</b>		<b>423</b>	<b>432</b>	<b>416</b>
<b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>				
		<b>29</b>	<b>(33)</b>	<b>(32)</b>
Grants & Contributions - Capital	A4	-		13
<b>RESULT FROM CONTINUING OPERATIONS</b>		<b>29</b>	<b>(33)</b>	<b>(19)</b>
Discontinued Operations				
<b>SURPLUS (DEFICIT) BEFORE TAX</b>		<b>29</b>	<b>(33)</b>	<b>(19)</b>
Corporate Taxation Equivalent	1	9	-	-
<b>SURPLUS (DEFICIT) FOR YEAR</b>		<b>20</b>	<b>(33)</b>	<b>(19)</b>
Add: Accumulated Surplus brought forward		1,997	2,030	2,049
Adjustments for loss on revalued assets				
NCP Tax Equivalents retained	1			
Debt Guarantee Fee retained	1			
Corporate Tax Equivalent retained	1	9		
Less: Dividends Paid	1			
<b>ACCUMULATED SURPLUS</b>		<b>2,026</b>	<b>1,997</b>	<b>2,030</b>
<b>RATE OF RETURN ON CAPITAL</b>	1	<b>0.81%</b>	<i>Nil</i>	<i>Nil</i>
<b>NOTIONAL SUBSIDY FROM COUNCIL</b>	1	<b>N/A</b>	<i>N/A</i>	<i>N/A</i>
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		20	-33	-19
Less: Capital grants & contribs from LWUs		6		13
Surplus for dividend calculation purposes		<b>14</b>	<b>0</b>	<b>0</b>
Dividend calculated from surplus		7	0	0

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

## JERILDERIE SHIRE COUNCIL

**INCOME STATEMENT**  
**SEWERAGE BUSINESS ACTIVITY**  
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000	2010 '000
<b>INCOME FROM CONTINUING OPERATIONS</b>				
Access Charges	A4	229	229	228
User Charges	A4	12	10	11
Liquid Trade Waste Charges	A4	-		
Fees	A4	-		
Interest Received	A4	109	93	76
Grants & Contributions - Operating	A4	5	6	5
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4	2		
<b>TOTAL</b>		<b>357</b>	<b>338</b>	<b>320</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee Costs	A3	55	50	54
Materials & Contracts	A3	92	95	92
Borrowing Costs	A3	-		
Depreciation & Amortisation	A3	92	89	87
Loss on Disposal of Assets	A5	-		
NCP Tax Equivalents	1			
Debt Guarantee Fee		-		
Other Operating Expenses	A3	27	20	23
<b>TOTAL</b>		<b>266</b>	<b>254</b>	<b>256</b>
<b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>				
		<b>91</b>	<b>84</b>	<b>64</b>
Grants & Contributions - Capital	A4	-		
<b>RESULT FROM CONTINUING OPERATIONS</b>		<b>91</b>	<b>84</b>	<b>64</b>
Discontinued Operations				
<b>SURPLUS (DEFICIT) BEFORE TAX</b>		<b>91</b>	<b>84</b>	<b>64</b>
Corporate Taxation Equivalent	1	27	25	19
<b>SURPLUS (DEFICIT) FOR YEAR</b>		<b>64</b>	<b>59</b>	<b>45</b>
Add: Accumulated Profits brought forward		2,832	2,748	2,684
Adjustments for amounts unpaid				
NCP Tax Equivalents retained	1			
Debt Guarantee Fee retained				
Corporate Tax Equivalent retained		27	25	19
Less: Dividends Paid	1			
<b>ACCUMULATED SURPLUS</b>		<b>2,923</b>	<b>2,832</b>	<b>2,748</b>
<b>RATE OF RETURN ON CAPITAL</b>	1	<b>2.52%</b>	2.53%	1.93%
<b>NOTIONAL SUBSIDY FROM COUNCIL</b>	1	<b>N/A</b>	N/A	N/A
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		64	59	45
Less: Capital grants & contribs from LWUs		5		
Surplus for dividend calculation purposes		<b>59</b>	<b>59</b>	<b>45</b>
Dividend calculated from surplus		30	30	23

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

**JERILDERIE SHIRE COUNCIL**  
**BALANCE SHEET**  
**WATER SUPPLY BUSINESS ACTIVITY**  
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	A6	400	283
Investments	A6	635	636
Receivables	A7	105	86
Inventories	A8	19	26
Other	A8		
Non-current assets held for sale			
<b>TOTAL CURRENT ASSETS</b>		<u>1,159</u>	<u>1,031</u>
<b>NON-CURRENT ASSETS</b>			
Investments	A6		
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	3,581	4,104
Investment Property			
Other	A8		
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,581</u>	<u>4,104</u>
<b>TOTAL ASSETS</b>		<u>4,740</u>	<u>5,135</u>
<b>CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
<b>TOTAL CURRENT LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		<u>\$ 4,740</u>	<u>5,135</u>
<b>EQUITY</b>			
Accumulated Surplus		2,026	1,997
Asset Revaluation Reserve		2,714	3,138
<b>TOTAL EQUITY</b>		<u>\$ 4,740</u>	<u>5,135</u>

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

## JERILDERIE SHIRE COUNCIL

### BALANCE SHEET SEWERAGE BUSINESS ACTIVITY for the year ended 30th June 2012

	Notes	2012 '000	2011 '000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	A6	649	464
Investments	A6	1,065	1,040
Receivables	A7	47	45
Inventories	A8		
Other	A8	29	
Non-current assets held for sale			
<b>TOTAL CURRENT ASSETS</b>		<u>1,790</u>	<u>1,549</u>
<b>NON-CURRENT ASSETS</b>			
Investments	A6		
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	3,610	3,320
Investment Property			
Other	A8	163	221
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,773</u>	<u>3,541</u>
<b>TOTAL ASSETS</b>		<u>5,563</u>	<u>5,090</u>
<b>CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
<b>TOTAL CURRENT LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		<u>\$ 5,563</u>	<u>5,090</u>
<b>EQUITY</b>			
Accumulated Surplus		2,923	2,832
Asset Revaluation Reserve		2,640	2,258
<b>TOTAL EQUITY</b>		<u>\$ 5,563</u>	<u>5,090</u>

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



# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS for the year ended 30 June 2012

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. The Special Purpose Financial Reports

These financial statements are a Special Purpose Financial Report prepared for use by the Council, the Department of Local Government, and the NSW Office of Water, Department of Environment, Climate Change and Water. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units.

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

#### 2. Basis of Accounting

##### 2.1 Compliance

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

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

##### 2.2 Basis

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

#### 3. National Competition Policy

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

##### Jerilderie Shire Council Water Supplies

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

##### Jerilderie Shire Sewerage Service

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

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

Council has no 'Category 1' business units.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

The Division of Local Government's July 1997 guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*" outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, council subsidies, rate of return on investments in business units and dividends paid. The NSW Office of Water, Department of Environment, Climate Change and Water's 2007 guidelines "*Best-Practice Management of Water Supply and Sewerage*" include specific requirements relating to the calculation and payment of "dividends" by water supply and sewerage business units.

**3.1 Taxation Equivalent Payments**

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

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

**3.2 Council Rates, Charges & Fees**

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

**3.3 Loan & Debt Guarantee Fees**

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

**3.4 Corporate Taxation Equivalent**

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

**3.5 Dividends Paid**

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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

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

**3.7 Notional Subsidy from Council**

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

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

**4. Special Rate Funds**

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

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

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

**5. Other Accounting Policies and Notes**

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

**6. Rounding**

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

**7. National Competition Policy Notional Payments**

The table forming part of this Note immediately follows.

**JERILDERIE SHIRE COUNCIL**

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

**NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS  
for the year ended 30th June 2012**

BUSINESS ACTIVITIES			
WATER		SEWER	
2012	2011	2012	2011

Category	2	2	2	2

**TAXATION EQUIVALENT PAYMENTS**

	Rate	Rate	Rate	Rate
Land Tax	<396,000	<387,000	<396,000	<387,000
Stamp Duty				
Payroll Tax	<678,000	<326,296	<678,000	<326,296
Fringe Benefits Tax	Applies	Applies	Applies	Applies

**COUNCIL RATES, CHARGES & FEES**

See Note 1, Item 3.2

<b>LOAN &amp; DEBT GUARANTEE FEES</b>	0.00%	0.00%
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<b>CORPORATE TAXATION EQUIVALENT</b>	30%	30%	30%
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<b>DIVIDENDS PAID</b>	N/A	N/A	N/A	N/A
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**RATE OF RETURN ON CAPITAL**

Required Rate of Return	Nil	2.52%	2.53%
Actual Rate of Return			

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2012

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

		2012
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>		\$
<b>Calculation and Payment of Tax-Equivalents</b>		
(i) Calculated Tax Equivalents		9
(ii) No of assessments multiplied by \$3/assessment		1,548
(iii) Amounts payable for Tax Equivalents		9
(iv) Tax Equivalents paid		0
<b>Dividend from Surplus</b>		
(i) 50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>		7,000
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment		15,471
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2012, less cumulative dividends paid for 2 years to 30 June 2011		14,000
(iv) Maximum Dividend from Surplus <i>(least of (i), (ii) and (iii) )</i>		7,000
(v) Dividend paid from Surplus		0
<b>Required Outcomes for 6 Criteria</b>		
(i) Completion of Strategic Business Plan (including Financial Plan)		YES
(ii) Pricing with full cost-recovery, without significant cross subsidies <i>(Item 2(a) in Table 1 on page 22 of Best Practice guidelines)</i>		YES
Complying charges <i>(Item 2(b) in Table 1)</i>		NO
DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>		NO
If Dual Water Supplies, Complying Charges <i>(Item 2(g) in Table 1)</i>		NO
(iii) Sound Water Conservation & Demand Management Implemented		NO
(iv) Sound Drought Management implemented		NO
(v) Complete Performance Reporting Form (by 15 September each year)		NO
(vi) Complete Integrated Water Cycle Management Evaluation		NO
(vii) Complete and implement Integrated Water Cycle Management Strategy		NO
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
NWI F1 Total Revenue (Water)	\$'000	390
NWI F4 Residential Revenue from Usage Charges (Water)	%	22.71
NWI F9 Written Down Replacement Cost of Fixed Assets (Water)	\$'000	3,558
NWI F11 Operating Cost (OMA) (Water)	\$'000	272
NWI F14 Capital Expenditure (Water)	\$'000	31
NWI F17 Economic Real Rate of Return (Water)	%	-0.25
NWI F20 Capital Works Grants (Water)	\$'000	

# JERILDERIE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2012

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

		2012
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>		\$
<b>Calculation and Payment of Tax-Equivalents</b>		
(i) Calculated Tax Equivalents		27
(ii) No of assessments multiplied by \$3/assessment		1,356
(iii) Amounts payable for Tax Equivalents		27
(lesser of (i) and (ii) )		
(iv) Tax Equivalents paid		0
<b>Dividend from Surplus</b>		
(i) 50% of Surplus before Dividends		30,000
<i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>		
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment		13,533
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2012, less cumulative dividends paid for 2 years to 30 June 2011		163,000
(iv) Maximum Dividend from Surplus		13,533
(least of (i), (ii) and (iii) )		
(v) Dividend paid from Surplus		0
<b>Required Outcomes for 4 Criteria</b>		
(i) Complete current Strategic Business Plan (including Financial Plan)		YES
(ii) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of Best practice guidelines)		YES
Complying charges (a) Residential (Item 2(c) in Table 1)		NO
(b) Non-Residential (Item 2(c) in Table 1)		NO
(c) Trade Waste (Item 2(d) in Table 1)		NO
DSP with Commercial Developer Charges (Item 2(e) in Table 1)		NO
Liquid Trade Waste Approvals & Policy (Item 2(f) in Table 1)		NO
(iii) Complete Performance Reporting Form (by 15 September each year)		NO
(iv) a. Complete Integrated Water Cycle Management Evaluation		NO
(iv) b. Complete and implement Integrated Water Cycle Management Strategy		NO
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
NWI F2 Total Revenue (Sewerage)	\$'000	251
NWI F1C Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000	3,528
NWI F12 Operating Cost (Sewerage)	\$'000	163
NWI F1E Capital Expenditure (Sewerage)	\$'000	0
NWI F1F Economic Real Rate of Return (Sewerage)	%	-0
NWI F27 Capital Works Grants (Sewer)	\$'000	0
NWI F3 Total Income (Water & Sewerage)	\$'000	638
NWI F5 Revenue from Community Service Obligations (Water & Sewerage)	%	2
NWI F1E Capital Expenditure (Water & Sewerage)	\$'000	31
NWI F1F Economic Real Rate of Return (Water & Sewerage)	%	-0
NWI F2C Dividend (Water & Sewerage)	\$'000	0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	%	0
NWI F22 Net Debt to Equity (Water & Sewerage)	%	-27
NWI F23 Interest Cover (Water & Sewerage)	times	0
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000	120
NWI F2E Community Service Obligations (Water & Sewerage)	\$'000	11

## INDEPENDENT AUDIT REPORT

### JERILDERIE SHIRE COUNCIL

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#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements** of the **Jerilderie Shire Council** for the year ended 30th June 2012. The financial statements include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Balance Sheets of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

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

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

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

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

Adams Kenneally White & Co  
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**Chartered  
Accountants**



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approved under Professional  
Standards Legislation.

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

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

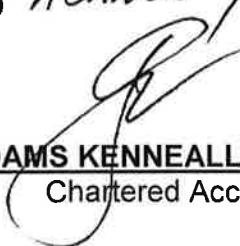
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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

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

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

*Adams Kenneally White & Co*  


Dated: 9th October 2012  
Wagga Wagga

**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants



# JERILDERIE SHIRE COUNCIL

## Special Schedules

for the year ended 30th June 2012

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Special Schedule 2(1) - Statement of Long Term Debt (All Purpose)	S3
Special Schedule 2(2) - Statement of Internal Loans	S4
Special Schedule 3 - Water Supply Operations	S5
Special Schedule 4 - Water Supply - Net Assets Committed	S7
Special Schedule 5 - Sewerage Services Operations	S8
Special Schedule 6 - Sewerage Services - Net Assets Committed	S10
Special Schedule 7 - Condition of Public Works	S11
Special Schedule 8 - Financial Projections	S14

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 1  
NET COST OF SERVICES  
for the year ended 30th June 2012**

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
<b>GOVERNANCE</b>	157			157
<b>ADMINISTRATION</b>	2,262	283		1,979
<b>PUBLIC ORDER &amp; SAFETY</b>				
Fire Service Levy, Fire Protection, Emergency Services	290	169		121
Beach Control				-
Enforcement of Local Govt Regulations				-
Animal Control	11	1		10
Other				-
<b>Total Public Order &amp; Safety</b>	301	170	-	131
<b>HEALTH</b>	17	9		8
<b>ENVIRONMENT</b>				
Noxious Plants and Insect / Vermin Control	60	22		38
Other Environmental Protection	1			1
Solid Waste Management	55	94		(39)
Street Cleaning	14			14
Drainage	39			39
Stormwater Management				-
<b>Total Environment</b>	169	116	-	53
<b>COMMUNITY SERVICES &amp; EDUCATION</b>				
Administration & Education	11	4		7
Social Protection (welfare)				-
Aged Persons & Disabled	33			33
Childrens Services	2	1		1
<b>Total Community Services &amp; Education</b>	46	5	-	41
<b>HOUSING &amp; COMMUNITY AMENITIES</b>				
Public Cemeteries	32	23		9
Public Conveniences	36			36
Street Lighting	37	21		16
Town Planning		23		(23)
Other Community Amenities	62	23		39
<b>Total Housing &amp; Community Amenities</b>	167	90	-	77
<b>WATER SUPPLIES</b>	362	363		(1)
<b>SEWERAGE SERVICES</b>	228	234		(6)

# JERILDERIE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2012

**\$'000**

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
<b>RECREATION &amp; CULTURE</b>				
Public Libraries	153	5	13	135
Museums	10			10
Art Galleries				-
Community Centres and Halls	111	3		108
Performing Arts Venues				-
Other Performing Arts				-
Other Cultural Services	26	1	45	(20)
Sporting Grounds	227	9	68	150
Swimming Pools	102	7		95
Parks & Gardens, Lakes	123			123
Other Sport & Recreation				-
<b>Total Recreation &amp; Culture</b>	<b>752</b>	<b>25</b>	<b>126</b>	<b>601</b>
<b>FUEL &amp; ENERGY</b>				
				-
<b>AGRICULTURE</b>				
	7	8		(1)
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>				
Building Control		15		(15)
Other Mining Manufacturing & Construction	56	103		(47)
<b>Total Mining Manufacturing &amp; Construction</b>	<b>56</b>	<b>118</b>	<b>-</b>	<b>(62)</b>
<b>TRANSPORT &amp; COMMUNICATION</b>				
Urban Roads: Local	391			391
Urban Roads: Regional				-
Sealed Rural Roads: Local	660	73	452	135
Sealed Rural Roads: Regional	612	743		(131)
Unsealed Rural Roads: Local	1,382	130	110	1,142
Unsealed Rural Roads: Regional				-
Bridges - Urban Roads: Local				-
Bridges - Sealed Rural Roads: Local	52			52
Bridges - Unsealed Rural Roads: Local				-
Bridges on Regional Roads				-
Parking Areas				-
Footpaths	18	10	61	(53)
Aerodromes	24			24
Other Transport & Communication	997	944	55	(2)
<b>Total Transport &amp; Communication</b>	<b>4,136</b>	<b>1,900</b>	<b>678</b>	<b>1,558</b>
<b>ECONOMIC AFFAIRS</b>				
Camping Areas & Caravan Parks				-
Other Economic Affairs	477	483		(6)
<b>Total Economic Affairs</b>	<b>477</b>	<b>483</b>	<b>-</b>	<b>(6)</b>
<b>TOTALS - FUNCTIONS</b>				
	<b>9,137</b>	<b>3,804</b>	<b>804</b>	<b>4,529</b>
<b>General Purpose Revenues</b>				<b>4,314</b>
<b>Equity accounted income (loss)</b>				<b>4,314</b>
<b>NET OPERATING RESULT FOR YEAR</b>				<b>(215)</b>

**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 2 (1)**  
**STATEMENT OF LONG TERM DEBT (ALL PURPOSE)**  
**for the year ended 30th June 2012**

\$'000

Classification of Debt	Principal Outstanding at beginning of year		New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year	
	Current	Non-Current		From Revenue	Sinking Funds			Current	Non-Current
<b>LOANS (by source)</b>									
Commonwealth Government		-							-
Treasury Corporation		-							-
Other State Government		-							-
Public Subscription		-							-
Financial Institutions	113	865	978	113			71	122	743
Other		-							-
<b>Total Loans</b>	<b>113</b>	<b>865</b>	<b>978</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>122</b>	<b>743</b>
<b>OTHER LONG TERM DEBT</b>									
Ratepayers' Advances		-							-
Government Advances		-							-
Finance Leases		-							-
Deferred Payment		-							-
Other		-							-
<b>Total Other Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LONG TERM DEBT</b>	<b>113</b>	<b>865</b>	<b>978</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>122</b>	<b>743</b>
									<b>865</b>

This Schedule excludes Internal Loans and refinancing of existing borrowings.

**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 2 (2)**  
**STATEMENT OF INTERNAL LOANS**  
**for the year ended 30th June 2012**

\$'000

**SUMMARY OF INTERNAL LOANS**

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General Water Sewerage Domestic Waste Management Gas Other	285	41	192
<b>Totals</b>	<b>285</b>	<b>41</b>	<b>192</b>

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

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General Fund - Library Construction	Sewer Fund	11/09/2008	31/03/2009	10	31/03/2019	Variable	285	41	192
<b>Totals</b>							<b>285</b>	<b>41</b>	<b>192</b>

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 3  
WATER SUPPLY OPERATIONS  
(Gross including Internal Transactions)  
for the year ended 30th June 2012**

<b><u>A. EXPENSES &amp; REVENUES</u></b>	<b>2012</b>	<b>2011</b>
<b><u>EXPENSES</u></b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	35	31
b. - Engineering & Supervision	23	20
2 Operations		
a. - Dams & Weirs - Operation Expenses		
b. - Maintenance Expenses		
c. - Mains - Operation Expenses	2	1
d. -Maintenance Expenses	50	55
e. - Reservoirs - Operation Expenses		
f. - Maintenance Expenses	1	1
g. - Pumping Stations - Operation Expenses		
h. - Energy Costs	40	30
i. - Maintenance Expenses	14	20
j. - Treatment - Operation Expenses	4	3
k. - Chemical Costs	18	25
l. - Maintenance Expenses	74	93
m. - Other - Operation Expenses	3	3
n. - Maintenance Expenses	5	6
o. - Purchase of Water	3	3
3.a. Depreciation - System Assets	126	122
b. - Plant & Equipment	1	1
4.a. Miscellaneous - Interest		
b. - Revaluation decrements		
c. - Other	21	18
c. - NCP Tax & Other Equivalents	-	
5 <b>Total Expenses</b>	<b>420</b>	<b>432</b>
<b><u>REVENUE</u></b>		
6 Residential Charges		
a. - Access (including rates)	194	176
b. - User Charges	57	54
7 Non-Residential Charges		
a. - Access (including rates)	72	72
b. - User Charges	50	36
8 Extra Charges	3	2
9 Interest	62	50
10 Other Income	8	3
11.a. Grants - Acquisition of Assets		
b. - Pensioner Rebates	6	6
c. - Other		
12.a. Contributions - Developer Charges		
b. - Developer Provided Assets		
c. - Other Contributions		
13 <b>Total Revenues</b>	<b>452</b>	<b>399</b>
14 Gain (Loss) on Disposal of Assets	(3)	
15 <b>OPERATING RESULT</b>	<b>29</b>	<b>(33)</b>
15a. Operating Result before Grants for Acquisition of Assets	<b>29</b>	<b>(33)</b>

# JERILDERIE SHIRE COUNCIL

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

	2012 \$'000	2011 \$'000
<b><u>B. CAPITAL TRANSACTIONS</u></b>		
<b><u>Non - Operating Expenditure</u></b>		
16 Acquisition of Fixed Assets		
a. - New assets for improved standards		9
b. - New assets for growth	12	
c. - Renewals	19	
d. - Plant & Equipment		
17 Repayment of Debt		
a. - Loans		
b. - Advances		
c. - Finance Leases		
18 Transfers to Sinking Funds		
19 <b>Total Non-Operating Expenditure</b>	<b>31</b>	<b>9</b>
<b><u>Non-Operating Funds Employed</u></b>		
20 Proceeds from Disposal of Assets		
21 Borrowings Utilised		
a. - Loans		
b. - Advances		
c. - Finance Leases		
22 Transfers from Sinking Funds		
23 <b>Total Non-Operating Funds Employed</b>	<b>-</b>	<b>-</b>
<b><u>C. RATES &amp; CHARGES</u></b>		
24 Number of Assessments		
a. - Residential (occupied)	360	
b. - Residential (unoccupied - vacant land)	30	
c. - Non-Residential (occupied)	96	
d. - Non -Residential (unoccupied - vacant land)	30	
25 Number of ETs for which Developer Charges were		ET
26 Total Amount of Pensioner Rebates	10	\$'000
<b><u>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</u></b>		
<b>27 Annual Charges</b>		
a. Does Council have best-practice water supply annual charges and usage charges?	<input checked="" type="checkbox"/>	<b>YES</b>
If Yes, go to 28a.		
If No, has Council removed <b>land value</b> from access charges (i.e. rates)	<input type="checkbox"/>	
b. Cross subsidy <b>from</b> residential customers using less than allowance		_____
c. Cross subsidy <b>to</b> non-residential customers		_____
d. Cross subsidy <b>to</b> large connections in unmetered supplies		_____
<b>28 Developer Charges</b>		
a. Has Council completed a water supply Development Servicing Plan?	<input type="checkbox"/>	<b>NO</b>
b. Total cross-subsidy in water supply developer charges		_____
<b>29 TOTAL OF CROSS SUBSIDIES</b>		<b>-</b>

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

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 4  
WATER SUPPLY - NET ASSETS COMMITTED  
(Gross including Internal Transactions)  
for the year ended 30th June 2012**

<b>ASSETS</b>	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
30 Cash and Investments			
a. - Developer Charges			-
b. - Specific Purpose Grants			-
c. - Accrued Leave			-
d. - Unexpended Loans			-
e. - Sinking Funds			-
f. - Other	1,035		1,035
31 Receivables			
a. - Specific Purpose Grants			-
b. - Rates & Availability Charges	105		105
c. - Other			-
32 Inventories	19		19
33 Property, Plant & Equipment			
a. - System Assets		3,579	3,579
b. - Plant & Equipment		2	2
34 Other			-
35 <b>Total Assets</b>	<u>1,159</u>	<u>3,581</u>	<u>4,740</u>
<b>LIABILITIES</b>			
36 Bank Overdraft			-
37 Creditors			-
38 Borrowings			
a. - Loans			-
b. - Advances			-
c. - Finance Leases			-
39 Provisions			
- Tax Equivalents			-
a. - Dividend	-		-
b. - Other			-
40 <b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
41 <b>NET ASSETS COMMITTED</b>	<u>1,159</u>	<u>3,581</u>	<u>4,740</u>
<b>EQUITY</b>			
42 Accumulated Surplus			2,026
43 Asset Revaluation Reserve			2,714
44 <b>Total Equity</b>			<u>4,740</u>
45 Current Replacement Cost of System Assets			8,023
46 Accumulated Current Cost Depreciation of System Assets			4,465
47 Written Down Current Cost of System Assets			<u>3,558</u>



**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 5  
SEWERAGE SERVICE OPERATIONS  
(Gross including Internal Transactions)  
for the year ended 30th June 2012**

<b><u>A. EXPENSES &amp; REVENUES</u></b>	<b>2012</b>	<b>2011</b>
<b><u>EXPENSES</u></b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	<b>20</b>	26
b. - Engineering & Supervision	<b>14</b>	12
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses		
b. -Maintenance Expenses	<b>5</b>	8
c. - Pumping Stations - Operation Expenses		
d. - Energy Costs	<b>8</b>	6
e. - Maintenance Expenses	<b>36</b>	38
f. - Treatment - Operation Expenses		
g. - Chemical Costs		
h. - Energy Costs	<b>9</b>	5
i. - Effluent Management		
j. - Biosolids Management		
k. - Maintenance Expenses	<b>67</b>	57
l. - Other - Operation Expenses	<b>4</b>	3
m. - Maintenance Expenses		
3.a. Depreciation - System Assets	<b>89</b>	86
b. - Plant & Equipment	<b>3</b>	3
4.a. Miscellaneous - Interest		
b. - Revaluation decrements		
c. - Other	<b>11</b>	10
c. - NCP Tax & Other Equivalents	-	
<b>5 Total Expenses</b>	<b>266</b>	254
<b><u>REVENUE</u></b>		
6 Residential Charges (including rates)	<b>165</b>	165
7 Non-Residential Charges		
a. Access (including rates)	<b>64</b>	64
b. User Charges	<b>12</b>	10
8 Trade Waste Charges		
a. Annual Fees		
b. User Charges		
c. Excess Mass Charges		
Re-inspection charges		
9 Extra Charges	<b>3</b>	2
10 Interest	<b>106</b>	91
11 Other Income	<b>2</b>	
12.a. Grants - Acquisition of Assets		
b. - Pensioner Rebates	<b>5</b>	6
c. - Other		
13.a. Contributions - Developer Charges		
b. - Developer Provided Assets		
c. - Other Contributions		
<b>14 Total Revenues</b>	<b>357</b>	338
15 Gain (Loss) on Disposal of Assets		
<b>16 OPERATING RESULT</b>	<b>91</b>	84
16.a. Operating Result before Grants for Acquisition of Assets	<b>91</b>	84

# JERILDERIE SHIRE COUNCIL

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

	2012 \$'000	2011 \$'000
<b><u>B. CAPITAL TRANSACTIONS</u></b>		
<b><u>Non - Operating Expenditure</u></b>		
17 Acquisition of Fixed Assets		
a. - New assets for improved standards		
b. - New assets for growth		
c. - Renewals		
d. - Plant & Equipment		
18 Repayment of Debt		
a. - Loans		
b. - Advances		
c. - Finance Leases		
19 Transfers to Sinking Funds		
20 <b>Total Non-Operating Expenditure</b>	-	-
<b><u>Non-Operating Funds Employed</u></b>		
21 Proceeds of Disposal of Assets		
22 Borrowings Utilised		
a. - Loans		
b. - Advances		
c. - Finance Leases		
23 Transfers from Sinking Funds		
24 <b>Total Non-Operating Funds Employed</b>	-	-
<b><u>C. RATES AND CHARGES</u></b>		
25 Number of Assessments		
a. - Residential (occupied)	333	
b. - Residential (unoccupied - vacant land)	15	
c. - Non-Residential (occupied)	94	
d. - Non-Residential (unoccupied - vacant land)	10	
26 Number of ETs for which Developer Charges were		ET
27 Total Amount of Pensioner Rebates		10 \$'000
<b><u>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</u></b>		
<b>28 Annual Charges</b>		
a Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	<input type="checkbox"/> NO	
If Yes, go to 29a.		
If No, has Council removed <b>land value</b> from access charges (i.e. rates)	<input type="checkbox"/> YES	
b Cross subsidy <b>to</b> non-residential customers		
c Cross subsidy <b>to</b> trade waste dischargers		
<b>29 Developer Charges</b>		
a Has Council completed a sewerage Development Servicing Plan?	<input type="checkbox"/> NO	
b Total cross-subsidy in sewerage developer charges		
30 <b>TOTAL OF CROSS SUBSIDIES</b>		-

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

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 6  
SEWERAGE SERVICES - NET ASSETS COMMITTED  
(Gross including Internal Transactions)  
for the year ended 30th June 2012**

<b>ASSETS</b>	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
31 Cash and Investments			
a. - Developer Charges			-
b. - Specific Purpose Grants			-
c. - Accrued Leave			-
d. - Unexpended Loans			-
e. - Sinking Funds			-
f. - Other	1,714		1,714
32 Receivables			
a. - Specific Purpose Grants			-
b. - Rates & Availability Charges	47		47
c. - Other			-
33 Inventories			-
34 Property, Plant & Equipment			
a. - System Assets		3,601	3,601
b. - Plant & Equipment		9	9
35 Other	29	163	192
36 <b>Total Assets</b>	<u>1,790</u>	<u>3,773</u>	<u>5,563</u>
<b>LIABILITIES</b>			
37 Bank Overdraft			-
38 Creditors			-
39 Borrowings			
a. - Loans			-
b. - Advances			-
c. - Finance Leases			-
40 Provisions			
- Tax Equivalents			-
a. - Dividend	-		-
b. - Other			-
41 <b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
42 <b>NET ASSETS COMMITTED</b>	<u>1,790</u>	<u>3,773</u>	<u>5,563</u>
<b>EQUITY</b>			
43 Accumulated Surplus			2,924
44 Asset Revaluation Reserve			2,639
45 <b>Total Equity</b>			<u>5,563</u>
46 Current Replacement Cost of System Assets			7,077
47 Accumulated Current Cost Depreciation of System Assets			3,549
48 Written Down Current Cost of System Assets			<u>3,528</u>

**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 7**  
**CONDITION OF PUBLIC WORKS**  
as at 30th June 2012

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>				<i>Local Govt. Act 1993, Section 428 (2d)</i>		
Public Buildings	Council Offices	3%	44		1,896	1,004	892	3		11	11
	Works Depot	3%	36		1,496	631	865	3		6	6
	Halls	3%	58		2,711	1,958	753	3		15	15
	Houses	3%	33		1,176	556	620	3		18	18
	Museum	3%					-				
	Library	3%	15		775	50	725	1		4	4
	Childcare Centres										
	Art Galley		198		8,123	4,930	3,193	4	900	30	30
	Amenities/Toilets	3%	384	-	16,177	9,129	7,048		900	84	84
	<b>Subtotal</b>										
Public Roads	Sealed Roads	1%	615		24,582	9,129	15,453	3		1,194	1,194
	Unsealed Roads	1%	1,001		30,189	11,367	18,822	3		499	499
	Sealed Roads										
	Structure	1.25%	52		4,165	2,259	1,906	4	700	5	5
	Bridges	3%	13		1,236	208	1,028	3			
	Footpaths										
	Cycleways										
	Kerb & Gutter	5%	35		2,658	883	1,775	4	500	40	40
	Road Furniture	5%	22		848	100	748	3		3	3
		<b>Subtotal</b>		1,738	-	63,678	23,946	39,732		1,200	1,741

*This Schedule is to be read in conjunction with the explanatory notes following.*

**JERILDERIE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont)**  
as at 30th June 2012

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
Water	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>				<i>Local Govt. Act 1993, Section 428 (2d)</i>		
	Treatment Plants	1%	28		1,570	942	628	3		77	77
	Water Connections										
	Bores	20%	12		60	24	36	3			
	Reservoirs	1%	18		2,360	1,391	969	3		35	35
	Dams										
	Hydrants										
	Stop Valves	1%	66		3,853	1,957	1,896	3		83	83
	Pipelines	2%	2		180	151	29	3		13	13
	Pump Stations		126		8,023	4,465	3,558			208	208
<b>Subtotal</b>											
Sewerage	Pump Stations	1%	23		2,320	1,047	1,273	3		29	29
	Pipelines	1.25%	46		3,187	1,635	1,552	3		39	39
	Manholes										
	Air Vent Stacks										
	Treatment Works		20		1,570	867	703	3		53	53
	Connections										
	<b>Subtotal</b>		89		7,077	3,549	3,528			121	121
Drainage Works	Retarding Basins										
	Outfalls										
	Conduits	1.25%	2		185	95	90	3			
	Inlet & Junction Pits	1.25%	1		62	30	32	3			
	Head Walls	1.25%	36		2,912	1,893	1,019	3			
	Outfall Structures										
	Converters		39		3,159	2,018	1,141				
<b>Subtotal</b>											
<b>Total Classes - All Assets</b>			2,376	-	98,114	43,107	55,007		2,100	2,154	2,154

*This Schedule is to be read in conjunction with the explanatory notes following.*

## **JERILDERIE SHIRE COUNCIL**

### **SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2012**

#### **"SATISFACTORY" CONDITION OF PUBLIC ASSETS**

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person under any circumstance.

#### **ASSET CONDITION**

The following condition codes have been used in this Schedule.

- |          |   |
|----------|---|
| <b>1</b> | Newly constructed   |
| <b>2</b> | Over 5 years old but fully maintained in "as new" condition |
| <b>3</b> | Good condition  |
| <b>4</b> | Average condition   |
| <b>5</b> | Partly worn - beyond 50% of economic life.                  |
| <b>6</b> | Worn but serviceable  |
| <b>7</b> | Poor - replacement required                                 |

**JERILDERIE SHIRE COUNCIL**  
**SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS**  
**as at 30th June 2012**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Recurrent Budget</b>											
Income from continuing operations	9	10	8	8	8	8	8	8	9	9	9
Expenses from continuing operations	9	11	9	9	9	10	10	10	10	10	11
Operating result from continuing operations	-	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(1)	(2)
<b>Capital Budget</b>											
New Works	1										
Replacement of existing assets	3		2	3	3	3	2	2	2	2	2
	4		2	3	3	3	2	2	2	3	2
	-										
<b>Funded by</b>											
- Loans											
- Asset Sales											
- Reserves											
- Grants/Contributions	1		1	1	1	1	1	1	1	1	1
- Recurrent revenue	4		2	3	3	4	3	3	2	3	3
- Other			3	4	4	5	4	4	3	4	4
	-										