

Temora Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

“Success through determination and inspiration”



Temora Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

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Overview

Temora Shire Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

105 Loftus Street
Temora NSW 2666

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.temora.nsw.gov.au.

Temora Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2018.



Rick Firman
Mayor
20 September 2018



Graham Sinclair
Councillor
20 September 2018



Gary Lavelle
General Manager
20 September 2018



Steve Firth
Responsible Accounting Officer
20 September 2018

Temora Shire Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
5,197	Rates and annual charges	3a	5,132	4,965
3,779	User charges and fees	3b	6,325	6,104
170	Interest and investment revenue	3c	194	142
866	Other revenues	3d	1,044	907
6,839	Grants and contributions provided for operating purposes	3e,f	9,301	8,832
1,553	Grants and contributions provided for capital purposes	3e,f	3,438	2,389
Other income:				
268	Net gains from the disposal of assets	5	157	90
—	Net share of interests in joint ventures and associates using the equity method	14	7	—
18,672	Total income from continuing operations		25,598	23,429
Expenses from continuing operations				
5,131	Employee benefits and on-costs	4a	7,542	7,095
78	Borrowing costs	4b	23	39
4,472	Materials and contracts	4c	6,277	4,372
4,046	Depreciation and amortisation	4d	4,260	4,074
2,318	Other expenses	4e	2,199	2,365
16,045	Total expenses from continuing operations		20,301	17,945
2,627	Operating result from continuing operations		5,297	5,484
2,627	Net operating result for the year		5,297	5,484
2,627	Net operating result attributable to Council		5,297	5,484
Net operating result for the year before grants and contributions provided for capital purposes				
1,074			1,859	3,095

Temora Shire Council

Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		5,297	5,484
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	(2,598)	717
Impairment (loss) reversal relating to IPP&E	9a	770	(2,266)
Other comprehensive income – joint ventures and associates	14	179	–
Total items which will not be reclassified subsequently to the operating result		(1,649)	(1,549)
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Other movements in reserves		57	2
Total items which will be reclassified subsequently to the operating result when specific conditions are met		57	2
Total other comprehensive income for the year		(1,592)	(1,547)
Total comprehensive income for the year		3,705	3,937
Total comprehensive income attributable to Council		3,705	3,937

Temora Shire Council

Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	1,210	1,455
Investments	6b	6,639	6,650
Receivables	7	3,573	1,253
Inventories	8	1,463	632
Other	8	145	110
Total current assets		13,030	10,100
Non-current assets			
Receivables	7	18	33
Infrastructure, property, plant and equipment	9	202,689	201,622
Investments accounted for using the equity method	14	186	–
Total non-current assets		202,893	201,655
TOTAL ASSETS		215,923	211,755
LIABILITIES			
Current liabilities			
Payables	10	1,989	1,857
Income received in advance	10	474	15
Borrowings	10	313	296
Provisions	11	4,116	3,949
Total current liabilities		6,892	6,117
Non-current liabilities			
Payables	10	1	1
Borrowings	10	–	312
Provisions	11	28	28
Total non-current liabilities		29	341
TOTAL LIABILITIES		6,921	6,458
Net assets		209,002	205,297
EQUITY			
Accumulated surplus	12	84,353	78,820
Revaluation reserves	12	124,649	126,477
Council equity interest		209,002	205,297
Total equity		209,002	205,297

Temora Shire Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total equity	2017	IPP&E	Total equity
		Accumulated surplus	revaluation reserve		Accumulated surplus	revaluation reserve	
Opening balance		78,820	126,477	205,297	73,336	128,024	201,360
Net operating result for the year		5,297	–	5,297	5,484	–	5,484
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	(2,598)	(2,598)	–	717	717
– Impairment (loss) reversal relating to IPP&E	9a	–	770	770	–	(2,266)	(2,266)
– Joint ventures and associates	14	179	–	179	–	–	–
– Other reserves movements		57	–	57	–	2	2
Other comprehensive income		236	(1,828)	(1,592)	–	(1,547)	(1,547)
Total comprehensive income		5,533	(1,828)	3,705	5,484	(1,547)	3,937
Equity – balance at end of the reporting period		84,353	124,649	209,002	78,820	126,477	205,297

Temora Shire Council

Statement of Cash Flows for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
5,192	Rates and annual charges		5,130	4,925
3,754	User charges and fees		6,549	6,499
174	Investment and interest revenue received		183	140
8,436	Grants and contributions		11,414	11,479
–	Bonds, deposits and retention amounts received		–	60
825	Other		1,180	1,008
Payments:				
(5,132)	Employee benefits and on-costs		(7,367)	(7,280)
(4,402)	Materials and contracts		(6,713)	(4,546)
(63)	Borrowing costs		(27)	(42)
–	Bonds, deposits and retention amounts refunded		(5)	–
(2,317)	Other		(2,419)	(2,598)
6,467	Net cash provided (or used in) operating activities	13b	7,926	9,645
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		3,041	–
–	Sale of real estate assets		280	216
–	Sale of infrastructure, property, plant and equipment		376	311
7	Deferred debtors receipts		20	–
Payments:				
–	Purchase of investment securities		(3,030)	(2,549)
(7,391)	Purchase of infrastructure, property, plant and equipment		(7,492)	(6,579)
(500)	Purchase of real estate assets		(1,071)	(171)
–	Deferred debtors and advances made		–	(4)
(7,884)	Net cash provided (or used in) investing activities		(7,876)	(8,776)
Cash flows from financing activities				
Receipts:				
2,000	Proceeds from borrowings and advances		–	–
Payments:				
(440)	Repayment of borrowings and advances		(295)	(281)
1,560	Net cash flow provided (used in) financing activities		(295)	(281)
143	Net increase/(decrease) in cash and cash equivalents		(245)	588
1,304	Plus: cash and cash equivalents – beginning of year	13a	1,455	867
1,447	Cash and cash equivalents – end of the year	13a	1,210	1,455
Additional Information:				
plus:	Investments on hand – end of year	6b	6,639	6,650
	Total cash, cash equivalents and investments		7,849	8,105

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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n/a – not applicable

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 20/09/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 20 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

Council adopted the following Australian accounting standard amendments for these financial statements:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt.

Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 10 (b).

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard means that Not-for-profit entities (and therefore Council) no longer need to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

Instead it is expected that for Not-for-profit entities holding non-cash-generating the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 13 Fair Value Measurement.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

(c) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) employee benefit provisions – refer Note 11.

Significant judgements in applying the Council's accounting policies

- (iii) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Sewerage Service
- Pinnacle Community Services (Home & Community Care)
- Temora Agricultural Innovation Centre

Due to their immaterial value and nature, the following Committees, Entities and Operations have been excluded from consolidation:

- Springdale Progress Association
- Arah Park Swimming Pool Committee
- Temora & District Sport & Recreation Centre

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

- Temora's Own Arts & Crafts
- Temora Rural Museum
- Lake Centenary Management Committee
- Temora Arts Council
- Mary Gilmore Music Festival

(b) The Trust Fund

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

As Council already values investments at fair value, Council does not expect any financial impact from these developments.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council has reviewed the way that income is measured and recognised and based on a preliminary assessment, does not believe there will be any material impact arising from these standards, apart from affecting the timing of the recognition of some grants and donations. Council believes the introduction of this standard will result in a better matching of revenues to the offsetting expenses.

- AASB 16 *Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Retaining our Quality of Life	6,504	5,389	6,720	6,066	(216)	(677)	2,761	2,953	112,624	113,129
Engaging & Supporting the Community	622	1,060	2,065	1,879	(1,443)	(819)	43	26	11,819	11,430
Building our Shire's Economy	4,900	5,137	1,939	2,871	2,961	2,266	909	796	23,874	22,083
Preserving our Beautiful Surrounds	1,022	862	1,939	1,409	(917)	(547)	204	113	11,880	9,910
Embracing & Developing Aviation	1,566	121	1,690	395	(124)	(274)	1,419	–	4,565	4,117
Enhancing our Agricultural Wealth	3,527	2,096	2,969	2,659	558	(563)	2,404	1,825	45,325	43,076
Administration & General Purpose	7,457	8,764	2,979	2,666	4,478	6,098	3,310	4,893	5,836	8,010
Total functions and activities	25,598	23,429	20,301	17,945	5,297	5,484	11,050	10,606	215,923	211,755

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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

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

Retaining our Quality of Life

Strategic objectives are to ensure there is a continuum of housing and care facilities for the aged; improve public transport to regional centres; encourage the provision of educational opportunities including post school education; support and develop the provision of health services; support village life; provision of child care services to meet the needs of the community; ensure there is a continuum of housing and care facilities for the disabled; provide a safe and supportive living environment for our residents; provide services required for excellent liveability in a rural community.

Engaging & Supporting the Community

Strategic objectives are the provision of sports facilities that are well maintained, planned and meet the expectations of the community; provision and support of arts and cultural activities; encourage a welcoming, inclusive and tolerant community that welcomes new residents from all backgrounds; support volunteers within the community; support and develop the Youth of our community; maintain regular communication with residents.

Building our Shire's Economy

Strategic objectives are to improve telecommunications within the Shire; seek affordable housing options for all residents; provide adequate parking to meet the needs of shire residents; ensure accommodation in Temora Shire meets standards in terms of quality and quantity; strengthen the Temora Shire economy; support tourism, acknowledging the value it brings to the Temora Shire economy.

Preserving our Beautiful Surrounds

Strategic objectives are to provide a network of heavy vehicle routes that meet the needs of industry and residents; introduce environmentally, socially and economically responsible waste policies; improve drainage within the Shire area; ensure local planning instruments meet the needs of the community; ensure an aesthetically pleasing environment.

Embracing & Developing Aviation

Strategic objectives are to optimise telecommunications at Temora Airport; retain and develop facilities at Temora Airport; ensure land use plans are developed to protect the future use of the airport; provide a clear direction for the current use and future direction of the Temora Airport.

Enhancing our Agricultural Wealth

Strategic objectives are to maintain infrastructure to support agriculture; optimise the opportunities to develop agricultural industry; commitment to the support of agriculture in Temora Shire; develop a strategy to cope with the consolidation of farming enterprises.

Administration & General Purpose

Includes items of an administrative nature or general purpose which do not fall under any of the six IP&R themes detailed above.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	1,453	1,427
Farmland	1,821	1,793
Business	478	469
Less: pensioner rebates (mandatory)	(59)	(53)
Less: pensioner rebates (Council policy)	(48)	(65)
Total ordinary rates	3,645	3,571
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	483	456
Stormwater management services	48	48
Sewerage services	933	878
Waste management services (non-domestic)	100	94
Less: pensioner rebates (mandatory)	(42)	(37)
Less: pensioner rebates (Council policy)	(35)	(45)
Total annual charges	1,487	1,394
<u>TOTAL RATES AND ANNUAL CHARGES</u>	<u>5,132</u>	<u>4,965</u>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Domestic waste management services	103	84
Sewerage services	18	13
Waste management services (non-domestic)	21	26
Total specific user charges	142	123
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	157	115
Private works – section 67	135	110
Section 149 certificates (EPA Act)	13	11
Section 603 certificates	12	11
Total fees and charges – statutory/regulatory	317	247
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	1	18
Animal control	5	14
Caravan park	162	161
Cemeteries	90	89
Cinema	117	137
CTC – printing and laminating	4	4
Cultural Groups	13	23
Fire and emergency services levy (FESL) implementation	2	57
Frail and aged	1,719	1,168
RMS (formerly RTA) charges (state roads not controlled by Council)	3,541	3,813
Saleyards	18	13
Sports stadium	13	17
Swimming centres	153	166
Tourism information centre	27	50
Other	1	4
Total fees and charges – other	5,866	5,734
TOTAL USER CHARGES AND FEES	6,325	6,104

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	14	12
– Cash and investments	180	130
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>194</u>	<u>142</u>

Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned.

(d) Other revenues

Rental income – other council properties	244	209
Legal fees recovery – rates and charges (extra charges)	11	1
Bushfire – Hazard Reduction	20	24
Commissions and agency fees – service NSW	134	131
Reimbursement from Service NSW – travel and training costs	–	12
Diesel rebate	92	122
Donations	6	4
Insurance claim recoveries	2	28
Risk management bonus	128	69
Research station revenues	321	228
Youth Activities	3	2
Sale of Gravel	38	61
Sale of Advertising - Tourism Booklet	34	–
Other	11	16
<u>TOTAL OTHER REVENUE</u>	<u>1,044</u>	<u>907</u>

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,037	1,974	–	–
Financial assistance – local roads component	592	1,133	–	–
Payment in advance – future year allocation				
Financial assistance – general component	1,069	1,021	–	–
Financial assistance – local roads component	608	581	–	–
Other				
Pensioners' rates subsidies – general component	61	65	–	–
Total general purpose	3,367	4,774	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Sewerage	22	24	–	–
– Domestic Waste Management	21	21	–	–
Bushfire and Emergency Services	311	339	–	–
Cycleways	–	–	76	–
Economic Development	5	5	–	–
Employment and Training Programs	8	25	–	–
Environmental Protection	43	14	–	–
Flood Study Grant	14	–	–	–
Heritage and Cultural	23	10	32	54
Aged Services	845	459	–	–
Disability Services	354	813	–	–
Hillview Park Toilet Block - FACS	–	–	22	–
Library	35	35	–	–
LIRS subsidy	20	31	–	–
Lake Centenary Precinct Grant - DPI	–	–	10	–
Noxious Weeds	51	45	–	–
Road Safety Officer	86	82	–	–
Street lighting	40	40	–	–
Town Hall Theatre – Kitchen Upgrade	–	3	–	–
SCCF - Town Hall Upgrade	–	–	16	–
SCCF - Arah Park Rec Ground Toilet Upgrade	–	–	2	–
Transport (flood damage)	1,394	500	–	–
Transport (roads to recovery)	1,010	1,325	–	–
Transport (other roads and bridges funding)	–	–	959	478
Transport (repair program)	–	–	125	–
Transport (regional roads block grant)	145	202	542	580
Youth services	1	2	–	–
Transport (kerb and gutter)	–	–	22	–
Medical Imaging Facility	–	–	–	600
Innovation Fund – Virtualisation of Servers	–	–	–	81
Innovation Fund – Online Internal Audit Portal	–	–	2	–
StateCover Mutual – Nifti-Lift Purchase	–	–	–	14
Nixon Park Lighting	–	–	10	20
Nixon Park Play Equipment	–	–	1	–
Safer Streets Program – CBD & Lake CCTV Project	–	–	11	30
RFS Community Engagement Centre	5	–	–	–
Aerodrome - Flood Damage Remediation	1,419	–	–	–
Other	1	–	–	–
Total specific purpose	5,853	3,975	1,830	1,857
Total grants	9,220	8,749	1,830	1,857

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
Grant revenue is attributable to:				
– Commonwealth funding	5,162	6,493	11	630
– State funding	4,058	2,256	1,809	1,193
– Other funding	–	–	10	34
	9,220	8,749	1,830	1,857
(f) Contributions				
Other contributions:				
Cash contributions				
Economic Development – TBEG	8	6	–	–
FBT contributions	32	29	–	–
Footpath contributions	–	–	16	16
Kerb and Gutter	–	1	–	72
Other Councils - ELEs transferred	9	–	–	–
Nixon Park Lighting	–	–	–	96
Sewerage (excl. section 64 contributions)	–	–	–	31
Travel Contributions	4	7	–	–
GWCC Employment Subsidy	13	38	–	–
Youth	–	1	–	–
RFS Community Engagement Centre	–	–	–	294
TEM-FM Relocation	–	–	–	18
Sewer/Effluent - Fountain Repairs	5	–	–	–
Heated Pool Contribution - Temora Hospital	10	–	–	–
Aerodrome Rural Fire Tanks - RFS	–	–	17	–
Ariah Park Cemetery Toilet Block	–	–	9	–
TAIC - Machinery Shed, Offices, Labs - GRDC	–	–	774	–
TAIC - Sewerage Overflow Dam - GRDC	–	–	782	–
Lake Centenary BBQ Contribution	–	–	10	–
Other	–	1	–	5
Total other contributions – cash	81	83	1,608	532
Total contributions	81	83	1,608	532
TOTAL GRANTS AND CONTRIBUTIONS	9,301	8,832	3,438	2,389

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	862	865
Add: operating grants recognised in the current period but not yet spent	779	862
Less: operating grants recognised in a previous reporting period now spent	(862)	(865)
Unexpended and held as restricted assets (operating grants)	779	862

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	6,409	6,123
Employee termination costs	67	–
Travel expenses	3	1
Employee leave entitlements (ELE)	909	570
ELE on-costs	3	(13)
Superannuation – defined contribution plans	567	537
Superannuation – defined benefit plans	178	193
Workers' compensation insurance	264	312
Fringe benefit tax (FBT)	82	51
Training costs (other than salaries and wages)	64	66
Staff uniforms and safety clothing	18	15
Total employee costs	8,564	7,855
Less: capitalised costs	(1,022)	(760)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>	<u>7,542</u>	<u>7,095</u>
Number of 'full-time equivalent' employees (FTE) at year end	109	100

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

(b) Borrowing costs	2018	2017
Interest bearing liability costs		
Interest on loans	23	39
Total interest bearing liability costs	23	39
<u>TOTAL BORROWING COSTS EXPENSED</u>	<u>23</u>	<u>39</u>

Accounting policy for borrowing costs

Borrowing costs are expensed when incurred.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	6,813	6,429
Contractor and consultancy costs	6,760	3,577
Auditors remuneration ⁽²⁾	27	31
Legal expenses:		
– Legal expenses: debt recovery	11	1
– Legal expenses: other	3	6
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	52	60
Total materials and contracts	13,666	10,104
Less: capitalised costs	(7,389)	(5,732)
TOTAL MATERIALS AND CONTRACTS	6,277	4,372

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1. Operating lease payments are attributable to:

Photocopiers	52	60
	52	60

2. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council – NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	25	28
Remuneration for audit and other assurance services	25	28
Total Auditor-General remuneration	25	28

Non NSW Auditor-General audit firms:

(i) Audit and other assurance services

Other audit and assurance services - Grant Acquittals	2	3
Remuneration for audit and other assurance services	2	3
Total remuneration of non NSW Auditor-General audit firms	2	3
Total Auditor remuneration	27	31

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Plant and equipment	768	749
Office equipment	29	60
Furniture and fittings	30	30
Land improvements (depreciable)	28	27
Infrastructure:		
– Buildings – non-specialised	222	195
– Buildings – specialised	236	230
– Other structures	69	43
– Roads (incl k&g)	2,114	2,009
– Bridges	97	97
– Footpaths	97	90
– Stormwater drainage	135	125
– Sewerage network	273	221
– Swimming pools	42	42
– Other open space/recreational assets	40	38
– Other infrastructure	17	–
Leasehold improvements	55	55
Other assets:		
– Library books	1	1
– Other	120	135
Total gross depreciation and amortisation costs	4,373	4,147
Less: capitalised costs	(113)	(73)
Total depreciation and amortisation costs	4,260	4,074
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>	<u>4,260</u>	<u>4,074</u>

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	80	61
Bad and doubtful debts	11	–
Bank charges	25	24
Cleaning	115	111
Conferences	8	5
Contributions/levies to other levels of government		
– Bushfire fighting fund	224	253
– Emergency services levy (includes FRNSW, SES, and RFS levies)	10	11
– NSW Fire Brigade Levy	34	33
Councillor expenses – Mayoral Fee	16	16
Councillor expenses – Councillors' Fees	80	78
Councillors' expenses (incl. mayor) – other (excluding fees above)	27	38
Donations, contributions and assistance to other organisations (Section 356)	174	159
Election expenses	–	39
Electricity and heating	271	275
Insurance	321	428
Office expenses (including computer expenses)	152	235
Postage & Freight	54	38
Printing and stationery	56	71
Street lighting	147	118
Subscriptions and publications	97	44
Telephone and communications	143	167
Valuation fees	32	32
Water	122	129
<u>TOTAL OTHER EXPENSES</u>	<u>2,199</u>	<u>2,365</u>

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Property (excl. investment property)	9		
Proceeds from disposal – property		–	35
Less: carrying amount of property assets sold/written off		–	(12)
Net gain/(loss) on disposal		–	23
Plant and equipment	9		
Proceeds from disposal – plant and equipment		376	270
Less: carrying amount of plant and equipment assets sold/written off		(314)	(197)
Net gain/(loss) on disposal		62	73
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		280	216
Less: carrying amount of real estate assets sold/written off		(185)	(163)
Net gain/(loss) on disposal		95	53
Financial assets	6		
Proceeds from disposal/redemptions/maturities – financial assets		1,515	1,510
Less: carrying amount of financial assets sold/redeemed/matured		(1,515)	(1,510)
Net gain/(loss) on disposal		–	–
Other Assets			
Proceeds from disposal – Other Assets		–	6
Less: carrying amount of Other Assets assets sold/written off		–	(65)
Net gain/(loss) on disposal		–	(59)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		157	90

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	1,206	952
Cash-equivalent assets		
– Deposits at call	4	3
– Short-term deposits	–	500
Total cash and cash equivalents	1,210	1,455

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Investments				
'Held to maturity'	6,639	—	6,650	—
Total investments	6,639	—	6,650	—
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>7,849</u>	<u>—</u>	<u>8,105</u>	<u>—</u>
Held to maturity investments				
Long term deposits	6,639	—	6,650	—
Total	6,639	—	6,650	—

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value.

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	7,849	–	8,105	–
attributable to:				
External restrictions (refer below)	2,711	–	2,322	–
Internal restrictions (refer below)	4,863	–	5,781	–
Unrestricted	275	–	2	–
	7,849	–	8,105	–

\$ '000	2018	2017
Details of restrictions		
External restrictions – other		
Specific purpose unexpended grants	779	862
Sewerage services	1,084	739
Domestic waste management	742	643
Stormwater management	106	78
External restrictions – other	2,711	2,322
Total external restrictions	2,711	2,322
Internal restrictions		
Plant and vehicle replacement	262	304
Infrastructure replacement	761	550
Employees leave entitlement	358	1,537
Carry over works	290	350
Gravel royalty	610	376
Industrial development	198	199
Izumizaki donation	2	2
Medical complex	38	31
Roads reserve	292	458
Local roads reserve	375	372
Financial Assistance Grants Received in Advance	1,677	1,602
Total internal restrictions	4,863	5,781
TOTAL RESTRICTIONS	7,574	8,103

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	181	—	179	—
Interest and extra charges	16	—	18	—
User charges and fees	1,225	—	443	—
Capital debtors				
– Contributions for Assets	128	—	121	—
Accrued revenues				
– Interest on investments	43	—	30	—
– Other income accruals	107	—	67	—
Deferred debtors	14	18	19	33
Government grants and subsidies	1,811	—	273	—
Net GST receivable	29	—	91	—
Other debtors	22	—	16	—
Total	3,576	18	1,257	33
Less: provision for impairment				
User charges and fees	(3)	—	(4)	—
Total provision for impairment – receivables	(3)	—	(4)	—
<u>TOTAL NET RECEIVABLES</u>	<u>3,573</u>	<u>18</u>	<u>1,253</u>	<u>33</u>
Externally restricted receivables				
Sewerage services				
– Rates and availability charges	39	—	43	—
– Other	791	—	792	—
Domestic waste management	29	—	28	—
Total external restrictions	859	—	863	—
Internally restricted receivables				
– ELE Reserve - Runway Remediation	1,419	—	—	—
Internally restricted receivables	1,419	—	—	—
Unrestricted receivables	1,295	18	390	33
TOTAL NET RECEIVABLES	3,573	18	1,253	33
Movement in provision for impairment of receivables			2018	2017
Balance at the beginning of the year			4	4
– amounts already provided for and written off this year			(1)	—
Balance at the end of the year			3	4

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
Inventories at cost				
Real estate for resale (refer to (i) below)	1,210	—	324	—
Stores and materials	253	—	308	—
Total inventories at cost	1,463	—	632	—
<u>TOTAL INVENTORIES</u>	<u>1,463</u>	<u>—</u>	<u>632</u>	<u>—</u>
(b) Other assets				
Prepayments	144	—	109	—
Other	1	—	1	—
<u>TOTAL OTHER ASSETS</u>	<u>145</u>	<u>—</u>	<u>110</u>	<u>—</u>

Externally restricted assets

There are no restrictions applicable to the above assets.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current

(i) Other disclosures

(a) Details for real estate development

Residential		1,098	–	212	–
Industrial/commercial		112	–	112	–
Total real estate for resale		1,210	–	324	–

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

Represented by:

Acquisition & development costs		1,210	–	324	–
Total real estate for resale		1,210	–	324	–

Movements:

Real estate assets at beginning of the year		324	–	316	–
– Purchases and other costs		1,071	–	171	–
– WDV of sales (expense)	5	(185)	–	(163)	–
Total real estate for resale		1,210	–	324	–

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

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

	2018	2017
Real estate for resale	982	171
	982	171

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development.

Temora Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018		
				Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount										Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	689	–	689	79	136	–	–	–	(688)	–	–	–	216	–	216
Plant and equipment	8,769	4,219	4,550	1,218	–	(314)	(768)	–	3	(37)	–	–	8,931	4,279	4,652
Office equipment	445	332	113	25	–	–	(29)	–	2	–	–	–	473	362	111
Furniture and fittings	406	158	248	–	–	–	(30)	–	–	(55)	–	–	348	185	163
Land:															
– Operational land	3,385	–	3,385	–	–	–	–	–	–	–	(641)	–	2,744	–	2,744
– Community land	907	–	907	–	–	–	–	–	–	–	–	–	907	–	907
Land improvements – depreciable	573	151	422	–	–	–	(28)	–	–	(8)	–	–	566	180	386
Infrastructure:															
– Buildings – non-specialised	13,624	4,995	8,629	283	–	–	(222)	–	4	604	(2,909)	–	13,553	7,164	6,389
– Buildings – specialised	17,306	4,422	12,884	573	4	–	(236)	–	12	–	(357)	–	24,779	11,899	12,880
– Other structures	1,189	435	754	44	89	–	(69)	–	8	302	–	230	2,350	992	1,358
– Roads	137,741	55,202	82,539	2,241	32	–	(2,114)	770	184	–	–	–	140,968	57,316	83,652
– Bridges	9,658	1,963	7,695	–	–	–	(97)	–	–	–	–	–	9,658	2,059	7,599
– Footpaths	4,606	1,341	3,265	–	228	–	(97)	–	–	–	–	–	4,834	1,438	3,396
– Bulk earthworks (non-depreciable)	51,007	–	51,007	–	–	–	–	–	–	–	–	–	51,007	–	51,007
– Stormwater drainage	12,622	5,256	7,366	753	–	–	(135)	–	464	–	–	–	13,839	5,391	8,448
– Sewerage network	19,239	7,226	12,013	6	1,012	–	(273)	–	11	–	–	247	20,671	7,655	13,016
– Swimming pools	2,603	1,528	1,075	–	–	–	(42)	–	–	–	–	144	2,183	1,005	1,178
– Other open space/recreational assets	587	309	278	51	–	–	(40)	–	–	1	–	688	1,574	596	978
– Other infrastructure	113	–	113	409	152	–	(17)	–	–	712	–	–	1,865	496	1,369
Leasehold improvements	958	272	686	–	15	–	(55)	–	–	–	–	–	973	327	646
Other assets:															
– Library books	61	19	42	–	–	–	(1)	–	–	–	–	–	61	20	41
– Other	4,119	1,157	2,962	207	23	–	(120)	–	–	(1,519)	–	–	2,222	669	1,553
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	290,607	88,985	201,622	5,889	1,691	(314)	(4,373)	770	–	–	(3,907)	1,309	304,722	102,033	202,689

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

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	10 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 15
Computer equipment	4 to 7		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: All	40 to 100
Minor plant and equipment	2 to 10		
Sewer assets		Transportation assets	
Earth Lagoons & Reservoirs	200	Sealed roads: surface	18 to 20
Sewer Reticulation pipes	70 to 120	Sealed roads: structure	100
Sewer Maintenance Shafts	150	Unsealed roads: structure	100
Sewer Reticulation Connections	100	Unsealed roads: surface	15 to 40
Pump Stations Structural	100	Bridge: concrete	100
Effluent Reticulation Pipes	80	Bridge: other	100
Irrigation Network Structural	40	Road pavements	20 to 100
Internal Roads	20	Kerb, gutter and footpaths	50 to 100
Mechanical	20 to 30		
Electrical - 3 phase power	100		
Electrical - Other	20		
Stormwater assets		Other infrastructure assets	
Drains	100	Bulk earthworks	Infinite
Culverts	100	Swimming pools	50 to 60
		Other open space/recreational assets	10 to 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Land under roads

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

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

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment (continued)

Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Sewerage services						
WIP	—	—	—	10	—	10
Plant and equipment	109	33	76	109	22	87
Infrastructure	20,672	7,655	13,017	19,239	7,226	12,013
Total sewerage services	20,781	7,688	13,093	19,358	7,248	12,110
Domestic waste management						
Plant and equipment	277	150	127	277	122	155
Land						
– Operational land	167	—	167	25	—	25
– Improvements – depreciable	47	9	38	47	8	39
Buildings	104	31	73	4	2	2
Other structures	74	35	39	10	4	6
Other assets	44	37	7	43	36	7
Total DWM	713	262	451	406	172	234
TOTAL RESTRICTED IPP&E	21,494	7,950	13,544	19,764	7,420	12,344

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 9(c). Infrastructure, property, plant and equipment – current year impairments

\$ '000	2018	2017
(i) Impairment losses recognised direct to equity (ARR):		
– Road assets were impaired as a result of flood damage	–	(2,266)
Total impairment losses	–	(2,266)
(ii) Reversals of impairment losses previously recognised direct to equity (ARR):		
– Road Assets previously impaired and reversed	770	–
Total impairment reversals	770	–
IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)	770	(2,266)

Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	1,292	–	1,119	–
Goods and services – capital expenditure	181	–	261	–
Accrued expenses:				
– Borrowings	4	–	8	–
– Salaries and wages	130	–	87	–
– Other expenditure accruals	202	1	197	1
Security bonds, deposits and retentions	180	–	185	–
Total payables	1,989	1	1,857	1
Income received in advance				
Payments received in advance	474	–	15	–
Total income received in advance	474	–	15	–
Borrowings				
Loans – secured ¹	313	–	296	312
Total borrowings	313	–	296	312
TOTAL PAYABLES AND BORROWINGS	2,776	1	2,168	313

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 10. Payables and borrowings (continued)

\$ '000

(b) Changes in liabilities arising from financing activities

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	608	(295)	–	–	–	313
TOTAL	608	(295)	–	–	–	313

\$ '000

2018 2017

(c) Financing arrangements

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

Bank overdraft facilities ⁽¹⁾	200	200
Credit cards/purchase cards	30	30
Total financing arrangements	230	230
Drawn facilities as at balance date:		
– Credit cards/purchase cards	5	7
Total drawn financing arrangements	5	7
Undrawn facilities as at balance date:		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	25	23
Total undrawn financing arrangements	225	223

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

Accounting policy for payables and borrowings

Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are carried at their principal amounts, which represents the present value of future cash flows associated with servicing the debt.

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	994	–	892	–
Sick leave	1,359	–	1,325	–
Long service leave	1,763	28	1,732	28
<u>TOTAL PROVISIONS</u>	<u>4,116</u>	<u>28</u>	<u>3,949</u>	<u>28</u>

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

\$ '000	2018	2017
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(b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	2,985	2,882
	<u>2,985</u>	<u>2,882</u>

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions			Total
	Annual leave	Sick leave	Long service leave	
At beginning of year	892	1,325	1,760	3,977
Additional provisions	453	178	227	858
Amounts used (payments)	(371)	(144)	(206)	(721)
Remeasurement effects	20	–	10	30
Total ELE provisions at end of year	994	1,359	1,791	4,144
2017				
At beginning of year	985	1,381	1,801	4,167
Additional provisions	408	164	187	759
Amounts used (payments)	(454)	(163)	(139)	(756)
Remeasurement effects	(47)	(57)	(89)	(193)
Total ELE provisions at end of year	892	1,325	1,760	3,977

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Provisions (continued)

Employee benefits (continued)

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,210	1,455
Balance as per the Statement of Cash Flows		1,210	1,455
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		5,297	5,484
Adjust for non-cash items:			
Depreciation and amortisation		4,260	4,074
Net losses/(gains) on disposal of assets		(157)	(90)
Share of net (profits) or losses of associates/joint ventures		(7)	–
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(2,324)	2
Increase/(decrease) in provision for doubtful debts		(1)	–
Decrease/(increase) in inventories		55	(134)
Decrease/(increase) in other assets		(35)	(26)
Increase/(decrease) in payables		173	453
Increase/(decrease) in accrued interest payable		(4)	(3)
Increase/(decrease) in other accrued expenses payable		48	36
Increase/(decrease) in other liabilities		454	39
Increase/(decrease) in employee leave entitlements		167	(190)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		7,926	9,645

Note 14. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2018	2017	2018	2017
Joint ventures	7	–	186	–
Total	7	–	186	–

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 14. Interests in other entities (continued)

\$ '000

(a) Joint arrangements

(i) Joint ventures

Council has incorporated the following joint ventures into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	2018
Riverina Regional Library	Joint Venture	186
Total carrying amounts – material joint ventures		186

(b) Details

Name of entity	Principal activity	Place of business
Riverina Regional Library	Provision of Library Services	Riverina

(c) Relevant interests and fair values

Name of entity	Quoted fair value 2018	Interest in outputs 2018	Interest in ownership 2018	Proportion of voting power 2018
Riverina Regional Library	n/a	4%	4%	4%

(d) Summarised financial information for joint ventures

	Riverina Regional Library 2018
Statement of financial position	
Current assets	
Cash and cash equivalents	2,275
Other current assets	17
Non-current assets	2,816
Current liabilities	
Current financial liabilities (excluding trade and other payables and provisions)	853
Non-current liabilities	
Non-current financial liabilities (excluding trade and other payables and provisions)	2
Net assets	4,253
Reconciliation of the carrying amount	
Opening net assets (1 July)	–
Profit/(loss) for the period	152
Closing net assets	152
Council's share of net assets (%)	4.4%
Council's share of net assets (\$)	186

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 14. Interests in other entities (continued)

\$ '000

(i) Joint ventures (continued)

Riverina Regional Library 2018

Statement of comprehensive income

Income	2,876
Interest income	25
Depreciation and amortisation	(781)
Interest expense	(8)
Other expenses	(1,960)
Profit/(loss) from continuing operations	152

Profit/(loss) for period

152

Total comprehensive income

152

Share of income – Council (%)

4.4%

Profit/(loss) – Council (\$)

7

Total comprehensive income – Council (\$)

7

Summarised Statement of cash flows

Cash flows from operating activities	753
Cash flows from investing activities	(736)
Net increase (decrease) in cash and cash equivalents	17

(i) County Councils

Council is a member of Goldenfields Water County Council, a body corporate established under the *Local Government Act 1993* (NSW) as a Local Water Authority. Council is one of seven constituent members and does not control the County Council. Accordingly, the County Council has not been consolidated in the financial statements.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 15. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Land and Buildings	1,842	1,350
Total commitments	1,842	1,350
These expenditures are payable as follows:		
Within the next year	1,842	1,350
Total payable	1,842	1,350
Sources for funding of capital commitments:		
Internally restricted reserves	342	–
New loans (to be raised)	1,500	1,350
Total sources of funding	1,842	1,350

Details of capital commitments

Council will be purchasing the Works Depot, which is currently leased, for \$1.5m. Council will also be purchasing land for future expansion of the Airpark Estate.

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	45	51
Later than one year and not later than 5 years	135	24
Total non-cancellable operating lease commitments	180	75

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

The operating lease is in place for Photocopiers and is for a 60 month term.

Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

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

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme that is a multi-employer plan.

a) Funding arrangements, including methodology to determine rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% of salary
Division D	1.64 times employee contributions

The additional lump sum contributions for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

b) Extent to which Council may be liable to plan the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

c) Description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

There are no specific contributions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) entity's withdrawal from the plan

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(i) Defined benefit superannuation contribution plans (continued)

d) Further information relating to reasons for accounting for the pooled employer fund as a defined contribution employer.

(i) the fact the plan is a defined benefit plan.

Council confirms that the plan is a defined benefit plan.

(ii) why sufficient information is not available to enable Council to account for the plan as a defined benefit

1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
2. The contribution rates have been the same for all sponsoring employers and have not varied for each employer according to the experience relating to the employees of that employer;
3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
4. The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

(iii) the expected contribution to the plan for the next annual reporting period.

The expected contributions by Council to the Fund for the next annual reporting period are \$114,023.52.

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

<i>Employer reserves only*</i>	<i>\$M</i>	<i>Asset Coverage</i>
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.70%
Vested Benefits	1,778.0	102.20%

* excluding member accounts and reserves in both assets and liabilities

The key economic long-term assumptions used to calculate the present value of accrued benefits are:

Investment Return	6.0% per annum
Salary Inflation (plus promotional increases)	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers.

(v) an indication of the level of Council's participation in the plan compared with other participating entities.

Council's participation in the Scheme compared with other entities is about 0.20% based on the Council's current level of annual additional contributions against total contributions. The last valuation of the fund was performed by Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ending 30 June 2017.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Fencing of Quarries

Council leases various gravel quarries throughout the shire. Recent changes to the Mining Act mean that Council will now be required to fence off these quarries to restrict access in an attempt to limit Council's possible liabilities.

Council's solicitor has compiled an agreement between Council and the landowners setting out the requirements and possible responsibilities of each party. These agreements have not yet been ratified by all landowners.

These future liabilities have not been brought to account because:

- Council is yet to decide which quarries it will actually fence off, as it is considering closing a number of the least used sites. Restoration costs on these sites would be negligible.
- Preliminary engineering estimates of the individual amounts required to undertake the fencing works have not yet been made due to the variations between each site's size, distance from access point etc.

ASSETS NOT RECOGNISED:

(i) Land under roads

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management

\$ '000

Risk management

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

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

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

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

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

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 1% movement in interest rates	78	78	(78)	(78)
2017				
Possible impact of a 1% movement in interest rates	81	81	(81)	(81)

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	87%	0%	85%
Overdue	100%	13%	100%	15%
	100%	100%	100%	100%

(ii) Ageing of receivables – value

Rates and annual charges

	2018	2017
< 1 year overdue	73	104
1 – 2 years overdue	85	48
2 – 5 years overdue	17	14
> 5 years overdue	6	13
	181	179

Other receivables

	2018	2017
Current	2,964	947
0 – 30 days overdue	214	23
31 – 60 days overdue	1	8
61 – 90 days overdue	128	88
> 91 days overdue	106	45
	3,413	1,111

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 – 5 Years	> 5 Years		
2018							
Trade/other payables	N/A	180	1,810	–	–	1,990	1,990
Loans and advances	5.40%	–	313	–	–	313	313
Total financial liabilities		180	2,123	–	–	2,303	2,303
2017							
Trade/other payables	N/A	185	1,673	–	–	1,858	1,858
Loans and advances	5.40%	–	323	323	–	646	608
Total financial liabilities		185	1,996	323	–	2,504	2,466

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 15 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

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

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 Variance* -----	
REVENUES				
Rates and annual charges	5,197	5,132	(65)	(1%) U
User charges and fees	3,779	6,325	2,546	67% F
Revenue from State Roads RMCC contract works was significantly over the budgeted amount, as was the revenue from Pinnacle Community Services in relation to aged and disability services. Other less significant variations from budget were in relation to caravan parks and cemeteries.				
Interest and investment revenue	170	194	24	14% F
This variation is due to increased levels of reserves.				
Other revenues	866	1,044	178	21% F
Council received \$19k in revenue for hire of facilities at the aerodrome which were not budgeted. Service NSW agency fees were \$13k higher than anticipated following a change by RMS in the methodology used to calculate the commission. The diesel fuel rebate was \$32k higher than budget. Council's insurance rebates were also unbudgeted.				
Operating grants and contributions	6,839	9,301	2,462	36% F
The most significant variation to operating grants and contributions was the advance payment of half of the 2018/19 FAGS allocation in June 2018. The amount of the advance payment was \$1,677k. Council also received \$1,394k in flood damage funding which was unbudgeted. Council secured flood damage funding for runway remediation works to the value of \$1,419k.				
Partially offsetting the above variations is the fact that at the time of budget preparation, our entire regional roads allocation is classified as operating due to the uncertainty regarding the allocation of expenditure. In this years statements \$542k was classified as capital.				
Capital grants and contributions	1,553	3,438	1,885	121% F
Council was in receipt of a number of capital grants which were unbudgeted. These included \$959k in Fixing Country Roads funding to construct the Tara Bectric Bridge, \$10k Lake Centenary Precinct Grant, \$22k Hillview Park Toilets Grant.				
Council received \$1,556k contribution from Farmlink for the construction of the sewerage overflow dam and machinery shed at TAIC along with improvements to the administration facilities. This was \$656k more than the budgeted amount.				
Net gains from disposal of assets	268	157	(111)	(41%) U
Gains on sale of Aviation Estate properties were approximately \$161k less than anticipated for a number of reasons. Less blocks were sold than anticipated and development costs were significantly higher than originally budgeted. Profit on sale of plant and equipment exceeded budget by \$50k.				

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
EXPENSES				
Employee benefits and on-costs	5,131	7,542	(2,411)	(47%) U
Council's employee costs are over budget. Council's commitment to the RMS for State Roads was significantly over budget. Employee costs in relation to Pinnacle Community Services has risen dramatically the increase in packaged care costs and the costs of staffing our supported independent living house. This variation can also be partially attributed to differing budget allocations between salaries & wages and materials & contracts.				
Borrowing costs	78	23	55	71% F
Borrowing costs are less than budget as loan funds were drawn down later than anticipated.				
Materials and contracts	4,472	6,277	(1,805)	(40%) U
This variation can be attributed to the increase in works undertaken for the RMS on State Roads and the \$1.4m paid for the flood damage remediation works at the aerodrome which were unbudgeted.				
Depreciation and amortisation	4,046	4,260	(214)	(5%) U
Other expenses	2,318	2,199	119	5% F

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

Cash flows from operating activities	6,467	7,926	1,459	22.6% F
This variation is primarily due to the grant funding for flood damage remediation at the aerodrome being outstanding.				
Cash flows from investing activities	(7,884)	(7,876)	8	(0.1%) F
Cash flows from financing activities	1,560	(295)	(1,855)	(118.9%) U
Loan funds were not drawn down during 2017/18 as budgeted.				

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			
2017		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– "Held to maturity"	30/06/17	–	6,650	–	6,650
Total financial assets		–	6,650	–	6,650
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/17	–	–	4,550	4,550
Office equipment	30/06/17	–	–	113	113
Furniture and fittings	30/06/17	–	–	248	248
Operational land	30/06/13	–	3,385	–	3,385
Community land	30/06/16	–	–	907	907
Land improvements	30/06/17	–	–	422	422
Buildings – non-specialised	30/06/13	–	8,629	–	8,629
Buildings – specialised	30/06/13	–	–	12,884	12,884
Leasehold improvements	30/06/17	–	–	686	686
Other structures	30/06/13	–	–	754	754
Roads	30/06/15	–	–	82,539	82,539
Bridges	30/06/15	–	–	7,695	7,695
Footpaths	30/06/15	–	–	3,265	3,265
Bulk earthworks (roads)	30/06/15	–	–	51,007	51,007
Stormwater drainage	30/06/15	–	–	7,366	7,366
Sewerage network	30/06/17	–	–	12,013	12,013
Swimming pools	30/06/13	–	–	1,075	1,075
Other open space/recreational assets	30/06/13	–	–	278	278
Other Infrastructure	30/06/17	–	–	113	113
Library books	30/06/17	–	–	42	42
Other	30/06/17	–	–	2,962	2,962
Total infrastructure, property, plant and equipment		–	12,014	188,919	200,933

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

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

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

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

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

Infrastructure, property, plant and equipment

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in-house as part of the valuation project undertaken in 2015. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in-house as part of the valuation project undertaken in 2015. A full review of useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse.

The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in-house as part of the valuation project undertaken in 2017. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Council has used the Valuer General's Unimproved Capital Land Value (UCV) as the fair value. There has been no change in the valuation process during the period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council engaged AssetVal Pty Ltd to value all of its operational land with an effective date of 30 June 2018.

Buildings – Specialised

This asset class comprises all of Council's specialised buildings.

Council engaged AssetVal Pty Ltd to value all of its buildings with an effective date of 30 June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

(4) Reconciliation of Movements

a. The following table presents the changes in Level 3 Fair Value Assets.

Opening balance 1 July 2016	188,965
Purchases (GBV)	5,607
Disposals (WDV)	(261)
Depreciation and impairment	(3,952)
FV gains – other comprehensive income	717
Impairment Loss recognised in Equity	(2,266)
Transfers	109

Closing balance – 30/06/2017 **188,919**

Purchases (GBV)	7,768
Disposals (WDV)	(314)
Depreciation and impairment	(4,151)
FV gains – other comprehensive income	952
Impairment Loss recognised in Equity	770
Transfers	(604)

Closing balance – 30/06/2018 **193,340**

Further details for the individual asset classes are available in Note 9a.

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

\$604k was transferred out of Level 3 Fair Valuation hierarchy as a result of a re-classification of assets following the revaluation of land and buildings. The relevant assets were previously classified as Other Assets, Plant & Equipment and Furniture & Fittings, but were re-classified as Non-Specialised Buildings.

c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Plant & Equipment	4,652	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	111	Valued at Cost	Cost per unit, useful life, condition of asset
Furniture & Fittings	163	Valued at Cost	Cost per unit, useful life, condition of asset
Community Land	907	Based on Valuer General Valuation	Cost per sq metre, Valuer General's valuation
Land Improvements	386	Valued at Cost	Cost per unit, pattern of consumption, useful life, asset condition

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Buildings – Specialised	12,880	External Valuation using cost approach	Cost per sq metre, pattern of consumption, condition assessment, useful life
Leasehold Improvements	646	Valued at Cost	Cost per sq metre, pattern of consumption, condition assessment, term of lease
Other Structures	1,358	External Valuation using cost approach	Cost per unit, useful life, condition of asset
Roads	83,652	Internal Valuation using cost approach	Unit rates, useful life, pattern of consumption, condition assessment
Bridges	7,599	Internal Valuation using cost approach	Unit rates, useful life, dimensions & specifications, pattern of consumption, components, condition assessment
Footpaths	3,396	Internal Valuation using cost approach	Unit rates, useful life, pattern of consumption, components, condition assessment
Bulk Earthworks (Roads)	51,007	Internal Valuation using cost approach	Cost per sq metre
Stormwater Drainage	8,448	Internal Valuation using cost approach	Cost per unit/metre
Sewerage Network	13,016	Internal Valuation using cost approach	Unit rates, useful life, pattern of consumption, components, condition assessment
Swimming Pools	1,178	External Valuation using cost approach	Cost per unit
Other Open Space/Recreational Assets	978	External Valuation using cost approach	Unit rates, pattern of consumption, components, useful life, asset condition
Other Infrastructure	1,369	Valued at Cost	Unit rates, useful life, pattern of consumption, condition assessment
Library Books	41	Valued at Cost	Unit Costs
Other	1,553	Valued at Cost	Unit Costs

d. The valuation process for level 3 fair value measurements

The inputs used for applying the Cost Approach to the valuation process were:

- pattern of consumption
- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs.

(5). Highest and best use

All of Council's non-financial assets are considered to being utilised for their highest and best use.

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

\$ '000

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

Compensation:	2018	2017
Short-term benefits	965	941
Post-employment benefits	87	84
Other long-term benefits	30	25
Termination benefits	—	99
Total	1,082	1,148

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2018						
Employee expenses for close family members of KMP	1	448,057	—	NSW Local Govt State Award	—	—
Catering Supplies	3	362	—	7 day terms on invoices	—	—
Plumbing Services	3	82,130	—	7 day terms on invoices	—	—
Uniform Purchases	2	1,324	—	7 day terms on invoices	—	—
Laundry Services	2	9,416	—	7 day terms on invoices	—	—
Real Estate Services		—	—	3% on settlement	—	—
Fees & Charges charged to entities who influence or are influenced by KMP	4	14,772	—		—	—
2017						
Employee expenses for close family members of KMP	1	495,000	—	NSW Local Govt State Award	—	—
Plumbing Services	3	63,000	—	7 day terms on invoices	—	—
Uniform Purchases	2	3,000	—	7 day terms on invoices	—	—
Laundry Services	2	10,000	—	7 day terms on invoices	—	—
Catering Supplies	3	1,000	—	7 day terms on invoices	—	—
Catering Services/Giftware	2	1,000	—	7 day terms on invoices	—	—
Training Services	2	1,000	—	7 day terms on invoices	—	—
Real Estate Services	4	13,000	—	3% on settlement	—	—
Fees & Charges charged to entities who influence or are influenced by KMP	5	6,000	—		—	—

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions (continued)

b. Other transactions with KMP and their related parties (continued)

- 1 All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. Council employs 149 staff, of which only 7 are close family members of KMP.
- 2 Council purchased the following materials and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations. Amounts were billed based on normal rates for such services/supplies and were due and payable under normal payment terms following Council's procurement processes.
 - Work Uniforms
 - Laundry Services
- 3 Council purchased the following materials and services from entities that are controlled by a related party of a KMP. All purchases were at arm's length and were in the normal course of Council operations. Amounts were billed based on normal rates for such services/supplies and were due and payable under normal payment terms following Council's procurement processes.
 - Plumbing Services
 - Catering Supplies
- 4 Council engages the services of a local real estate agency, of which one of the principals is a related party of a KMP. All real estate listings were at arm's length and in the normal course of Council operations. Commission is deducted from the property sale proceeds at a rate of 3% of the sale price. All properties listed for sale are also listed with another reputable real estate agent in the area on the same terms and conditions.
- 5 The fees & charges charged to entities controlled by KMP or entities that are controlled by a related party of a KMP were in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes:
 - Development Application fees received three KMPs. The development applications were assessed and approved in accordance with Council's normal terms and conditions. The KMPs did not participate in any decisions related to the application.
 - Development Application fees received from two related parties of KMPs. The development applications were assessed and approved in accordance with Council's normal terms and conditions. The KMPs did not participate in any decisions related to the applications.

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 21. Financial result and financial position by fund

Income Statement by fund		
\$ '000	2018	2018
Continuing operations	Sewer	General¹
Income from continuing operations		
Rates and annual charges	925	4,207
User charges and fees	56	6,269
Interest and investment revenue	19	175
Other revenues	16	1,028
Grants and contributions provided for operating purposes	35	9,266
Grants and contributions provided for capital purposes	784	2,654
Other income		
Net gains from disposal of assets	–	157
Share of interests in joint ventures and associates using the equity method	–	7
Total income from continuing operations	1,835	23,763
Expenses from continuing operations		
Employee benefits and on-costs	194	7,348
Borrowing costs	–	23
Materials and contracts	215	6,062
Depreciation and amortisation	284	3,976
Other expenses	66	2,133
Total expenses from continuing operations	759	19,542
Operating result from continuing operations	1,076	4,221
Net operating result for the year	1,076	4,221
Net operating result attributable to each council fund	1,076	4,221
Net operating result for the year before grants and contributions provided for capital purposes	292	1,567

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

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

Temora Shire Council

Notes to the Financial Statements as at 30 June 2018

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

Statement of Financial Position by fund		
\$ '000	2018	2018
ASSETS	Sewer	General¹
Current assets		
Cash and cash equivalents	1,084	126
Investments	–	6,639
Receivables	830	2,743
Inventories	–	1,463
Other	–	145
Total current assets	1,914	11,116
Non-current assets		
Receivables	–	18
Infrastructure, property, plant and equipment	13,093	189,596
Investments accounted for using the equity method	–	186
Total non-current assets	13,093	189,800
TOTAL ASSETS	15,007	200,916
LIABILITIES		
Current liabilities		
Payables	–	1,989
Income received in advance	–	474
Borrowings	–	313
Provisions	–	4,116
Total current liabilities	–	6,892
Non-current liabilities		
Payables	–	1
Provisions	–	28
Total non-current liabilities	–	29
TOTAL LIABILITIES	–	6,921
Net assets	15,007	193,995
EQUITY		
Accumulated surplus	8,275	76,078
Revaluation reserves	6,732	117,917
Council equity interest	15,007	193,995
Total equity	15,007	193,995

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

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 22(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	1,695	7.71%	14.34%	1.97%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	21,996				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	12,695	49.91%	51.92%	52.74%	> 60.00%
Total continuing operating revenue ⁽¹⁾	25,434				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	8,478	2.17x	2.08x	1.79x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	3,907				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	5,978	18.80x	22.24x	13.32x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	318				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	197	3.68%	3.84%	3.12%	10%
Rates, annual and extra charges collectible	5,354				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	7,849	5.60 mths	6.6 mths	4.4 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	1,402				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Notes 10 and 11.

⁽⁴⁾ Refer to Note 10(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Sewer indicators		Benchmark
	2018	2017	2018	2017	
Local government industry indicators – by fund					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	3.07%	13.55%	58.64%	29.58%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions					
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	49.49%	50.12%	55.42%	90.98%	> 60.00%
Total continuing operating revenue ⁽¹⁾					
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	2.17x	2.08x	No liabilities	No liabilities	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)					

Notes

(1) - (4) Refer to Notes at Note 22a above.

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

Temora Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Sewer indicators		Benchmark
	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)					
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	14.52x	20.56x	0.00x	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	3.57%	3.61%	4.20%	4.95%	< 10% regional & rural
Rates, annual and extra charges collectible					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	4.82	5.99	0.00	0.00	> 3 months
Payments from cash flow of operating and financing activities	months	months	months	months	

Notes

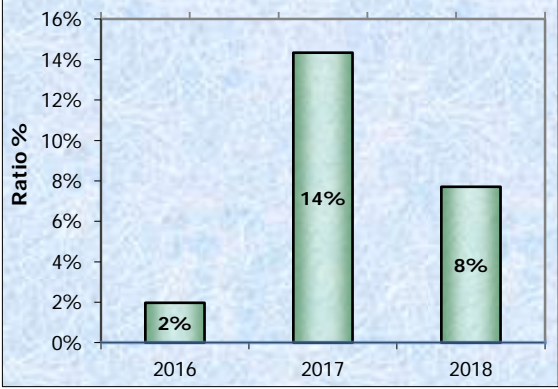
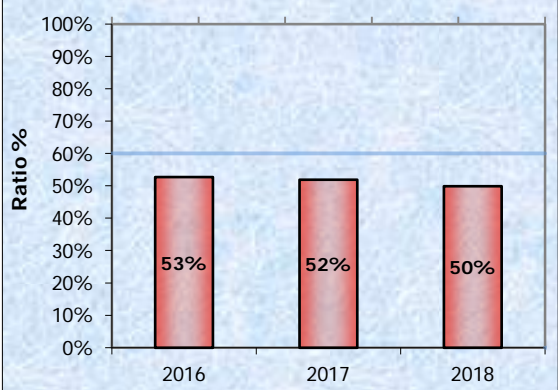
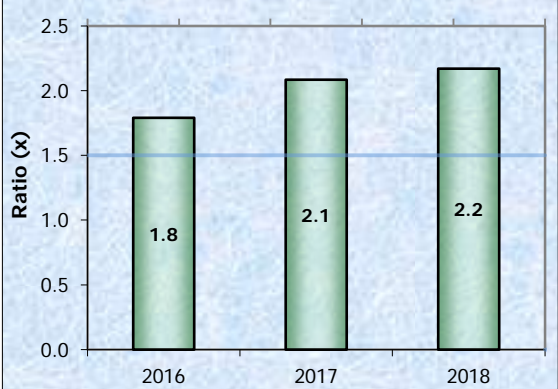
(1) Refer to Notes at Note 22a above.

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

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

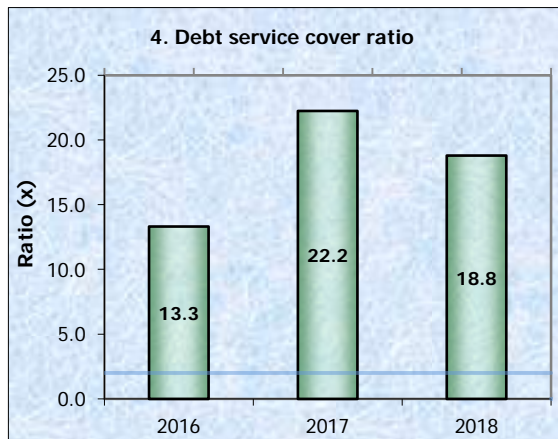
Note 22(c). Statement of performance measures – consolidated results (graphs)

<p>1. Operating performance ratio</p>  <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 7.71%</p> <p>Council has achieved a strong surplus again this year, although this is somewhat overstated as a result of the advance payment of the 2018/19 FAGS payment.</p>
<p>2. Own source operating revenue ratio</p>  <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 49.91%</p> <p>Grants and contributions continue to represent a significant portion of Council's income.</p>
<p>3. Unrestricted current ratio</p>  <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 2.17x</p> <p>This ratio is a reflection of Council's sound financial position.</p>

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 22(c). Statement of performance measures – consolidated results (graphs)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2017/18 result

2017/18 ratio 18.80x

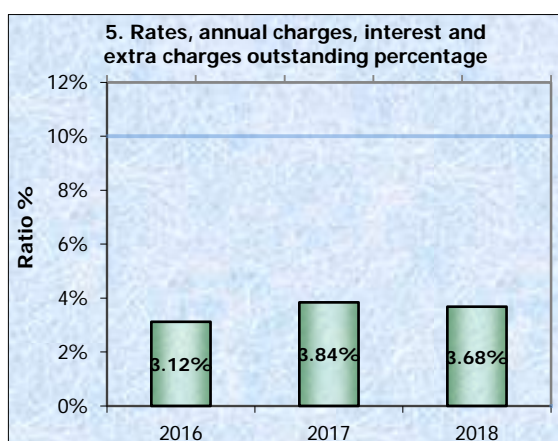
Council has only one loan which was taken out to partially finance the construction of a new medical complex. This loan will be fully repaid during the 2018/2019 financial year.



Ratio achieves benchmark



Ratio is outside benchmark



Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of rates and annual charges outstanding ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2017/18 result

2017/18 ratio 3.68%

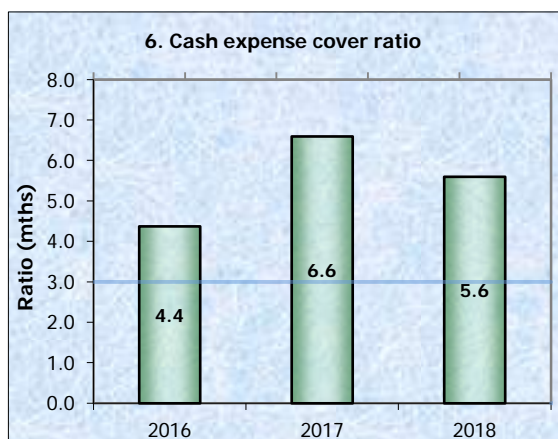
Council continues to perform well in this area.



Ratio is within Benchmark



Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2017/18 result

2017/18 ratio 5.60 mths

Council has been working on building up its cash reserves over the past few years. Cash reserves are down on last year primarily due to a \$1.4m grant for the flood damage works at the aerodrome being outstanding at 30 June 2018.



Ratio achieves benchmark



Ratio is outside benchmark

Temora Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 23. Council information and contact details

Principal place of business:

105 Loftus Street
Temora NSW 2666

Contact details
Mailing address:

PO Box 262
TEMORA NSW 2666

Opening hours:

8am to 4.30pm
Monday to Friday

Telephone: 02 6980 1100

Facsimile: 02 6980 1138

Internet: www.temora.nsw.gov.au

Email: temshire@temora.nsw.gov.au

Officers
GENERAL MANAGER

Gary Lavelle

RESPONSIBLE ACCOUNTING OFFICER

Steve Firth

PUBLIC OFFICER

Steve Firth

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2001

Elected members
MAYOR

Rick Firman

COUNCILLORS

Nigel Judd
Claire McLaren
Max Oliver
Lindy Reinhold
Graham Sinclair
Dennis Sleigh
Kenneth Smith
Dale Wiencke

Other information

ABN: 55 048 860 109



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Temora Shire Council

To the Councillors of the Temora Shire Council

Opinion

I have audited the accompanying financial report of Temora Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- 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 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

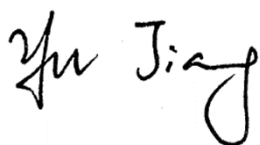
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Director, Financial Audit Services

29 October 2018
SYDNEY

Cr Rick Firman
Mayor
Temora Shire Council
PO Box 262
TEMORA NSW 2666

Contact: Reiky Jiang
Phone no: (02) 9275 7100
Our ref: D1826636/1793

29 October 2018

Dear Cr Firman

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Temora Shire Council**






I have audited the general purpose financial statements of the Temora Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

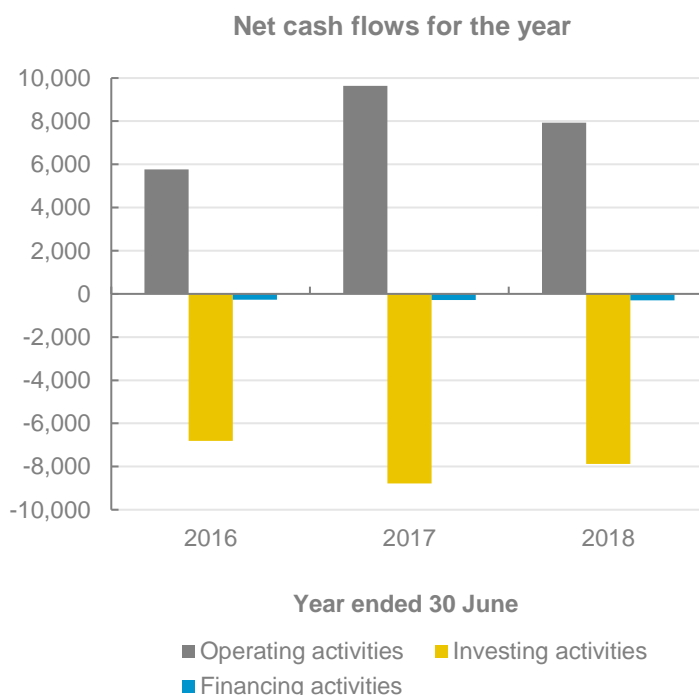
Operating result

	2018 \$'000	2017 \$'000	Variance %
Rates and annual charges revenue	5,132	4,965	 3.36
User charges and fees	6,325	6,104	 3.60
Grants and contributions revenue	12,739	11,221	 13.53
Operating result for the year	5,297	5,484	 3.41
Net operating result before capital amounts	1,859	3,095	 39.94

- The Council's operating result for the year was a surplus of \$5.30 million (\$5.48 million surplus for the year ended 30 June 2017). The Council budgeted for a surplus of \$2.63 million. This variance is mainly attributed to higher than expected grants and contributions.
- The Council's net operating result before capital grants and contributions was a surplus of \$1.86 million (\$3.09 million surplus for the year ended 30 June 2017). The decrease of \$1.23 million from the 2016–17 result was mainly due to an increase in expenses from continuing operations.
- Rates and annual charges revenue increased by \$0.17 million (3.36 per cent) to \$5.13 million in 2017–2018. The movement is consistent with an increase in ordinary rates in line with the 1.50% rate peg and the rise in the total number of rateable properties.
- User charges and fees are largely consistent with the prior year, increasing by \$0.22 million (2.60 per cent) to \$6.32 million.
- Grants and contributions revenue increased by \$1.52 million (13.53 per cent) to \$12.74 million. This is due to additional flood damage remediation funding, as well as specific purpose capital grants for the Temora Agricultural Innovation Centre. Council also received an advance of \$1.67 million under the Financial Assistance Grant program pertaining to the 2018/19 year (\$1.60 million in advance for the year ended 30 June 2017).
- Council's employee benefits and on-cost expenses remained consistent with prior year increasing by \$0.45 million (6.30 per cent) to \$7.54 million. The increase is consistent with the *Local Government State Award 2017* applicable to Councils employees.
- Council's materials and contracts expense increased by \$1.91 million (43.57 per cent) to \$6.28 million. Council's materials and contracts expense included an increase in works undertaken for the RMS on state roads and \$1.4 million paid for the flood damage remediation works at the Aerodrome.
- Council's depreciation and amortisation expense was also consistent with prior year increasing by only \$0.18 million (4.57 per cent) to \$4.26 million.

STATEMENT OF CASH FLOWS

- Council recorded a net decrease in cash and cash equivalents of \$0.25 million at 30 June 2018 (net increase of \$0.59 million at 30 June 2017).
- Net cash provided by operating activities amounted to \$7.93 million. Council recorded cash receipts from rates and annual charges of \$5.13 million, user fees and charges of \$6.59 million and grants and contributions of \$11.42 million. Council recorded \$7.37 million of cash payments for employee benefits and on-costs and \$6.71 million for materials and contracts.
- Net cash used in investing activities amounted to \$7.88 million. This is largely due to the net cash outflows from purchasing \$7.49 million of infrastructure, property, plant and equipment.
- Net cash used in financing activities amounted to \$0.29 million for repayment of borrowings.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$'000	\$'000	
External restrictions	2,711	2,322	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$0.39 million primarily due to the increase in Council's sewerage services restricted fund of \$0.34 million.
Internal restrictions	4,863	5,781	
Unrestricted	275	2	
Cash and investments	7,849	8,105	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council. The movement in internal restrictions is predominantly due to a decrease restrictions for employee leave entitlements of \$1.18 million. Unrestricted cash has increased slightly due to reduced internal restrictions.

Debt

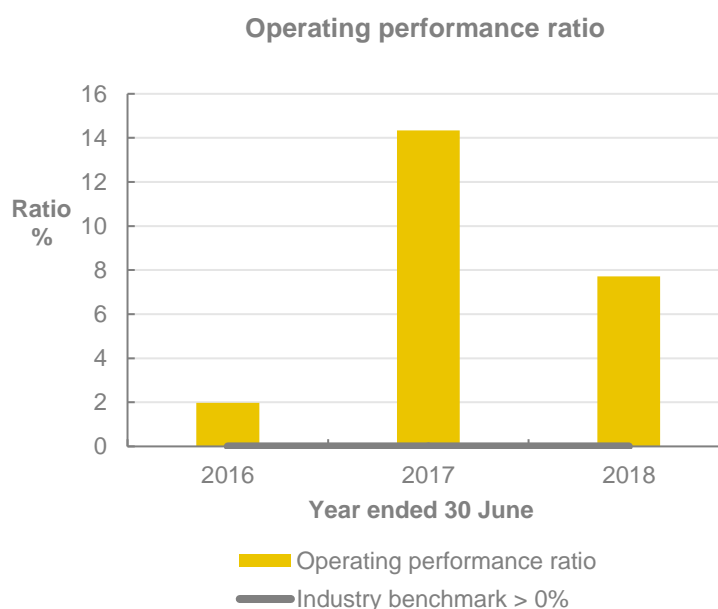
Council has \$0.31 million of borrowings as at 30 June 2018 (2017: \$0.61 million).

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 22 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

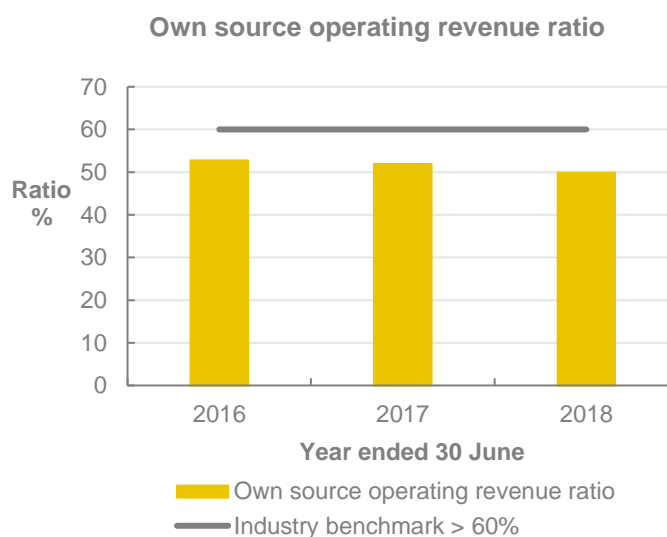
Operating performance ratio

- The 'operating performances ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than 0%.
- The operating performance ratio of 7.7% is above the industry benchmark.
- The operating performance ratio decreased by 6.6% from 14.3% in 2017 due to an increase in expenses from continuing operations. Council's materials and contracts expenses increased by \$1.91 million to \$6.28 million for the year ended 30 June 2018.



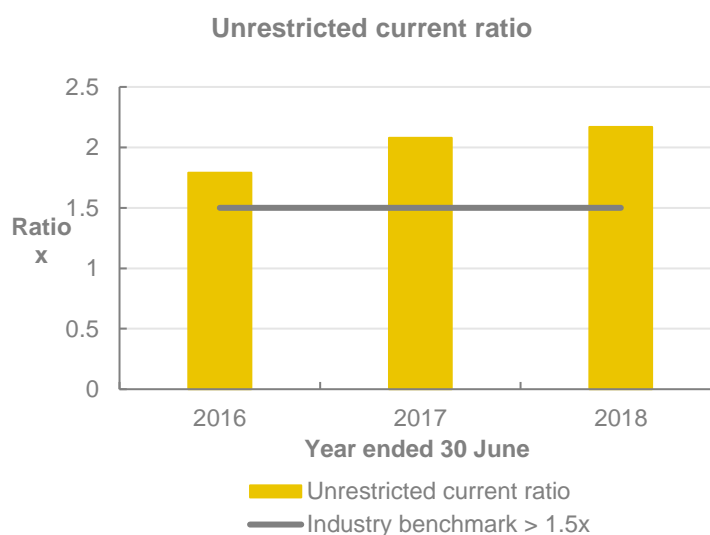
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 49.9% is below the industry benchmark.
- The own source operating revenue ratio remained steady at 49.9% (2017: 51.9%). Council continues to apply the maximum rate peg allowable in accordance with the general rating cap set by the State Government through the Independent Pricing and Regulatory Tribunal (IPART).
- The ratio remained below the industry benchmark due to the level of grant funding received by Council. Grants and contribution revenue included \$1.67 million of Financial Assistance Grants in advance that pertained to the 2018–19 financial year.



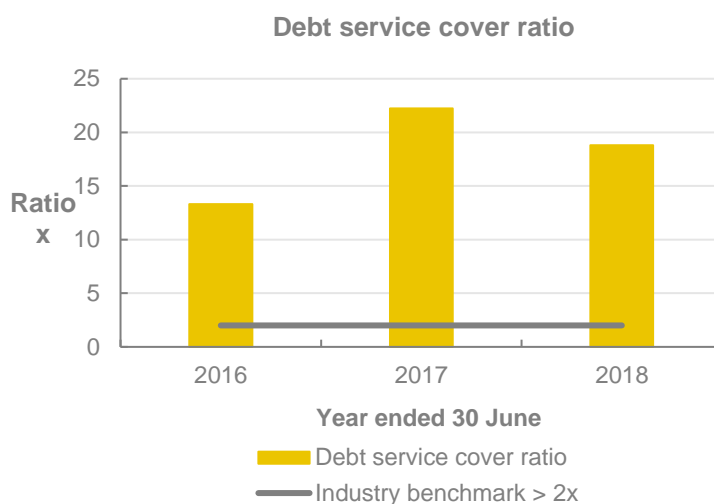
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 2.2 times is greater than the industry benchmark.
- Council's liquidity position increased marginally compared to the prior year due to the timing of receipt of a number of government grants and subsidies.
- The ratio indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.



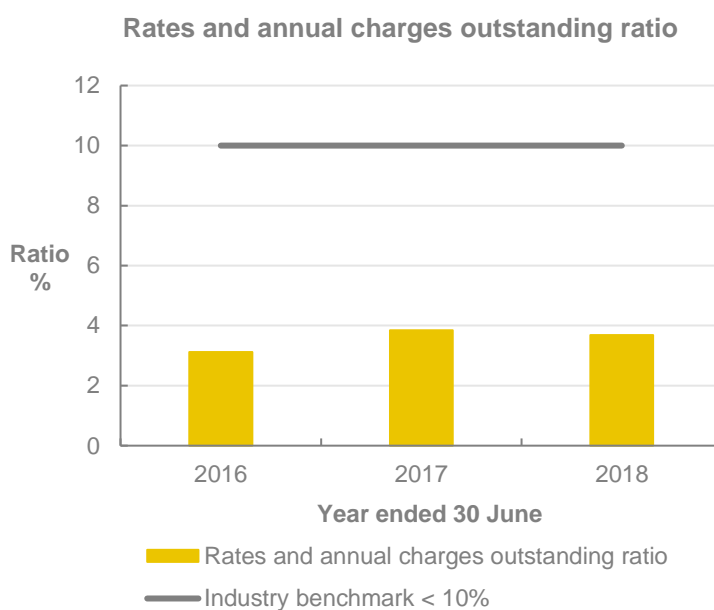
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's debt service cover ratio is greater than the industry benchmark.
- The ratio indicates that Council has 18.8 times in operating cash available to service its debts. Council generates sufficient cash from its operations to fund its debt obligations.
- Council continues to demonstrate that it has ability to generate sufficient cash from operations to fund loan repayments.



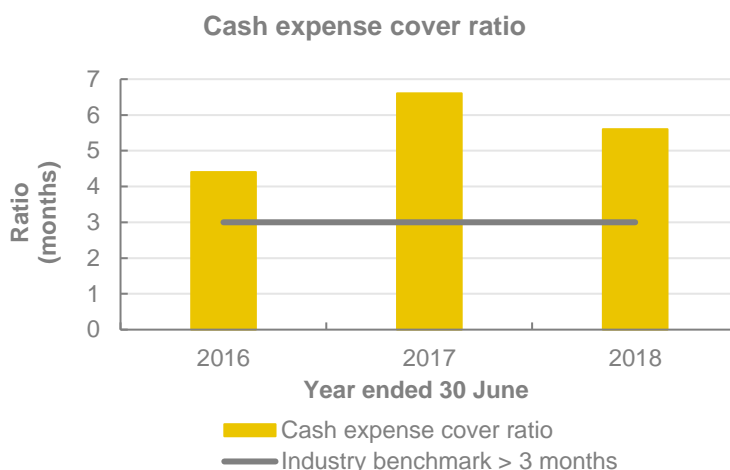
Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural Councils.
- The Council's rates and annual charges outstanding ratio of 3.7% is sufficiently within the industry benchmark of less than 10% for rural councils.
- Council's result remains consistent with prior periods and reflects Council's ongoing debt recovery effort.



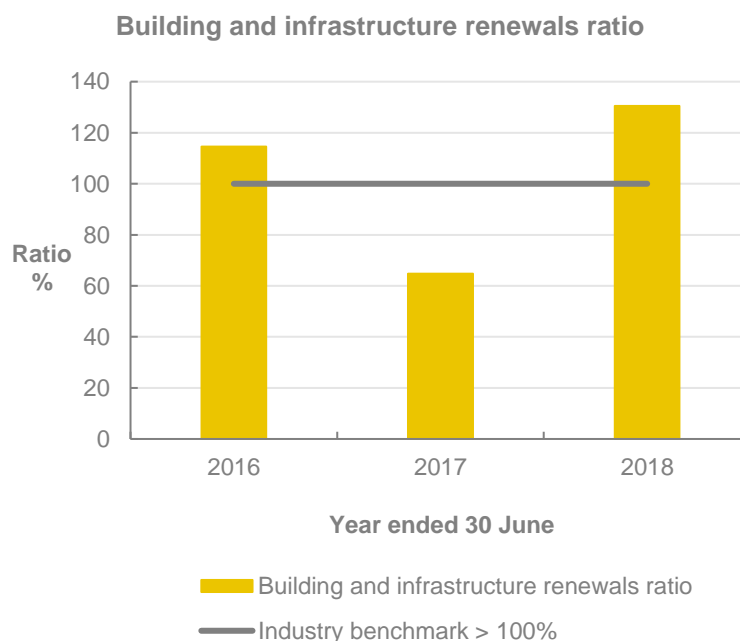
Cash expense cover ratio

- This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 5.6 months, which is above the industry benchmark.
- The cash expense cover ratio decreased compared with the prior year due to an increase in payments from cash flow for operating activities. Cash payments for materials and contracts increased \$2.2 million to \$6.7 million for the year ended 30 June 2018.
- This indicates that Council had the capacity to cover 5.6 months of operating cash expenditure without additional cash inflows at 30 June 2018.



Building and infrastructure renewals ratio (unaudited)

- The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent. This ratio is sourced from Council's Special Schedule 7 which has not been audited.
- The Council's building and infrastructure renewals ratio of 130.5% is above the industry benchmark.
- The increased this year is primarily due to Council's focus on maintaining older assets which drives up the demand for asset renewals. Council also recorded an impairment reversal of \$770 thousand on the prior year impairment to roads due to flood damage which improved this ratio in the current year.



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 10(b).

AASB 2016-4 'Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities' – Amendment to AASB 116 & 136

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard no longer requires not-for-profit entities to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

It is expected for not-for-profit entities holding non-cash-generating assets that the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 113 Fair Value Measurement.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited; and
- staff provided all accounting records and information relevant to the audit.



Reiky Jiang
Director, Financial Audit Services

cc: Mr Gary Lavelle, General Manager
Mr Stephen Firth, Director of Administration & Finance
Tim Hurst, Acting Chief Executive of the Office of Local Government

Temora Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

“Success through determination and inspiration”



Temora Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Sewerage Business Activity	3
Statement of Financial Position – Sewerage Business Activity	4
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	12

Background

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

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

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

Temora Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2018.



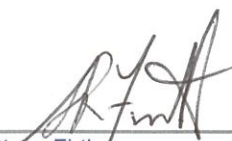
Rick Firman
Mayor



Graham Sinclair
Councillor



Gary Lavelle
General Manager



Steve Firth
Responsible Accounting Officer

Temora Shire Council

Income Statement of Council's Sewerage Business Activity for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	925	866
User charges	56	44
Interest	19	17
Grants and contributions provided for non-capital purposes	35	61
Other income	16	12
Total income from continuing operations	1,051	1,000
Expenses from continuing operations		
Employee benefits and on-costs	194	178
Materials and contracts	215	255
Depreciation, amortisation and impairment	284	233
Other expenses	66	60
Total expenses from continuing operations	759	726
Surplus (deficit) from continuing operations before capital amounts	292	274
Grants and contributions provided for capital purposes	784	31
Surplus (deficit) from continuing operations after capital amounts	1,076	305
Surplus (deficit) from all operations before tax	1,076	305
Less: corporate taxation equivalent (30%) [based on result before capital]	(88)	(82)
SURPLUS (DEFICIT) AFTER TAX	988	223
Plus opening retained profits	7,199	6,894
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	88	82
Closing retained profits	8,275	7,199
Return on capital %	2.2%	2.3%
Subsidy from Council	52	14
Calculation of dividend payable:		
Surplus (deficit) after tax	988	223
Less: capital grants and contributions (excluding developer contributions)	(784)	(31)
Surplus for dividend calculation purposes	204	192
Potential dividend calculated from surplus	102	96

Temora Shire Council

Statement of Financial Position – Council's Sewerage Business Activity as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	1,084	739
Receivables	830	835
Total current Assets	1,914	1,574
Non-current assets		
Infrastructure, property, plant and equipment	13,093	12,110
Total non-current assets	13,093	12,110
TOTAL ASSETS	15,007	13,684
LIABILITIES		
Nil		
NET ASSETS	15,007	13,684
EQUITY		
Accumulated surplus	8,275	7,199
Revaluation reserves	6,732	6,485
Council equity interest	15,007	13,684
TOTAL EQUITY	15,007	13,684

Temora Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	6
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	9

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Council has no Category 1 business activities.

Category 2

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

Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the Shire of Temora.

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

Notional rate applied (%)

Corporate income tax rate – 30%

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

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

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

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

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

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

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements

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

2018

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	–
(ii)	Number of assessments multiplied by \$3/assessment	6,531
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	–
(iv)	Amounts actually paid for tax equivalents	–

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	102,200
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	65,310
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	520,100

2018 Surplus	204,400	2017 Surplus	191,800	2016 Surplus	123,900
		2017 Dividend	–	2016 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	65,310
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

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

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

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,819
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	13,017
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	475
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	1,029
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	8.10%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	1,819
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.21%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	1,029
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	8.10%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Temora Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

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

NWI F22	Net debt to equity (water and sewerage)	%	-7.22%
	Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]		
NWI F23	Interest cover (water and sewerage)		> 100
	Earnings before interest and tax (EBIT) divided by net interest		
	Earnings before interest and tax (EBIT):		1,060
	Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)		
	Net interest:		(16)
	Interest expense (w4a + s4a) – interest income (w9 + s10)		
NWI F24	Net profit after tax (water and sewerage)	\$'000	1,076
	Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))		
NWI F25	Community service obligations (water and sewerage)	\$'000	22
	Grants for pensioner rebates (w11b + s12b)		

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Temora Shire Council

To the Councillors of the Temora Shire Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Temora Shire Council's (the Council) Declared Business Activity, which comprise the Income Statement of the Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of the Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activity declared by Council, and the Statement by Councillors and Management.

The Declared Business Activity of the Council is:

- Sewerage Services.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read 'Yu Jiang'. The signature is fluid and cursive, with the first name 'Yu' and the last name 'Jiang' clearly distinguishable.

Reiky Jiang
Director, Financial Audit Services

29 October 2018
SYDNEY

Temora Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

“Success through determination and inspiration”



Temora Shire Council

Special Schedules for the year ended 30 June 2018

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Special Schedules ¹	
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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

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

Temora Shire Council

Special Schedule 1 – Net Cost of Services for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,007	31	2	(974)
Administration	1,983	–	–	(1,983)
Public order and safety				
Fire service levy, fire protection, emergency services	715	339	–	(376)
Beach control	–	–	–	–
Enforcement of local government regulations	39	–	–	(39)
Animal control	136	4	–	(132)
Other	51	–	11	(40)
Total public order and safety	941	343	11	(587)
Health	109	4	–	(105)
Environment				
Noxious plants and insect/vermin control	127	50	–	(77)
Other environmental protection	35	44	–	9
Solid waste management	684	693	–	9
Street cleaning	236	–	–	(236)
Drainage	–	–	–	–
Stormwater management	222	62	–	(160)
Total environment	1,304	849	–	(455)
Community services and education				
Administration and education	221	20	–	(201)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	2,648	2,943	–	295
Children's services	27	–	–	(27)
Total community services and education	2,896	2,963	–	67
Housing and community amenities				
Public cemeteries	199	90	9	(100)
Public conveniences	87	–	–	(87)
Street lighting	147	40	–	(107)
Town planning	140	84	–	(56)
Other community amenities	14	17	–	3
Total housing and community amenities	587	231	9	(347)
Sewerage services	758	1,001	782	1,025

Temora Shire Council

Special Schedule 1 – Net Cost of Services (continued) for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	325	39	—	(286)
Museums	203	3	—	(200)
Art galleries	—	—	—	—
Community centres and halls	125	4	16	(105)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	179	27	32	(120)
Sporting grounds and venues	494	30	13	(451)
Swimming pools	319	163	—	(156)
Parks and gardens (lakes)	532	2	42	(488)
Other sport and recreation	130	122	—	(8)
Total recreation and culture	2,307	390	103	(1,814)
Fuel and energy	—	—	—	—
Agriculture	432	331	774	673
Mining, manufacturing and construction				
Building control	246	67	—	(179)
Other mining, manufacturing and construction	7	39	—	32
Total mining, manufacturing and const.	253	106	—	(147)
Transport and communication				
Urban roads (UR) – local	775	—	—	(775)
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	1,215	—	—	(1,215)
Sealed rural roads (SRR) – regional	643	145	667	169
Unsealed rural roads (URR) – local	1,522	—	—	(1,522)
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	97	—	—	(97)
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	959	959
Parking areas	1	—	—	(1)
Footpaths	130	—	16	(114)
Aerodromes	1,582	1,445	17	(120)
Other transport and communication	480	6,122	98	5,740
Total transport and communication	6,445	7,712	1,757	3,024
Economic affairs				
Camping areas and caravan parks	174	162	—	(12)
Other economic affairs	1,105	617	—	(488)
Total economic affairs	1,279	779	—	(500)
Totals – functions	20,301	14,740	3,438	(2,123)
General purpose revenues ⁽¹⁾		7,413		7,413
Share of interests – joint ventures and associates using the equity method	—	7		7
NET OPERATING RESULT ⁽²⁾	20,301	22,160	3,438	5,297

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Temora Shire Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	3,800	3,746
Plus or minus adjustments ⁽²⁾	b	22	1
Notional general income	$c = (a + b)$	3,822	3,747
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	$h = d \times (c - g)$	—	—
Or plus rate peg amount	$i = c \times e$	88	56
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
Sub-total	$k = (c + g + h + i + j)$	3,910	3,803
Plus (or minus) last year's carry forward total	l	4	12
Less valuation objections claimed in the previous year	m	—	—
Sub-total	$n = (l + m)$	4	12
Total permissible income	$o = k + n$	3,914	3,816
Less notional general income yield	p	3,913	3,800
Catch-up or (excess) result	$q = o - p$	1	16
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	—
Less unused catch-up ⁽⁵⁾	s	—	(12)
Carry forward to next year	$t = q + r - s$	1	4

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Temora Shire Council

To the Councillors of Temora Shire Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Temora Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:


- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Director, Financial Audit Services

29 October 2018
SYDNEY

Temora Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	62	59
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	127	149
b. Maintenance expenses	–	–
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	1	2
e. Maintenance expenses	16	12
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	–	–
h. Energy costs	47	37
i. Effluent management	146	130
j. Biosolids management	–	–
k. Maintenance expenses	76	104
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	273	221
b. Plant and equipment	11	12
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	759	726

Temora Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	735	686
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	191	180
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	3	2
10. Interest income	16	15
11. Other income	72	55
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	22	24
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	796	69
14. Total income	1,835	1,031
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	1,076	305
16a. Operating result (less grants for acquisition of assets)	1,076	305

Temora Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	1,023	49
b. New assets for growth	—	—
c. Renewals	6	265
d. Plant and equipment	—	—
18. Repayment of debt	—	—
19. Totals	1,029	314
Non-operating funds employed		
20. Proceeds from disposal of assets	—	—
21. Borrowing utilised	—	—
22. Totals	—	—
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,823	1,799
b. Residential (unoccupied, ie. vacant lot)	60	63
c. Non-residential (occupied)	244	245
d. Non-residential (unoccupied, ie. vacant lot)	50	49
24. Number of ETs for which developer charges were received	— ET	— ET
25. Total amount of pensioner rebates (actual dollars)	\$ 39,750	\$ 43,458

Temora Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	1,084	—	1,084
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	39	—	39
c. User charges	—	—	—
d. Other	791	—	791
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	13,017	13,017
b. Plant and equipment	—	76	76
30. Other assets	—	—	—
31. Total assets	1,914	13,093	15,007
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	—	—	—
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	—	—	—
37. NET ASSETS COMMITTED	1,914	13,093	15,007
EQUITY			
38. Accumulated surplus			8,275
39. Asset revaluation reserve			6,732
40. Other reserves			—
41. TOTAL EQUITY			15,007
Note to system assets:			
42. Current replacement cost of system assets			20,672
43. Accumulated current cost depreciation of system assets			(7,655)
44. Written down current cost of system assets			13,017

Temora Shire Council

Notes to Special Schedule 5 for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedule 5) comprises the following:

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

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedule 5) comprises the following:

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

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

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

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

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

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

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

Residential charges ⁽²⁾ (item 6 of Special Schedule 5) include all income from residential charges.

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

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

Other income (items 11 of Special Schedule 5) includes all income not recorded elsewhere.

Other contributions (items 13c of Special Schedule 5) including capital contributions for sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

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

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

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Chambers / Administration Building	–	–	85	76	1,892	4,400	0%	100%	0%	0%	0%
	Town Hall/Cinema	–	–	60	64	1,734	3,261	0%	100%	0%	0%	0%
	Grey Street House	–	–	10	10	84	236	0%	100%	0%	0%	0%
	Bundawarra Centre	–	–	36	40	2,713	4,379	0%	100%	0%	0%	0%
	Pre School	–	–	9	10	676	961	0%	100%	0%	0%	0%
	Recreation Centre	–	–	67	45	1,307	3,074	0%	100%	0%	0%	0%
	Aerodrome	–	–	78	75	1,108	2,289	0%	100%	0%	0%	0%
	NRCC House	–	–	79	76	1,252	3,593	0%	100%	0%	0%	0%
	Research Station	–	–	41	51	1,819	4,071	0%	100%	0%	0%	0%
	Medical Complex	–	–	22	20	2,109	2,870	100%	0%	0%	0%	0%
	Nixon Park	–	–	–	–	614	1,617	0%	100%	0%	0%	0%
	Bob Aldridge Park	–	–	–	–	486	959	100%	0%	0%	0%	0%
	Medical Imaging & Units	–	–	8	10	716	888	100%	0%	0%	0%	0%
	SES Building	–	–	–	–	251	355	0%	100%	0%	0%	0%
	Recreation Ground	–	–	–	–	475	811	0%	100%	0%	0%	0%
	Ariah Park Recreation Ground	–	–	–	–	363	1,270	0%	100%	0%	0%	0%
	Ariah Park Swimming Pool	–	–	–	–	119	284	0%	100%	0%	0%	0%
	Ariah Park Golf Club	–	–	–	–	65	303	0%	100%	0%	0%	0%
	Federal Park	–	–	–	–	187	388	0%	100%	0%	0%	0%
	Lake Centenary	–	–	–	–	132	190	0%	100%	0%	0%	0%
	Waste Management	–	–	–	–	89	127	0%	100%	0%	0%	0%
	Junee Rd Caravan Park	–	–	2	3	145	240	0%	100%	0%	0%	0%
	Other	–	–	–	–	933	1,766	0%	100%	0%	0%	0%
	Sub-total	–	–	497	480	19,269	38,332	12.3%	87.7%	0.0%	0.0%	0.0%

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Other structures	Other structures	–	–	–	–	1,358	2,350	0%	100%	0%	0%	0%
	Sub-total	–	–	–	–	1,358	2,350	0.0%	100.0%	0.0%	0.0%	0.0%
Roads	Regional Roads	–	–	381	381	19,694	22,240	4%	60%	36%	0%	0%
	Urban Sealed Roads	377	863	217	287	13,240	35,306	9%	50%	31%	8%	2%
	Urban Unsealed Roads	–	–	33	15	697	992	37%	34%	17%	12%	0%
	Bridges	–	–	4	–	7,599	9,658	61%	23%	16%	0%	0%
	Rural Sealed Roads	812	2,066	269	601	30,561	49,400	18%	52%	23%	6%	1%
	Rural Unsealed Roads	238	475	806	899	12,216	18,919	12%	37%	43%	8%	0%
	Footpaths	409	409	40	29	3,396	4,834	37%	12%	37%	12%	2%
	Bulk Earthworks	–	–	–	–	51,007	51,007	100%	0%	0%	0%	0%
	Kerb & Gutter	2,342	2,342	30	49	7,196	14,057	5%	30%	42%	19%	4%
	Other	–	–	4	1	48	54	100%	0%	0%	0%	0%
	Sub-total	4,178	6,155	1,784	2,262	145,654	206,467	36.3%	34.4%	23.2%	5.2%	0.9%

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Sewerage network	Sewerage Reticulation Network	237	237	136	127	9,039	14,377	7%	50%	35%	5%	3%
	Sewerage Reticulation Pump Stations	–	–	12	17	230	376	24%	42%	0%	34%	0%
	Sewerage Treatment Plant	200	200	132	119	777	1,429	2%	37%	43%	18%	0%
	Effluent Reticulation Pipes	–	–	160	146	233	304	15%	85%	0%	0%	0%
	Effluent Irrigation Network	56	56	–	–	630	1,063	0%	63%	31%	0%	6%
	Effluent Infrastructure - Storage	–	–	–	–	1,538	2,259	0%	0%	91%	0%	9%
	Effluent Infrastructure - Pump Stations	105	105	–	–	569	863	30%	36%	22%	3%	9%
	Sub-total	598	598	440	409	13,016	20,671	6.9%	44.1%	39.8%	5.5%	3.8%
Stormwater drainage	Drainage Works	–	–	17	35	8,448	13,839	0%	0%	100%	0%	0%
	Sub-total	–	–	17	35	8,448	13,839	0.0%	0.0%	100.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools	–	–	114	96	1,178	2,183	15%	0%	85%	0%	0%
	Open Space Assets	–	–	–	–	978	1,574	0%	100%	0%	0%	0%
	Sub-total	–	–	114	96	2,156	3,757	8.7%	41.9%	49.4%	0.0%	0.0%

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Other infrastructure assets	Other Infrastructure	–	–	–	–	1,369	1,865	100%	0%	0%	0%	0%
	Sub-total	–	–	–	–	1,369	1,865	100.0%	0.0%	0.0%	0.0%	0.0%
	TOTAL – ALL ASSETS	4,776	6,753	2,852	3,282	191,270	287,281	29.0%	41.0%	25.0%	4.1%	0.9%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	4,360	130.46%	64.73%	114.58%	>= 100%
Depreciation, amortisation and impairment	3,342				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	4,776	2.49%	3.52%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	191,656				
3. Asset maintenance ratio					
Actual asset maintenance	3,282	115.08%	116.25%	110.92%	> 100%
Required asset maintenance	2,852				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,753	2.35%	1.78%	0.00%	
Gross replacement cost	287,281				

Notes

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

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Temora Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

	General indicators ⁽¹⁾		Sewer indicators		Benchmark
	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund					
1. Buildings and infrastructure renewals ratio ⁽²⁾					
Asset renewals ⁽³⁾					
Depreciation, amortisation and impairment	142.07%	61.71%	0.00%	134.84%	>= 100%
2. Infrastructure backlog ratio ⁽²⁾					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	2.34%	3.34%	4.59%	5.29%	< 2.00%
3. Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	119.11%	120.39%	92.95%	95.32%	> 100%
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council					
Gross replacement cost	2.31%	1.67%	2.89%	3.31%	

Notes

- ⁽¹⁾ General fund refers to all of Council's activities except for its sewer activity which is listed separately.
- ⁽²⁾ Excludes Work In Progress (WIP)
- ⁽³⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.